



# THE NEW GUILD TRUST

## **Fixed Assets Policy**



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## 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 school’s balance sheet correctly reflects the assets and liabilities of The New Guild 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 school.

The policy is written in accordance with Accounting Standard FRS15 Tangible Fixed Assets.

The policy will be reviewed by the Resources 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 £1,000 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 can 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 School Uniform, oil and catering provisions.
- 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 School.
- 2.7 Physical counts are undertaken against the Fixed Asset Register annually and the evidence presented to the Finance and Resources Committees.
- 2.8 Discrepancies between the physical count and the registers are investigated promptly by the School Business Manager. Any discrepancies over the value of £300 are reported to the Resources Committee.
- 2.9 All disposals of assets are recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on the finance system.

- 2.10 All working papers for the purchase of Assets, including invoices, are kept with the Fixed Asset Register.
- 2.11 Attractive and Portable Items of equipment that fall below the capitalisation limit of £1000 are recorded on the Equipment Inventory (eg single digital camera purchased for £250). Asset control is as for the assets held on 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 Trust Resources Committee will discuss these items on an individual basis.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Freehold buildings	x 2% (50 years)
Extensions/Improvements to building	x 10% (10 years)
Fixtures, fittings and equipment	x 20% (5 years)
ICT equipment	x 33 $\frac{1}{3}$ (3 years)
Motor Vehicles	x 25% (4 years)

Depreciation is charged in full in the year of acquisition irrelevant of the date of acquisition or initial 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 A reconciliation will be completed between the independent Fixed Asset Register and the carrying balances held on the finance system. This is normally carried out at the end of March and again at the end of the financial year.

### **4 Disposal of Fixed Assets**

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

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

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

## Appendix A to Fixed Asset Policy

### Checklist for Purchasing Procedure and Capitalisation

1. Is the asset purchased above the capitalisation value of £1,000? YES/NO

If NO: normal purchase procedure is followed to record the transaction on HCSS within the General Annual Grant and the bank account.

If YES: process journal entries onto the finance system 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 School Business Manager the expected useful life of the asset and any expected residual value.
4. Put a copy of the purchase invoices and any correspondence in the fixed asset register file.
5. Record the asset on the fixed asset register.
6. Fixed asset register is to include:
- Asset description.\*
  - Asset number.
  - Serial number.\*
  - Date of acquisition.\*
  - Asset cost.\*
  - Source of funding (% of original cost funded from ESFA grant and % funded from other sources).
  - Expected useful economic life (in years).
  - Depreciation.
  - Current book value.
  - Location.\*
  - Name of member of staff responsible for the asset.\*
  - Date of last physical check.
  - Expected replacement date (to assist resource planning).
7. Security-mark the asset where practicable.