

Title

Fixed Asset and Depreciation Policy

Associated Policies

- GDPR Policies
- Communication Policy
- Retention Policy

REVIEWED: SEPTEMBER 2022

NEXT REVIEW: SEPTEMBER 2023

1. Policy statement

- 1.1 The purpose of the Fixed Asset and Depreciation Policy is to ensure that each Academy's balance sheet correctly reflects the assets and liabilities within the Trust. The policy defines the treatment of Current, Non-Current, Tangible and Intangible Fixed Assets.
- 1.2 Capitalisation is the decision taken to record purchases as an asset and not an expense. Purchases are considered to be an asset when consideration is taken and it is decided that they have a useful life that is longer than one financial year. There should also be an agreed capitalisation limit.
- 1.3 A Fixed Asset Register should be maintained and reconciled monthly to the financial statements of each Academy that forms part of the Trust.
- 1.4 The policy is reviewed annually by the Finance & Resources Committee and is in line with Accounting Standards.

2. Who does this policy apply to?

- 2.1 Academy Trust to include all Academy's that form part of the Trust as a whole.

3. Who is responsible for carrying out this policy?

- 3.1 The Board of Directors has overall responsibility for the implementation and monitoring of the Fixed Assets and Depreciation Policy for The Brooke Weston Trust.
- 3.2 The Chief Operations and Resources Officer and Chief Financial Officer have joint responsibility for the day-to-day implementation and management of the Fixed Assets and Discretionary Policy across the Brooke Weston Trust.
- 3.3 The Finance Business Partner with responsibility for Fixed Assets is responsible for maintaining and reconciling to the financial statements.
- 3.4 The Operations Officer is responsible for the administration of Every system where the Fixed Asset Register is currently held.

4. What are the principles behind this policy?

- 4.1 The Fixed Asset Register consists of a list of items or (group of items) purchased within the financial year that are valued over £15k and are considered to have a life expectancy longer than the financial year in which they were purchased.
- 4.2 Capitalised assets can be grouped provided they have been purchased within the same accounting period.
- 4.3 For accounting purposes, assets are grouped into categories as follows:
 - Freehold Land and Buildings
 - Long leasehold Land and Buildings
 - Furniture and Equipment

- Assets under construction
 - ICT Equipment (Hardware and Software)
 - Motor Vehicles
- 4.4 Current Assets and Stock are excluded from the Fixed Assets Register. This includes cash and bank balances that are controlled through reconciliation to control accounts on a regular basis.
 - 4.5 Transactions will be recorded within the Fixed Asset Fund Account in addition to the transaction on the Balance Sheet.
 - 4.6 The IRIS Financials for Education system ledger capital additions codes are used to record fixed assets in the year they are purchased
 - 4.7 Any items that are included in the Fixed Asset Register should be clearly tagged identifying them as the property of the Trust with a unique identification number.
 - 4.8 The New Asset Details Form will be used to record the asset and ensure that it is recorded correctly on both the finance system and the fixed asset register.
 - 4.9 Annual audits are undertaken against the Fixed Asset Register for Furniture and Equipment and Motor Vehicles.
 - 4.10 Termly audits are undertaken against the Fixed Asset Register for ICT Equipment (Hardware and Software).
 - 4.11 The Finance Business Partner with responsibility for fixed assets undertakes a monthly reconciliation of the finance system to the fixed asset register as part of their monthly audit checks.
 - 4.12 Evidence is presented to the Chief Financial Officer for both annual and termly audits.
 - 4.13 Any discrepancies should be investigated promptly by the Finance Business Partner with responsibility for fixed assets. Discrepancies over £50k should be reported to the Chief Financial Officer.
 - 4.14 All disposals are logged in the Fixed Asset Register and reported to the Finance and Audit Committee.
 - 4.15 All correspondence relating to the purchase of Fixed Assets are held on file for 7 years in line with the Retention Policy. This includes purchase orders, quotations, invoices and the New Asset Details Form relating to the asset purchase.
 - 4.16 These documents will have been uploaded on the fixed asset register at the time of purchase.

5. Depreciation Procedure

- 5.1 Non-Current Tangible Assets other than freehold land are depreciated at rates calculated on a reducing balance basis. There is always a residual balance in the accounts.
- 5.2 The depreciation is calculated annually and for the preparation of the year end accounts.
- 5.3 Groups of assets carry out the same method as Non-Current Tangible Assets.
- 5.4 Consideration is taken by the Finance and Resources Committee for an asset that does not completely fit into those listed below.

Asset Group	Depreciation Method
Freehold Land and Buildings	2% WDV
Long leasehold Land and Buildings	2% WDV and over 125 years
Furniture and Equipment	10% WDV
Assets under construction	Nil until complete
ICT Equipment (Hardware and Software)	33% WDV
Motor Vehicles	33% WDV

(Assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register)

6. Disposal Procedure

- 6.1 Where assets carry a monetary value, the best possible value will be obtained from the disposal of those assets. Assets disposed of up to the value of £25,000 must be approved by the Chief Operations and Resources Officer and Chief Financial Officer. Assets disposed of above £25,000 must be approved by the Finance and Resources Committee and above £100,000 by the Board of Directors supported by the Chief Operations and Resources Officer and Chief Financial Officer. All disposals MUST be logged on the Fixed Asset Register. A disposal of equipment form MUST be completed
- 6.2 The individual Academy will ensure all reasonable steps are taken to remove any sensitive data and all electronic equipment is disposed of in line with the Waste Electrical and Electronic (WEEE) Directive and follows all GDPR regulations.
- 6.3 Under the Funding Agreement the approval of the Secretary of State for Education is required before the sale, or disposal by other means, or reinvestment of proceeds from the disposal, of an asset for which a Capital Grant in excess of £25,000 was originally paid.
- 6.4 The Trust agrees to reinvest the proceeds from all asset sales for which the Capital Grant was received and therefore every effort will be made to maximise the sale of such assets.
- 6.5 If such proceeds are not reinvested the Trust will repay to the ESFA the same proportion of the proceeds of the sale or disposal as equate to the proportion of the original cost met by the Secretary of State.
- 6.6 The proceeds from the sales of assets acquired with a grant from the Secretary of State cannot be used to contribute to further named grant-aided projects or purchases. All disposals of land must be approved by the Secretary of State.

Document Control

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Summary of Main Changes

V1.

- Introduction of CFO, CORO, Finance Business Partner and Operations Officer roles
- Change of committee to Finance & Resources from Finance & Audit
- Increase of capitalisation from £5k to £10k
- Change in finance system name from PSF to IRIS Finance for Education
- Introduction of Every system