

Fixed Assets and Depreciation Policy

February 2021

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Fixed Assets Policy

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1.	Introduction
1.1	<p>Fir Vale Academy is required to establish systems of control to ensure that assets and resources used by the school are recorded and adequately safeguarded against loss or theft. Records of some assets and stocks must be kept for accounting purposes but the systems of control should extend to other assets particularly if they are attractive and portable items. This policy will also discuss the procedures for dealing with obsolete equipment. The aims of the policy can be summarised as follows:</p> <ul style="list-style-type: none"> • To provide the means for the disposal of redundant or surplus assets • To achieve the best possible outcome for Fir Vale Academy by gaining the best available net return when selling and to ensure the Academy is even-handed, open and honest in all dealings • To ensure that a best value outcome to the Academy is a major consideration when disposing of assets • Asset disposal decisions, and the reasons for taking them, must be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference • Non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives the Academy of income without any offsetting benefit. The Academy should therefore dispose of such equipment in line with the processes set out below • To consider the identification of any risks and areas most susceptible to fraud

2.	Systems of Control
	The system of control for assets incorporates the following features
2.1	<p>Capital Asset definition</p> <p>Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.</p>
2.2	<p>Capitalisation method</p> <p>All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price level index.</p>
2.3	<p>Capitalisation thresholds</p> <p>Fir Vale Academy has established the following minimum capitalisation thresholds for capitalising fixed assets:</p>

	<ul style="list-style-type: none"> • Assets costing £1000 or more individually or as a group are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment • Assets on conversion over 5 years old are valued at £nil and therefore not capitalised <p>Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.</p> <p>Detailed records shall be maintained for all fixed assets above the established thresholds.</p>
2.4	<p>Other assets</p> <p>Detailed records are maintained by the Finance Manager for all items below the capitalisation thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include computer equipment that falls below the established thresholds and any other assets specified by the Business Manager or Headteacher.</p>

3.	Purchase of Assets
3.1	<p>All fixed assets purchased with a value over £1,000 must be entered into the asset register.</p> <p>Approval for purchase of assets must follow the Academy's purchasing policies.</p> <p>The asset register will include the source of funds for the asset.</p> <p>The asset register will detail the following:</p> <ul style="list-style-type: none"> • asset description • asset number • serial number • date of acquisition • asset cost • source of funding (% of original cost funded from DFE grant and % funded from other sources) • expected useful economic life • depreciation • current book value

	<ul style="list-style-type: none"> • location • name of member of staff responsible for the asset
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4.	Gifts of Assets
4.1	<p>All fixed assets given to the Academy are recorded in the accounts as income in the period in which the fixed asset was given to the Academy. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Academy or the amount actually realised. The key test is what the Academy would have been prepared to pay to purchase the asset.</p> <p>Gifted assets are treated and recorded in the asset register in the same way as purchased assets.</p>

5.	Security of Assets
5.1	<p>All fixed assets recorded in the register are permanently marked as "Property of Fir Vale Academy as far as this is practical. The asset register is to be kept up to date and reviewed regularly. Items used by the Academy but not owned by the Academy should be recorded as such. Physical counts against the register are undertaken annually at or about June 30th. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Governing Body. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.</p>

6.	Depreciation of Assets
6.1	<p>Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, as follows:</p> <ul style="list-style-type: none"> • Long leasehold buildings – n/a would depend on lease length • Fixtures, fittings and equipment 20% straight line • ICT equipment 33% straight line • Plant and machinery 4% straight line <p>Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.</p>

	Land is not depreciated.
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7.	Disposal of Assets
7.1	<p>Assets may be available for disposal for a number of reasons, e.g.</p> <ul style="list-style-type: none"> • Beyond repair • No longer complying with Health and Safety requirements • No longer required due to changed procedures or functions • Not capable of running required software <p>All requests for disposal must be submitted to the Finance Manager and then approved by the Finance and Resources Committee</p>
7.2	The best possible value must be obtained in the disposal of assets.
7.3	<p>Acceptable methods of disposal are:-</p> <ul style="list-style-type: none"> • Private Sale <p>To ensure a fair price is received, a market valuation should be obtained. The sale should be publicised appropriately, via advertising or e-mailing and could sold to the first person to make an offer or via sealed bids, as appropriate.</p> <ul style="list-style-type: none"> • Donation to an appropriate organisation <p>All donations must be approved by the Board of Governors</p> <ul style="list-style-type: none"> • Recycled or Destroyed <p>Items with no market value or no use to another organisation should be appropriately and safely destroyed. The asset disposal should be approved by the Finance Manager.</p>

8.	General Disposal Procedures
8.1	<ul style="list-style-type: none"> • Identify asset for disposal • Determine market value • Select the best disposal method • Record disposal in the asset register <p>Sale or donation of ICT equipment – specifics</p> <ul style="list-style-type: none"> • All hard disc contents should be erased and re-installed

	<ul style="list-style-type: none"> The recipient of the equipment should be advised in writing that Fir Vale Academy will not be liable for and Health and Safety issues surrounding the use of the equipment
8.2	<p>Disposal Limits</p> <p>The Secretary of State's consent must be obtained before the disposal of any asset for which grant of over the value for the time being specified by the Secretary of State was made, or where land or buildings has been transferred from the LA at no cost to the Academy.</p> <p>The Academy is expected to reinvest proceeds from sales of assets for which capital grant was paid in other Academy assets. If sale proceeds are not reinvested then the Academy must repay a proportion of the sale proceeds to the DfE (Capital Grant funded assets) or LA (transferred assets). These requirements are detailed in the Funding Agreement.</p> <p>Except with the consent of the Secretary of State, the Academy Trust shall not dispose of assets funded (whether in whole or in part) by the Secretary of State for a consideration less than the best price that can reasonably be obtained.</p> <p>The Academy Trust shall provide 30 days notice to the Secretary of State of its intention to dispose of assets for a consideration less than the best price that can reasonably be obtained, whether or not such disposal requires the Secretary of State's consent.</p> <p>Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the academy would need to ensure licences for software programmes have been legally transferred to a new owner.</p> <p>Disposal of land must be agreed in advance with the Secretary of State.</p>

9.	Loan of Assets
9.1	<p>Academy property must not be removed from Academy premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back to the Academy when it is returned.</p> <p>If assets are on loan for extended period or to single member of staff on a regular basis, the situation may give rise to a "benefit-in-kind" for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.</p>

10.	Responsibility
10.1	Overall responsibility for the asset register is owned by the Finance Manager, who will make any decisions related to accounting for and disposing of assets subject to approval by the Governors, as necessary.