CASTLEMAN ACADEMY TRUST

POLICY :

Fixed Assets

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CASTLEMAN ACADEMY TRUST

Fixed Assets Policy

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 Trust's balance sheet correctly reflects the assets and liabilities of the Castleman Academy Trust.

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

The Asset Register helps:

- Ensure that staff take responsibility for the safe custody of assets;
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse;
- To manage the effective utilisation of assets and to plan for their replacement;
- Help the external auditors to draw conclusions on the annual accounts and the Academy's financial system and
- Support insurance claims in the event of fire, theft, vandalism or other disasters.

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 specific group of items purchased within the accounting period) valued over £1,000 that are considered to have a life longer than the financial year they were purchased in. Items below this level (e.g. tablet computers) may also be treated as fixed assets. Please see Appendix A which shows a checklist of questions to help determine if an item should be placed on the Fixed Asset register.

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. Furniture and Equipment
c. Computer Equipment
d. Motor Vehicles
e. Assets under construction

2.4 The asset register should include the following information:

- Asset description
- Asset number
- Serial number
- Date of acquisition
- Asset cost
- Expected useful economic life
- Depreciation
- Current book value

2.5 The asset register should be reconciled bi-annually by the CFO to ensure that it is up to date and associated costs and depreciation are measured accurately.

2.6 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.

2.7 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.

2.8 All items that have been included on the Fixed Asset Register are, where practical, security marked as the property of the Trust and have an asset number and barcode.

2.9 Sample counts are undertaken against the Fixed Asset Register annually for Furniture and Equipment and ICT Equipment and the evidence presented to the Finance, Audit and Risk Committee.

2.10 Discrepancies between the physical count and the registers should be investigated promptly by the CFO. Any discrepancies are reported to the CEO and Finance, Audit and Risk Committee.

2.11 All disposals of assets are recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on Access.

2.12 All working papers for the purchase of Assets, including invoices, are kept electronically.

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, Audit and Risk Committee will discuss these items on an individual basis.

ASSETS	DEPRECIATION METHOD
Long leasehold property	0.8% Straight line (125 Years Lease)
Buildings and Building modifications	5% Straight line
Furniture and Equipment	10% Straight line with nil residual value (10 Years)
Computer Equipment	33% Straight line with nil residual value (3 years)
Motor Vehicles	25% Straight line with nil residual value (4 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 Where assets were purchased prior to the implementation of this policy or have otherwise not be accounted for in accordance with the policy and would have been otherwise capitalised it will be at the discretion of the CFO to decide whether these items should be capitalised. Any decision to capitalise prior year expenditure will be reported to the Finance, Audit and Risk Committee and must also be reflected in amendments to the current year budget unless otherwise agreed by the Finance, Audit and Risk Committee.

4. Disposals

4.1 Items which are to be disposed of by sale or destruction must be authorised for disposal by the CFO and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

4.2 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

4.3 The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other Trust assets. If the sale proceeds are not reinvested then the Trust must repay to the ESFA a proportion of the sale proceeds.

Please see Appendix C for the Disposal Procedure.

5. Loan of Assets

5.1 Items of Trust property must not be removed from Trust premises without the authority of a Head Teacher. A record of the loan must be recorded in a loan book and booked back in when it is returned.

5.2 If assets are on loan for extended periods or to a 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 Trust's auditors.

Please see Appendix B to Fixed Asset Policy Asset.

Appendix A to Fixed Asset Policy

Checklist for Purchasing Procedure and Capitalisation

1. Does the item being purchased fall within the criteria set out in clause 2.1 of this policy? YES /NO

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

   YES: Process journal entries on Access 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 CFO the expected useful life of the asset and any expected residual value.

4. Record the asset on the Fixed Asset Register.

5. 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.

6. Security-mark the asset where practicable.

Castleman Academy Trust

LOAN OF EQUIPMENT FORM

Employee's Name:	
Position:	
Employed by	
Date last borrowed items	

Description of Equipment Borrowed	**Serial No., if applicable**

Date item(s) borrowed	
Agreed date of Return	

Declaration

I agree to the safekeeping of the equipment detailed above and to return all items on the date agreed. I understand and agree that any loss or damage to the equipment may result in a claim against me from the school for reimbursement of policy excess or any reasonable costs incurred.

Employee's Signature:	
Authorised by	
Authorising Signature	
Position	
Date	

Office use only

[ ] I confirm that the above item(s) have been returned in a satisfactory condition.
[ ] The above item(s) have been returned in a faulty condition, please see reverse of this form for more information

Name	
Signature	
Date	

To be completed by person who authorised loan of equipment.	
Please describe the fault/condition the item(s) were returned in below:	
Employee's Signature:	
Authorised by	
Authorising Signature	
Position	
Date	

Appendix C to Fixed Asset Policy

Disposal Procedure

1. For the purpose of this procedure, '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 £500 or more.

    - It shall be the responsibility of the appropriate Budget Manager to identify any such assets which are surplus to requirements.

    - The Budget Manager shall identify surplus assets to the CFO who upon endorsing the identification shall recommend disposal to the Head Teacher.

    - The CFO shall seek written authorisation from the Chair of Finance, Audit and Risk Committee to dispose of the assets. If the value of any asset appears to be in excess of £1000 the Chair of the Finance, Audit and Risk Committee shall seek agreement from the Chair of the Trust Board.

2. Equipment is not normally disposed of to staff because it is difficult to provide evidence that the Trust 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 Trust 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 freehold land and buildings or heritage assets.

4. The Trust 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 Trust 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 Trust 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.