

Plymouth CAST Fixed Asset Control and Depreciation Accounting Policy

Date adopted by Board of Governors: Feb 2015 review date Feb 2018

1. Introduction

The CAST Board recognises the need to establish and review, at least annually, an Asset Control and Asset Policy in order to ensure that the school's balance sheet reflects the assets and liabilities of the academy.

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. A Fixed Asset Register must be maintained and should be reconciled to the financial statements of the academy (see Annex C). Details of what is to be included in the register are defined below.

2 Asset Control and Fixed Asset Register

- The assets (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:
 - Land and Buildings
 - Plant and Machinery
 - Furniture and Equipment
 - Computer Equipment and Software
 - 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 to 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 will be undertaken against the 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 FMS.
- Attractive and portable items of equipment that fall below the capitalisation limit of £1000 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 £250.)
- All working papers for the purchase of the Asset(s) must be kept, including invoices, with the Fixed Asset Register.

3. Depreciation

- 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.
- The two standard methods of depreciation are recognised as Straight Line and Reducing Balance.
- 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.

- Groups of assets will use the same method of depreciation:

Recommended Depreciation Methods and Rates:

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.

- Depreciation should be calculated on a pro rata basis in months in year of purchase.

Asset Group	Depreciation Method
Land and Buildings (buildings element only)	2% (50yrs) Straight Line
Plant and Machinery	20% (5yrs) Straight line with nil residual
Furniture and Equipment	10% (10 yrs) straight line with nil residual value
IT Equipment & Software	33% (3 yrs) straight line with nil residual value
Assets Under Construction	Nil Depreciation until Asset is brought into use
Motor Vehicles/Minibuses	20% (5yrs) Straight line with nil residual

- The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.

4. Asset Disposal

The best possible value should be obtained from the disposal of assets. Assets disposed of with a carrying amount (Cost less accumulated depreciation) above £10,000 must be approved by the Board, 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 not illegitimately procured and then resold. The academy will take appropriate step 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.

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. The Academy agrees to reinvest the proceeds from all asset sales for which capital grant was received, with any proceeds that are not reinvested being repaid to the DfE.

5. Opening Balances and Gifted Assets

It is agreed that Assets gifted on conversion should be valued at “fair value” and be subject to the same Depreciation process. These assets will impact on the Voluntary Income in the SOFA.