

# Asset Control and Accounting Policy for Abingdon Learning Trust

## 1 Introduction

The Board of Trustees of ALT has delegated approval of this policy to the Finance committee of the Board of Trustees. Some of the responsibilities set out in this policy for the Board of Trustees may be delegated to the resources committee where appropriate.

The policy defines the treatment of non-current, current, tangible and intangible assets (group of assets) including depreciation, capitalisation and other accounting treatments. The Accounting Standard FRS102 Tangible Fixed Assets has been applied when determining this Policy.

A Fixed Asset Register must be maintained by the school and should be reconciled to the financial statements of ALT. 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 in the fixed asset register are as follows:

- Any items (or specific group of items) valued over £500 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 as long as the group of items is purchased within the accounting period they can be capitalised.
- Fixed Assets to be included are :

- A Land and Buildings
- B Plant and Machinery
- C Furniture and Equipment
- D Computer Equipment and Software
- E Motor Vehicles
- F Assets under Construction

- 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 uniform stock which is monitored on a regular 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 in the Balance Sheet.
- All items that have been included in the fixed asset register must be security marked as the property of ALT.
- Physical counts will be undertaken by the school against the register annually and the evidence will be available to the Board of Directors or the Responsible Officer of ALT if requested.

- Discrepancies between the physical count and the registers will be investigated promptly by the school and any discrepancies over the value of £500 will be reported to the resources committee and if requested by them to the board of Directors.
- All assets disposed of will be recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on a Management Information System.
- 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 ( for example a 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 resources committee and if recommended by them the Board of Trustees should discuss these items on an individual basis.

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

Asset Group	Depreciation Method
Land and Buildings (buildings element only)	2% (50 yrs) Straight Line
Plant and Machinery	20% (5 yrs) Straight line with nil residual value.
Furniture and Equipment	10% (10 yrs) Straight line with nil residual value.
Computer Equipment and Software	33% (3 yrs) Straight line with nil residual value.
Assets Under Construction	These are not depreciated until the asset is brought into use.
Motor Vehicles / Minibuses	20% (5 yrs) Straight line with nil residual value.

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

#### **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 £500 must be approved by the finance committee and if deemed necessary the Board of Trustees, and a Disposal of Equipment Form completed (Annex A). The form will confirm the asset is no longer of use to ALT (obsolete) and that all obsolete stocks are destroyed to ensure they are not illegitimately procured and then resold. ALT 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.

Disposal of equipment to staff is discouraged, as it may be more difficult to evidence ALT obtained value for money in the sale or scrapping of the equipment. There are also complications with the disposal of computer equipment, as ALT 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**

Under the Funding Agreement between ALT and the Secretary of State 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.

ALT agrees to reinvest the proceeds from all asset sales for which capital grant was received and all efforts will be made to maximize the sale of assets.

The Board of Trustees agree that if the proceeds are not reinvested ALT will repay to the Department for Education 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 the Secretary of State purchased 50% of the original cost of the asset then ALT agrees to reimburse 50% of the proceeds).

The proceeds from the sale of assets acquired with a grant from the Secretary of State cannot be used as ALT's contribution to further name grant aided projects or purchases.

#### **5 Opening Balances and Gifted Assets**

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 and Accounting Policy from the first year of conversion.

Gifted Assets will impact Voluntary Income in the Statement of Financial Activities and will also be entered on the Fixed Asset Register.

Staff are required to inform the Chief Financial Officer of any donated items received in school.

Opening balances of Fixed Assets on conversion will accumulate depreciation in the same manner at the end of the first year.

## **6. Review of this policy**

The Board of Trustees through its Finance Committee reviews this policy every three years. It may review this policy earlier than this if the government produces new regulations, or if it receives recommendations on how this policy might be improved.

**Approved by Finance Committee of the Board of Trustees of ALT on 11 July 2017.**

**Signed:** (Chair of Trustees)

**Signed:** (Chief Executive Officer)

**Date for Review: July 2020**

## Annex A

### Disposal of Equipment Form

Item to be disposed of:	
Reason for disposal:	Broken Surplus to requirements Irreparable Obsolete  (delete as appropriate)
Residual Value (if appropriate)	
Action to be taken:	Disposal / Sale
By Whom:	
Signed: (Staff member)	
Date:	
Signed: (Director)	

Finance Office use only:

Value obtained for item:	
Cost Centre Code:	
Ledger Code:	
Fund:	
Original Cost:	
Accumulated Depreciation:	
Carrying Amount:	
Grant Received for original purchase:	Yes / No
Reinvestment Grant:	
Repayment to Secretary of State:	Yes / No
Value Repaid:	
Removed from fixed asset register:	Date

## Annex B

### Checklist for Purchasing Procedure and Capitalisation

1	<p>Is the Asset Purchased above the Capitalisation Value Approved? Y/N</p> <ul style="list-style-type: none"><li>- If No, normal purchase procedure is followed to record the transaction within the General Annual Grant and the bank account.</li><li>- If Yes, Process journal entries to record the capitalization transaction on the Balance Sheet and the Restricted Fixed Asset Fund.</li></ul>
2	Check the Asset Control and Accounting Policy for the approved Depreciation Method.
3	Establish with the Chief Financial Officer the expected useful life of the asset and any expected residual value.
4	Put a copy of the purchase invoices and any correspondence in Fixed Asset Register file.
5	<p>Record the asset on the Fixed Asset Register. Directors 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.</p> <p>Fixed asset register is to include:</p> <ul style="list-style-type: none"><li>• Type and depreciation of asset</li><li>• Cost of Asset</li><li>• Budget Holder for the asset</li><li>• Amount and date of any grant</li><li>• Proportion of grant used to finance the acquisition</li><li>• Expected useful life of the asset</li><li>• Date of disposal / change of use</li><li>• Proceeds of disposal / current market value and change of use</li><li>• Amount returned to the Secretary of State on disposal / change of use</li><li>• Date of receipt of disposal proceeds or date of approval to retain receipt or date of an approval to change the use</li></ul>
6	Security mark the asset