



The View Trust
MULTI-ACADEMY TRUST

CONTROL OF ASSETS AND ACCOUNTING POLICY THE VIEW TRUST

INTRODUCTION

The View Trust 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 all the school's within Academy Trust.

This policy will be detailed and approved by the Trustees, 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. Details of what is to be included in the register are defined below.

ASSET CONTROL AND FIXED ASSET REGISTER

The assets (group of assets) to be included on the fixed asset register are as follows:

- Any item (or specific group of items) valued over £1,000 that is considered to have a life longer than the financial year in which it was purchased.
- 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, machinery and tools
 - 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:
 - a) cash and bank balances which are controlled through reconciliation to control accounts on a regular basis

- b) Stock may include uniform stock and stationery which are 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 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 School Governors.

Discrepancies between the physical count and the registers will be investigated promptly and any discrepancies over the individual value of £500 will be reported to the Governing Bodies.

All assets disposed of will be recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on PSF.

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 £250.)

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

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 as follows:

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. The School Business Manager should highlight these items to the Governors. 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 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
- Motor Vehicles/Minibuses 20% (5yrs) - Straight line with nil residual value
- Assets Under Construction are not depreciated until the asset is brought into use

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

A monthly reconciliation will be completed between the independent Fixed Asset Register and the carrying balances held

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 Governing Body, and a Disposal of Equipment Form completed. 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. 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.

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

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, hence all efforts will be made to maximise the sale of assets.

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.) 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.

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 & Accounting Policy from the first year of conversion. Gifted Assets will impact Voluntary Income in the Statement of Financial Activities and should also be entered on the Fixed Asset Register.

Gifted Assets with a value of over £1,000 or collectively £1,000 will be shown on the register. Opening balances of Fixed Assets on conversion will accumulate depreciation in the same manner at the end of the first year.

CHECKLIST FOR PURCHASING PROCEDURE AND CAPITALISATION

- Is the Asset Purchased above the Capitalisation Value Approved? Y/N
 - If No, normal purchase procedure is followed to record the transaction on PSF within the General Annual Grant and the Bank Account
 - If Yes; Process entries on PSF to record the capitalisation transaction
- Check the Asset Control and Accounting Policy for the approved Depreciation Method
- Establish with the School Business Manager the expected useful life of the asset and any expected residual value
- Put a copy of the purchase invoices and any correspondence in the Fixed Asset Register file
- 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
- 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

This Policy will be reviewed by the Board of Trustees on a 3-yearly cycle

Person responsible for the Policy:	School Business Manager (Tor View School)
Colleagues affected by this Policy:	All Trust employees
Approved and adopted by Trustees:	9 th March 2017
Next Review:	2020