



ASPIRE ACADEMY

FIXED ASSET

POLICY AND PROCEDURES

POLICY FIRST ADOPTED AND RATIFIED BY THE TRUST	July 2014
POLICY REVIEWED / REVISED	November 2015
POLICY TO BE REVIEWED ANNUALLY OR AS REQUIRED	

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Date: 2nd November 2015

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CHAIR OF GOVERNORS

1. Introduction

International Accounting Standard (IAS)16 defines Fixed Assets as “assets whose future economic benefit is probable to flow into the entity, whose cost can be measured reliably”.

The purpose of this Fixed Asset Policy is to ensure that the Academy’s balance sheet correctly reflects the assets and liabilities of Aspire Academy.

The policy defines the treatment of Non-Current, Current, Tangible and Intangible Fixed Assets. Procedures are attached as annexes to the policy.

A Fixed Asset Register is maintained and reconciled to the financial statements of the Academy.

The policy is written in accordance with Accounting Standard FRS15 Tangible Fixed Assets.

The policy will be reviewed by the Finance and Premises Committee annually.

2. Fixed Asset Register

- 2.1 The Fixed Asset Register consists of a list of items valued over £1,000 that are considered to have a life longer than the financial year they were purchased in.
- 2.2 Capitalised assets are not necessarily bought on one order; so long as a group of items is purchased within the same accounting period they will be capitalised.
- 2.3 Fixed Assets are categorised as follows:
 - a. Land and Buildings
 - b. Equipment
 - c. Furniture and Fittings
 - d. Computer Equipment
 - e. Assets under construction
- 2.4 Assets excluded from the Fixed Asset Register are Current Assets and Stock. Current Assets include cash and bank balances which are controlled through reconciliation to control accounts on a regular basis.
- 2.5 The appropriate accounting transactions are processed for all capitalised assets and recorded on the Fixed Asset Register. Transactions will be recorded within the Fixed Asset Fund account in addition to the transaction to the Balance Sheet.
- 2.6 All items that have been included on the Fixed Asset Register are security marked, where practicable, as the property of the Academy and have an asset number.
- 2.7 Physical counts are undertaken against the Fixed Asset Register annually for Furniture and Equipment and ICT Equipment and the evidence presented to the Finance and Premises Committees.
- 2.8 Discrepancies between the physical count and the registers are investigated promptly by the Academy Business Manager and/or Network Manager. Any discrepancies over the value of £500 are reported to the Finance and Premises Committee.

- 2.9 All disposals of assets are recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on FMS.
- 2.10 All working papers for the purchase of Assets, including invoices, are kept electronically or hard copy.
- 2.11 Attractive and Portable Items of equipment that fall below the capitalisation limit of £1,000 but over £500 are recorded on the Desirable Items Inventory. Asset control is as for the assets held on the Fixed Asset Register.

3. Depreciation

- 3.1 Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.
- 3.2 The depreciation will be calculated on an annual basis for preparation of the year end accounts.
- 3.3 A budget can be set within the Fixed Asset Fund to provide an indicative charge for depreciation for the year to the Fixed Asset Fund Account.
- 3.4 Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Finance and Premises Committee will discuss these items on an individual basis.

ASSET GROUP	DEPRECIATION METHOD [BELOW ARE EXAMPLES]
Long leasehold property	0.8% Straight line (125 Years Lease)
Buildings and Building modifications	0.8 % Straight line
Plant and Machinery	10% Straight line with nil residual value(10Years)
Furniture and Fittings	10% Straight line with nil residual value (10Years)
Computer Equipment and other Equipment	20% Straight line with nil residual value(5 years)
Motor Vehicles	20% Straight line with nil residual value (5 Years)
Assets Under Construction	These are not depreciated until the asset is brought into use.

- 3.5 The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.
- 3.6 A monthly reconciliation will be completed between the independent Fixed Asset Register and the carrying balances held on FMS.

Appendix A to Fixed Asset Policy

Asset Disposal Procedure

1. For the purpose of this policy, 'assets' shall be fittings, furniture, equipment, apparatus, books and other materials originally purchased for the purpose of running the school and having an original individual value of £1,000 or more.
 - It shall be the responsibility of the appropriate Budget Holder to identify any such assets which are surplus to requirements.
 - The Budget Holder shall identify surplus assets to the Business Manager who upon endorsing the identification shall recommend disposal to the Principal.
 - The Principal shall give written authorisation to dispose of the assets below the value of £1,000. If the value of any asset appears to be in excess of £1,001, written authorisation shall be sought from the Chair of Finance & Premises and in excess of £5,000 from full Governing Body.
2. Equipment is not normally disposed of to staff because it is difficult to provide evidence that the Academy obtained value for money in the sale or scrapping of the equipment. If computer equipment is disposed of, licences for software programmes must be legally transferred to the new owner. Pecuniary Interests must also be considered at all times.
3. Under the Academy Funding Agreement the approval of the Secretary of State is required before the sale, or disposal by other means, or reinvestment of proceeds from the disposal, of an asset (or specific group of assets) for which a Capital Grant in excess of £1,000 was originally paid.
4. The Academy agrees to reinvest the proceeds from all asset sales for which Capital Grant was received and therefore every effort will be made to maximise the sale of such assets.
5. If such proceeds are not reinvested, the Academy will repay to the DfE the same proportion of the proceeds of the sale or disposal as equates to the proportion of the original cost met by the Secretary of State (i.e. if the Secretary of State purchased 50% of the original cost of the asset the Academy agrees to repay 50% of the proceeds.)
6. The proceeds from the sale of assets acquired with a grant from the Secretary of State cannot be used to contribute to further named grant-aided projects or purchases.

Appendix B to Fixed Asset Policy

Checklist for Purchasing Procedure and Capitalisation

1. Is the Asset Purchased above the Capitalisation Value Approved? YES /NO

NO: Normal purchase procedure is followed to record the transaction on FMS within the General Annual Grant and the Bank Account.

YES: Process journal entries on FMS 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 Business Manager the expected useful life of the asset and any expected residual value.
4. Put a copy of the purchase invoices and any correspondence in the Fixed Asset Register file.
5. Record the asset on the Fixed Asset Register.
6. Fixed asset register is to include:
 - i. Type and description of asset
 - ii. Cost of Asset
 - iii. Budget Holder for the asset.
 - iv. Amount and date of any grant
 - v. Proportion of grant used to finance the acquisition
 - vi. Expected useful life of the asset
 - vii. Date of disposal or change of use
 - viii. Proceeds of disposal
 - ix. Amount returned to the Secretary of State on disposal / change of use.
 - x. Date of receipt of disposal proceeds or date of an approval to change the use.
7. Security-mark the asset where practicable.