

POLICY / PROCEDURE / ACADEMY DOCUMENT:	ASSET CONTROL and ACCOUNTING POLICY	
POLICY REF:	K-FMP-006	
POLICY STATUS:	Recommended	Statutory ✓
THIS VERSION APPROVED (DATE):	7th March 2016	
SIGNED: (CHAIR OF MEETING)	
MINUTED (DATE):	7th March 2016	
REVIEW DATE:	1st March 2019	
COMMITTEE:	Leadership and Management	
RESPONSIBLE OFFICER:	Strategic Business Manager	

ASSET CONTROL and ACCOUNTING POLICY

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ASSET CONTROL and ACCOUNTING POLICY

1 INTRODUCTION

- 1.1 The Governing Body recognises the need to establish and review, at least annually, an Asset Control and Accounting Policy in order to ensure that the school's balance sheet accurately reflects the assets and liabilities of the academy.
- 1.2 This policy must be detailed and approved by the Full Governing Body, or as delegated to an appropriate committee. It defines the treatment of non-current, current, tangible and intangible assets (group of assets) including depreciation, capitalisation and other accounting treatments. The Accounting Standard FRS15 Tangible Fixed Assets should be applied when determining this Policy.
- 1.3 A Fixed Asset Register must be maintained and should be reconciled to the financial statements of the academy (see Annex B). Details of what is to be included in the register are defined below in 2.

2 ASSET CONTROL AND FIXED ASSET REGISTER

- 2.1 The assets (or group of assets) to be included on the fixed asset register are as follows:
 - Any items (or specific group of items) valued over £1,000 that are considered to have a life longer than the financial year they were purchased in.
 - Capitalised assets are not necessarily bought on one order, so long as the group of items are purchased within the accounting period they can be capitalised.
 - Fixed Assets to be included:

- a) Land and Buildings
 - b) Plant and Machinery
 - c) Furniture and Equipment
 - d) Computer Equipment and Software
 - e) Assets under Construction
- Assets excluded from the Fixed Asset Register are Current Assets and Stock. Current assets includes cash and bank balances which are controlled through reconciliation to control accounts on a regular basis. Stock includes uniform stock and stationery which are monitored on a day to day basis.
 - The appropriate accounting transactions should be processed for all assets capitalised and recorded on the fixed asset register; the transaction must be recorded within the fixed asset fund account in addition to the transaction being recorded in the Balance Sheet.
 - All items that have been included on the fixed asset register must be security marked as the property of the Academy.
 - Physical counts must be undertaken against the Asset Register annually and the evidence will be presented to the Governors.
 - Discrepancies between the physical count and the registers will be investigated promptly and any discrepancies over the value of £500 will be reported to the Governing Body.
 - All assets disposed of will be recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on SIMS-FMS.
 - Attractive and portable items of equipment that fall below the capitalisation limit will be recorded on the Equipment Inventory, and follow the same asset control as the assets held on the Fixed Asset Register (example digital camera purchased singularly for £150.)

- All working papers for the purchase of the Asset(s) must be kept, including invoices, with the Fixed Asset Register.

3 DEPRECIATION

- 3.1 It is acknowledged that 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 two most common methods of depreciation recognised are Straight Line and Reducing Balance.
- 3.3 The depreciation will be calculated on an **annual basis** for preparation of the year end accounts. 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:

Recommended Depreciation Methods and Rates

- 3.5 There may very occasionally be an asset that does not completely fit into one of the categories below and the Governors should discuss these items on an individual basis.
- 3.6 Depreciation should be calculated on a pro rata basis in months within the year of purchase.

Asset Group	Depreciation Method
Land and Buildings (buildings element only)	2% (50 years) Straight Line
Plant and Machinery	20% (5 years) Straight line with nil residual value.
Furniture and Equipment	20% (5 years) Straight line with nil residual value
Computer Equipment and Software	33% (3 years) Straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use
Motor Vehicles / Minibuses (FMS Plant & Machinery)	20% (5 years) Straight line with nil residual value

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

4 ASSET DISPOSAL

- 4.1 The best possible value should 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 Governing Body, and a Disposal of Equipment Form completed (Annex A). The form will confirm the asset is no longer of use to the Academy (obsolete) and that all obsolete stocks are destroyed to ensure they are not illegitimately procured and then resold.
- 4.2 The academy will take appropriate steps to ensure all data and hardware is completely cleared of sensitive data, and considerations are given to the Waste Electrical & Electronic Equipment (WEEE) Directive that is now law. The Academy's Data Security Policy will detail full guidelines for the disposal of electrical equipment and the considerations to be given as approved by the Governors.
- 4.3 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in the sale or scrapping of the equipment. There are also 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. Pecuniary Interests must also be considered at all times.

