




# PHMAT FIXED ASSET POLICY

## Document Control Table

<b>Title</b>	PHMAT Fixed Asset Policy
<b>Author</b>	Amarjit Cheema (Trust CEO)
<b>Date Approved</b>	26 <sup>th</sup> Feb 2024
<b>Approved By Name</b>	Andrew Brocklehurst (Chair of Trustees)
<b>Signature of Approval</b>	
<b>Next Review Date</b>	July 2024

## Document History

<b>Date</b>	<b>Author</b>	<b>Note of Revisions</b>
20/06/23	JP	Document Control Table – moved calendar year on where appropriate
20/06/23	JP	Throughout – removal of Audit to read Finance Committee
20/06/23	JP	2.3 Remove software as not been capitalising historically
27/11/23	JP	Following ACM, capitalisation limit increased from £2,000-£5,000

# ACADEMY FIXED ASSET POLICY

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## **1 Introduction**

Fixed Assets are “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 Balance Sheet correctly reflects the assets and liabilities of the individual academies within Perry Hall Multi-Academy Trust.

The policy defines the treatment of

- Non-Current
- Current
- Tangible
- Intangible Fixed Assets

Procedures are attached as annexes to the policy.

A Fixed Asset Register is maintained and reconciled to the annual financial statements of the trust.

The policy is written in accordance with appropriate Accounting Standards.

The policy will be reviewed by the Board of Trustees 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 £5,000 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 will be capitalised.

2.3 Fixed Assets are categorised as follows:

- Land and Buildings
- Plant and Machinery
- Furniture and Equipment
- Computer Equipment
- 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 separate reconciliation to control accounts on a regular basis.

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 portable and desirable items that have been included on the Fixed Asset Register are marked with a security sticker, where practicable, as the property of the Academy.

2.7 Physical counts should be undertaken against the Fixed Asset Register annually and the evidence presented to the appropriate Committee. Internal Audit checks include local verification of portable and desirable items.

2.8 Discrepancies between the physical count and the registers are investigated promptly by the Trust Business Management Team. Any discrepancies over the value of £5,000 are reported to the Trust Finance 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 accounting system.

2.10 All working papers for the purchase of Assets, including invoices which are held in BACS payment files, are kept in conjunction with the Fixed Asset Register.

2.11 Portable and desirable Items of equipment that fall below the Trust capitalisation limit of £5,000 are recorded on the Parago software (e.g. an item 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 statutory accounts. No depreciation is calculated for inclusion in management accounts reporting throughout the year.

3.3 A budget can be set however within the Fixed Asset Fund to provide an indicative charge for depreciation for the year to the Fixed Asset Fund Account. (This is currently not calculated within the Trust's Budget)

3.4 Groups of assets will use the same method of depreciation. These may occasionally be an asset that does not completely fit into one of the categories below and the appropriate Committee will discuss these items on an individual basis.

### **PROPOSED ASSET GROUP DEPRECIATION METHOD**

- **Long Term Leasehold Land: Over the lease term**
- **Long Term Leasehold Property: 2% (50 years) Straight Line**
- **Leasehold Improvements: 10% (10 years) Straight line**

- **Furniture & Fittings: 20% (5yrs) Straight line**
- **Computer Equipment: 33.3% (3yrs) Straight line**
- **Assets Under Construction: These are not depreciated until the asset is brought into 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 An annual reconciliation should be completed between the independent Fixed Asset Register and the carrying balances held on the accounting system

## **Appendix A**

### **Asset Disposal Procedure**

1. The best possible value will be obtained from the disposal of assets. Assets disposed of with a carrying amount (Cost less Accumulated Depreciation) above £1,000 must be approved by the Trust Finance Committee, and a Disposal of Equipment form (see attached) completed.
2. Equipment is not normally disposed of to staff because it is difficult to provide evidence that the Academy obtained value for money in the sale or scrapping of the equipment. If computer equipment is disposed of, licences for software programmes must be legally transferred to the new owner. (Pecuniary Interests must also be considered at all times).
3. 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. The Academy agrees to reinvest the proceeds from all asset sales for which Capital Grant was received and therefore every effort will be made to maximise the sale of such assets.
5. If such proceeds are not reinvested, the Academy 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 Academy agrees to repay 50% of the proceeds).
6. The proceeds from the sale of assets acquired with a grant from the Secretary of State cannot be used to contribute to further named grant-aided projects or purchases.



## ASSET DISPOSAL FORM

Supported by an IT provider (currently Concero) disposal form

The Committee confirm their agreement to the disposal of:-

.....  
.....

The reason for disposal is that the item is broken / surplus to requirement/irreparable (delete as appropriate).

There is/is not a residual value of the item.

Action to be taken .....(i.e. disposal/sale) by  
.....(name)

I confirm:

- ☐ that all obsolete stocks of this item have been destroyed to ensure they are not illegitimately procured and then resold.
- ☐ that all data and hardware has been completely cleared of sensitive data,
- ☐ that the Waste Electrical & Electronic Equipment (WEEE) directive has been complied with.

Signed: .....(name)

Date:.....

Designation: .....

Finance Office use only –

- Value obtained for item £ (cash/cheque)
- Carrying Amount £
- Cost centre code
- Grant Received for original purchase Y/N
- Ledger code Reinvested Grant Y/N
- Fund Repayment to Secretary of State Y/N
- Original Cost £ Value Repaid £
- Accumulated Depreciation £ Removed from Fixed Asset Register Y/N

## **Appendix B**

### **Checklist for Purchasing Procedure and Capitalisation**

1. Is the Asset Purchased above the Capitalisation Value Approved? YES/NO  
If NO: normal purchase procedure is followed to record the transaction on HCSS Accounting within the General Annual Grant and the Bank Account.  
If YES: process journal entries on accounting 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 Trust Business Management Team 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:
  - Type and description of asset
  - Cost of Asset
  - Budget Holder 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 or change of use
  - Proceeds of disposal
  - Amount returned to the Secretary Of State on disposal/change of use
  - Date of receipt of disposal proceeds or date of an approval to change the use.
7. Security-mark the asset where practicable.