



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

<b>Name of Policy</b>	<b>Fixed Asset Policy</b>	
<b>Lead</b>	Martin Murphy, CEO	
<b>Governor Committee</b>	Audit & Risk Committee	
<b>Policy Status</b>	Final Version	November 2017
	Awaiting Governor Approval	No
	Governor Approved by FRC	15 <sup>th</sup> December 2020
<b>Review Frequency</b>	2 years	
<b>Version No.</b>	3	
<b>Next Review</b>	Autumn Term 2022	
<b>Reviewed</b>	May 2012	
	16 June 2016 – no changes required	
	16 November 2017 - amended	



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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 Arden Mult Academy Trusts’s balance sheet correctly reflects the assets and liabilities of the Academy.

A limited Fixed Asset Register is maintained within the AMAT’s Accounting System, CORERO Resource 32000.

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 Finance and 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 in which they were purchased plus all IT equipment purchased.
- 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 Academy Finance Team. Any discrepancies over the value of £250 are reported to the Finance and Resources committee.
- 2.9 All disposals of assets are recorded in the Fixed Asset Module and the appropriate transactions recorded through the financial statements on Resource.
- 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 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 Finance and Resources Committee will discuss these items on an individual basis.

<b>ASSET GROUP</b>	<b>DEPRECIATION METHOD</b>
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. Assets disposed of with a purchase value up to £5,000 must be approved by the Finance and Resources Committee and those with a purchase value between £5,001 and £20,000 by the Trust Board.
- 4.2 Under the Academy 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.
- 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 to the DfE 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.)