



Fixed Asset Policy

EBN Trust

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Reviewed:		
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1 INTRODUCTION

Financial Reporting Standard (FRS) 15, 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 the EBN Trust. 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 (Annex C).

The policy will be reviewed by the Finance Committee annually.

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 £5,000 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. Plant and Machinery
- c. Furniture and Equipment
- d. Computer Equipment and Software
- 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. Stock includes Academy Uniform.

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.

2.7 Physical counts are undertaken against the Fixed Asset Register annually and the evidence presented to the Finance and General Purposes Committees.

2.8 Discrepancies between the physical count and the registers are investigated promptly by the Academy Business Manager. Any discrepancies over the value of £500 are reported to the Finance and General Purposes Committee.

2.9 All disposals of assets are recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on PSF Financials

2.10 All working papers for the purchase of Assets, including invoices, are kept with 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 General Purposes Committee will discuss these items on an individual basis.

ASSET GROUP	DEPRECIATION METHOD
Land	Over 125 years
Buildings	Over 50 years
Plant and machinery	Over 4 years
Furniture and Equipment	Over 4 years
Computer Equipment and Software	Over 3 years
Assets under construction	No depreciation

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.

4 ASSET DISPOSAL PROCEDURE

4.1. The best possible value will be obtained from the disposal of assets. Assets disposed of with a carrying amount (Cost less Accumulated Depreciation) above £500 must be approved by the Finance and General Purposes Committee, and a Disposal of Equipment form (see over) completed.

4.2. 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.

4.3 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 CHECKLIST FOR CAPITALISATION PROCEDURE

5.1. Is the Asset Purchased above the Capitalisation Value Approved? YES/NO If NO: normal purchase procedure is followed to record the transaction on FMS within the General Annual Grant and the Bank Account. If YES: process journal entries on FMS to record the capitalisation transaction on the Balance Sheet and the Restricted Fixed Asset Fund (see Doc 2 Guidance issued 22 December 2010).

5.2. Check the Fixed Asset Policy for the approved Depreciation Method.

5.3. Establish with the Academy Business Manager the expected useful life of the asset and any expected residual value.

5.4. Put a copy of the purchase invoices and any correspondence in the Fixed Asset Register file.

5.5. Record the asset on the Fixed Asset Register.

5.6. 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. Date of receipt of disposal proceeds or date of an approval to change the use.

5.7. Security-mark the asset where practicable.

Signed Chair of the Governing Body: _____ **Date:** _____