Items purchased via Capital Grant

- 4.4 Under the 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 £20,000 was originally paid.
- 4.5 The Academy agrees to reinvest the proceeds from all asset sales for which capital grant was received, hence all efforts will be made to maximise income from the sale of assets.

- 4.6 Governors agree that if the proceeds are not reinvested the Academy will repay to the DfE the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State (i.e. if Secretary of State purchased 50% of the original cost of the asset then the Academy agrees to reimburse with 50% of the proceeds.)
- 4.7 The proceeds from the sale of assets acquired with grant from the Secretary of State cannot be used as the Academy's contribution to further named grant aided projects or purchases.

5 OPENING BALANCES AND GIFTED ASSETS

- 5.1 It is agreed that Assets Gifted on conversion should be valued at 'Fair Value' and subject to the same Depreciation Process as detailed in the Asset Control & Accounting Policy from the first year of conversion.
- 5.2 Gifted Assets will impact Voluntary Income in the Statement of Financial Activities and should also be entered on the Fixed Asset Register.
- 5.3 Opening balances of Fixed Assets on conversion will accumulate depreciation in the same manner at the end of the first year.

6 VERSION CONTROL

Academy Version 2015-2016/002 2014-2015/001	v.002 - February 2016 v.001 - March 2015
Date agreed by the Leadership & Management Committee:	7 th March 2016
This policy updates and replaces that approved by Governors:	2 nd March 2015
<p>In this policy as in all documents of The Ashley School Academy Trust (“TASAT”) any reference to The Ashley School, The Academy, School, Governors of The Ashley School or Trustees of The Ashley School is a reference to The Board of Directors of The Ashley School Academy Trust and any reference to the Headteacher of The Ashley School is a reference to the Chief Executive Officer of TASAT.</p>	
<p>The Ashley School Academy Trust An exempt charity limited by guarantee Company Number: 07729412</p>	

Annex A

Disposal of Equipment Form

Item to be disposed of:	
Reason for disposal	<ul style="list-style-type: none"> - Broken - Surplus to requirements - Irreparable - Obsolete <i>(Delete as appropriate)</i>
Residual value (if appropriate)	£.....
Action to be taken:	<p>Disposal / Sale</p> <i>(Delete as appropriate)</i>
By whom (Print Name):	
Signed:	
Date:	
Designation:	<i>Chair of Governors</i>

Finance Office use only:

Value obtained for item:	
Fund, Cost centre & Ledger code:	
Original Cost:	£.....
Accumulated Depreciation:	£.....
Carrying Amount:	£.....
Grant Received for original purchase:	Yes / No
Reinvested Grant:	£.....
Repayment to Secretary of State:	£.....
Value Repaid:	£.....
Removed from fixed asset register:	Date:

Annex B

Checklist for Purchasing Procedure and Capitalisation:

- 1 Is the Asset Purchased above the Capitalisation Value Approved? Y / N
 - 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
 - Check the Asset Control and Accounting Policy for the approved Depreciation Method.
- 2 Establish with the School Business Manager the expected useful life of the asset and any expected residual value
- 3 Put a copy of the purchase invoices and any correspondence in the Fixed Asset Register file.
4. Record the asset on the Fixed Asset Register. Governors are to approve any assets that have not been entered onto the fixed asset register if they meet the criteria as set above and any explanation held with the register.
5. Fixed Asset Register is to include:
 - Type and description of asset
 - Cost of Asset
 - Budget Holder / Officer for the asset
 - Amount and date of any grant
 - Proportion of grant used to finance the acquisition
 - Expected useful life of the asset

- Date of disposal/change of use
- Proceeds of disposal / current market value and change of use
- Amount returned to the Secretary of State on disposal / change of use
- Date of receipt of disposal proceeds or date of approval to retain receipt or date of an approval to change the use
- Security mark the asset