



**THIS POLICY COVERS ALL ACADEMIES/SCHOOLS WITHIN
ARDEN MULTI-ACADEMY TRUST**

| | | |
|---------------------------|----------------------------------|--------------------------------|
| Name of Policy | Fixed Asset Policy | |
| Lead | Martin Murphy, CEO | |
| Governor Committee | Audit & Risk Committee | |
| Policy Status | Final Version | November 2017 |
| | Awaiting Governor Approval | No |
| | Trustee Approved | 12 th December 2023 |
| Version No. | 3 | |
| Next Review | Autumn Term 2024 | |
| Amendments | 16 November 2017 - amended | |
| | November 2022 – minor amendments | |
| | | |



Contents

- 1. Introduction**
- 2. Fixed asset register**
- 3. Depreciation**
- 4. Disposal**

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 Arden Multi-Academy Trust’s balance sheet correctly reflects the assets and liabilities of the school/academy.

A limited fixed asset register is maintained within the AMAT’s Accounting System, PS Financials.

The policy is written in accordance with Accounting Standard FRS102 The Financial Reporting Standard for Tangible Fixed Assets.

The policy will be reviewed by the Audit & Risk 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 in which they were purchased, plus all computer equipment with a value over £250.
- 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 will be capitalised.
- 2.3 Fixed assets are categorised as follows:
 - a. Land
 - b. Buildings
 - c. Building improvements
 - d. Motor vehicles
 - e. Furniture and equipment
 - f. Plant and equipment
 - g. Computer Equipment
- 2.4 Assets excluded from the Fixed Asset Module are current assets and stock. Current assets include cash and bank balances which are controlled through reconciliation to control accounts on a monthly basis.
- 2.5 The appropriate accounting transactions are processed for all capitalised assets and recorded in the Fixed Asset Module.
- 2.6 All items included in the Fixed Asset Module are allocated an asset number.

- 2.7 Desirable items (ie, computer equipment) are security marked.
- 2.8 Discrepancies between the physical count and the registers are investigated promptly by the AMAT finance team. Any discrepancies over the value of £250 are reported to the Audit & Risk Committee.
- 2.9 All disposals of assets are recorded in the Fixed Asset Module and the appropriate transactions recorded through the financial statements on PS Financials.
- 2.10 All working papers for the purchase of assets are kept electronically on Resource 32000.
- 2.11 Portable items of equipment that fall below the capitalisation limit of £1,000 (£250 for computer equipment) but over £100 are recorded on the desirable items Inventory spreadsheet (held in IT) as are items of an attractive or desirable nature with a value below £100. Asset control for these items is the same as that for assets held on the Fixed Asset Module.

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 is calculated on monthly basis within the Fixed Asset Module.
- 3.3 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 Audit & Risk Committee will discuss these items on an individual basis.

| ASSET GROUP | DEPRECIATION METHOD |
|-------------------------|--|
| Land | No depreciation |
| Buildings | 2% (50 yrs) Straight line with nil residual value |
| Building improvements | 5% (20 yrs) Straight line with nil residual value |
| Plant and equipment | 10% (10 yrs) Straight line with nil residual value |
| Motor vehicles | 20% (5 yrs) Straight line with nil residual value |
| Furniture and equipment | 25% (4 yrs) Straight line with nil residual value |
| Computer equipment | 33.33% (3 yrs) Straight line with nil residual value |

- 3.5 The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Module.
- 3.6 A monthly reconciliation will be completed between the Fixed Asset Module and the balance sheet.

4. Disposal of assets

- 4.1 Best value will always be sought for the disposal of fixed assets. The authorisation levels for the disposal of assets are detailed in the Arden MAT Financial Scheme of Delegation.
- 4.2 Under the Academy Funding Agreement and the Academies Trust Handbook the Trust must obtain prior approval from ESFA for the following transactions:
- Disposing of a freehold of land or buildings
 - Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

Other than land, buildings and heritage assets, trusts can dispose of other fixed assets without ESFA's approval subject to achieving the best price than can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

- 4.3 The Trust agrees to reinvest the proceeds from all asset sales for which Capital Grant was received. If such proceeds are not reinvested, the Trust will repay, if required by the Secretary of State, to the DfE (or Local Authority (for assets transferred from the Local Authority at no or nominal consideration)) the same proportion of the proceeds of the sale or disposal as equates to 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 the Trust agrees to repay 50% of the proceeds).