



FIXED ASSET & DEPRECIATION POLICY

Approved June 2014

Review June 2017

1 PURPOSE

- 1.1 The purpose of this Fixed Asset and Depreciation Policy is to establish a financial accounting capitalisation and depreciation policy for land, land improvements, buildings and equipment at Wardle Academy Trust (“the Trust”) and to ensure that the Trust’s balance sheet correctly reflects the assets and liabilities of the Trust.
- 1.2 The policy defines the treatment of non-current, current, tangible and intangible fixed assets. Procedures are attached as annexes to the policy.

2 FIXED ASSET REGISTER

- 2.1 The fixed asset register consists of a list of items (or group of items purchased within an accounting period) valued over £1,000 that are considered to have a life longer than the financial year they were purchased in. Certain items of Furniture & Equipment and ICT Equipment (Office & Classroom Furniture & Laptops & PC's) will not be treated as Fixed Assets even if their cumulative value exceeds £1,000 due to the significant volume of these items within the Trust. These items will be written off in the year of purchase within the Profit & Loss Account.
- 2.2 Fixed assets are categorised as follows:
 - A Land and Buildings
 - B Equipment
 - C Furniture and Fittings
 - D Computer/ICT Equipment
 - E Assets under construction
- 2.3 Assets excluded from the Fixed Asset Register are Current Assets, Stock and those items of Furniture & Equipment & ICT Equipment mentioned under 2.1 above. Current assets include cash and bank balances which are controlled through reconciliation to the individual academy’s financial management accounting system (“Sage 200”) on a regular basis.
- 2.4 Transactions relating to the Fixed Asset Register will be recorded on the individual academy balance sheet and within the financial management accounting system, as appropriate.
- 2.5 An electronic asset register is maintained at each academy. All capitalised fixed assets will be recorded and tracked through the system. A barcode (asset tag) will be assigned to property listed in the fixed asset records. Where appropriate, a security mark indicating the ownership of the property will be affixed to the asset.
- 2.6 The Fixed Asset Register is reconciled monthly by the Finance team using the electronic system.
- 2.7 Discrepancies between the physical count and the register are reported to the Finance Manager promptly for further investigation. Any discrepancies over the value of £500 are reported to the Finance Committee at the next available meeting.

- 2.8 All disposals of assets are recorded in the finance office and through the electronic system. Appropriate transactions are raised on Sage 200.
- 2.9 All accounting documentation for the purchase of assets is recorded electronically on Sage 200.
- 2.10 Attractive and portable items of equipment that fall below the capitalisation limit of £1,000 and over £100 are asset tagged and recorded within the electronic asset register system for monitoring and insurance purposes. However, only items on the fixed asset register over £1,000 will be capitalised and depreciated.

3 DEPRECIATION

- 3.1 Assets on the fixed asset register are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

3.2 *Assets under construction*

Assets under construction are not depreciated, because depreciation is appropriate only when assets are in operational use.

- 3.3 The depreciation will be calculated on a monthly basis.
- 3.4 Groups of assets will use the same method of depreciation. There may be occasions when an asset does not completely fit into one of the categories listed below. In this event, the finance committee will discuss the item/s on an individual basis to decide on correct reporting.

The trust has determined the following depreciation rates, asset life and methods:

Freehold/long leasehold buildings	2% per annum	(50 yrs)	straight line
Fixtures & Fittings	10% per annum	(10 yrs)	straight line
Plant & machinery	20% per annum	(5 yrs)	straight line
Computer/Other equipment	25% per annum	(4 yrs)	straight line
Motor Vehicles	25% per annum		reducing balance

- 3.5 If the useful life of the asset is determined to be different to the scales above, this will be recorded for the finance committee.
- 3.6 This policy may vary according to future DfE advice to academies or auditor advice and will be amended through the finance committee of the academy.
- 3.7 Additions to the fixed asset register are depreciated by way of pro-rated charges in both the years of addition and disposal.
- 3.8 A termly reconciliation will be completed between the Fixed Asset register and the carrying balances held on Sage 200 by the finance team.

APPENDIX A – Fixed Asset Purchasing Procedure and Capitalisation

Checklist

- I Is the Asset Purchased above the Capitalisation Value Approved? YES /NO
If
NO: normal purchase procedure is followed to record the transaction on Sage 200 within the General Annual Grant and the Bank Account.
YES: process journal entries on Sage 200 to record the capitalisation transaction on the Balance Sheet and the Restricted Fixed Asset Fund
2. Check the Fixed Asset Policy for the approved Depreciation Method.
3. Establish with the Finance Manager the expected useful life of the asset and any expected residual value.
4. Record the asset on the electronic asset register.
5. Place a copy of the invoice on the fixed asset register file.
6. Fixed asset register is to include:
 - i. Type and description of asset
 - ii. Cost of Asset
 - iii. Date of Acquisition
 - iv. Budget Holder for the asset.
 - v. Amount and date of any grant
 - vi. Proportion of grant used to finance the acquisition
 - vii. Expected useful life of the asset
 - viii. Date of disposal or change of use
 - ix. Proceeds of disposal
 - x. Amount returned to the Secretary of State on disposal / change of use.
 - xi. Date of receipt of disposal proceeds or date of an approval to change the use.
7. Security-mark the asset where practicable.

APPENDIX B ASSET DISPOSAL PROCEDURE

- 1 The best possible value will be obtained from the disposal of assets. Approval for the disposal of any assets must be sought from the Finance Manager through completion of the Disposal of Equipment form.
- 2 A list of assets disposed will be presented to the finance committee on an annual basis.
- 3 The following methods will be used to advertise non ICT equipment for disposal:
 - Internal advertisement (staff bulletin/newsletter)
 - EBAY
 - Other approved internet sites
 - Local free paper advertisement
- 4 The choice of disposal advertisement will be assessed against the cost of the advertisement and the value of the item to ensure that best value is obtained.
- 5 Care must be taken when disposing of ICT related equipment due to the difficulty of licence and software programme transfer rights and consideration needs to be given as to whether the equipment should be ever be sold.
- 6 The proceeds from all asset sales will be reinvested into the academy.
- 7 If an asset has been purchased using capital grants from the DfE, the funding agreement procedures will be followed.

DISPOSAL OF EQUIPMENT FORM - REQUEST FORM

ITEM TO BE DISPOSED OF

CURRENT LOCATION

ESTIMATE VALUE

REASON FOR DISPOSAL

(broken/surplus to requirements/irreparable)

ACTION TO BE TAKEN

Disposal by sale

Disposal by removal

Signed: (name) Date:.....

Please give this form to the finance office. Approval must be obtained prior to removal of assets

Finance office use only

Approval for disposal Initial & Date F&O D		Grant received for purchase	Y/N
Nominal Code		Repayment to secretary of state	Y/N
Cost Centre Code		Value obtained for item	£
Original cost		Reinvest Nominal	
Accumulated Depreciation		Reinvest Cost centre	
Carrying Amount (cost less deprn)		Asset Register updated Initial & Date	