



LONG FIELD ACADEMY

# Asset Management Policy

<b>Formulation date:</b>	<b>November 2012</b>
<b>Senior Team Responsibility:</b>	<b>Finance Manager</b>
<b>Governors' Reviewing Committee:</b>	<b>FRHP</b>
<b>Approved on:</b>	<b>28<sup>th</sup> November 2012</b>
<b>Next review date:</b>	<b>November 2018</b>
<b>Associated documentation:</b>	<b>Financial Handbook</b>

## **1 PURPOSE**

- 1.1 The purpose of this Fixed Asset and Depreciation Policy is to establish a financial accounting capitalisation and depreciation policy for land, land improvements, buildings and equipment at Long Field Academy (“the Academy”) and to ensure that the Academy’s balance sheet correctly reflects the assets and liabilities of the Academy.
- 1.2 For safety reasons, a copy of the asset register will be backed up termly on a data tape and kept locked in either the Academy safe or off-site, to ensure that information relating to assets is not destroyed in the event of fire, flood etc, for insurance purposes.
- 1.3 All assets, whether computers, vacuum cleaners or laptops must have their details recorded prior to release into the Academy.
- 1.4 The Finance Officer should place all of this information on the Corero system along with details of date of purchase, purchase order, price, from whom purchased, whom to contact in case of a warranty claim and details of any service level agreement (SLA).
- 1.5 The policy defines the treatment of non-current, current, tangible and intangible fixed assets. Procedures are attached as annexes to the policy.

## **2 FIXED ASSET REGISTER**

- 2.1 The fixed asset register consists of a list of items (or group of items purchased within an accounting period) valued over £1000 that are considered to have a life longer than the financial year they were purchased in.
- 2.2 Fixed assets are categorised as follows:
  - A Land and Buildings
  - B Equipment
  - C Furniture and Fittings
  - D Computer Equipment
  - E Assets under construction
- 2.3 Assets excluded from the Fixed Asset Register are Current Assets and Stock. Current assets include cash and bank balances which are controlled through reconciliation to the academy’s financial management accounting system (“Corero – Resource 3200”) on a regular basis.

- 2.4 Transactions relating to the Fixed Asset Register will be recorded on the academy balance sheet and within the financial management accounting system, as appropriate.
- 2.5 An electronic asset register is maintained at the academy. All capitalised fixed assets will be recorded and tracked through this system. A barcode (asset tag) will be assigned to property listed in the fixed asset records. Where appropriate, a security mark indicating the ownership of the property will be affixed to the asset.
- 2.6 The Fixed Asset Register is reconciled annually by each department. The review is recorded for the Finance & Resources Committee.
- 2.7 Discrepancies between the physical count and the register are reported to the Academy Business Director promptly for further investigation. Any discrepancies over the value of £500 are reported to the Finance & Resources Committee at the next available meeting.
- 2.8 All disposals of assets are recorded in the finance office and through the Corero system.
- 2.9 All accounting documentation for the purchase of assets is recorded electronically on the Corero system.
- 2.10 Attractive and portable items of equipment that fall below the capitalisation limit of £1000 and over £50 are asset tagged using the Academy security marking system. The Academy Finance Policy states that all inventories over £250 should be recorded officially within the Corero system for monitoring and insurance purposes. However, only items on the fixed asset register over £1000 will be capitalised.

### 3. **ASSET MANAGEMENT**

- 3.1 The first part of the management process is checking that what is ordered is what is actually in the box when it arrives at the Academy, that it is fit for purpose and not damaged in any way.
- 3.2 Part of the asset management process involves knowing what equipment there is and its location, so that in the event of a burglary, we can identify which items were stolen to enable us to make the relevant insurance claim.
- 3.3 The register will be updated on a regular basis by the Finance Officer for the following:
  - Additions
  - Disposals
  - Write-offs

- Damage or loss
- Permanent write downs in value
- Depreciation

#### 4. **WRITE-OFFS**

- 4.1 Items of furniture or equipment written off shall be physically disposed of.
- 4.2 A record of the action must be made by the Finance Officer on the Disposal of Asset form.

#### 5. **DAMAGE OR LOSS**

- 5.1 When equipment is off the premises for training it is covered by the Academy insurance.
- 5.2 When it is in transit, it is the responsibility of the member of staff and must be kept out of sight in the boot of the car.
- 5.3 When it is at home, with staff, it must be covered by their home insurance and it is their responsibility to tell their insurers.

#### 6 **DEPRECIATION**

- 6.1 Non-current assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.

##### ***Assets under construction***

- 6.2 Assets under construction are not depreciated, because depreciation is appropriate only when assets are in operational use.
- 6.3 The depreciation will be calculated on an annual basis for preparation of the year end accounts.
- 6.4 Groups of assets will use the same method of depreciation. There may be occasions when an asset does not completely fit into one of the categories listed below. In this event, the Finance & Resources Committee will discuss the item/s on an individual basis to decide on correct reporting.

##### ***The Academy has determined the following depreciation rates, asset life and methods:***

Freehold/long leasehold buildings	2% per annum	(50 yrs) straight line
Plant & machinery	10% per annum	(10 yrs) straight line
Fixtures & Fittings	10% per annum	(10 yrs) straight line
Computer equipment & software	25% per annum	( 5 yrs) straight line



## **APPENDIX A – Fixed Asset Purchasing Procedure and Capitalisation**

### **Checklist**

1. Is the Asset Purchased above the Capitalisation Value Approved? YES /NO  
If  
NO: normal purchase procedure is followed to record the transaction on Corero within the General Annual Grant and the Bank Account.  
YES: process journal entries on Corero 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 Academy Business Director the expected useful life of the asset and any expected residual value.
4. Record the asset on the system.
5. Place a copy of the invoice on the fixed asset register file.
6. Fixed asset register is to include:
  - i. Type and description of asset
  - ii. Cost of Asset
  - iii. Budget Holder for the asset.
  - iv. Amount and date of any grant
  - v. Proportion of grant used to finance the acquisition
  - vi. Expected useful life of the asset
  - vii. Date of disposal or change of use
  - viii. Proceeds of disposal
  - ix. Amount returned to the Secretary of State on disposal / change of use.
  - x. Date of receipt of disposal proceeds or date of an approval to change the use.
7. Security-mark the asset where practicable.

## **APPENDIX B**

## **ASSET DISPOSAL PROCEDURE**

- 1 The best possible value will be obtained from the disposal of assets. Approval for the disposal of any assets must be sought from the Academy Business Director through completion of the Disposal of Equipment form.
- 2 A list of assets disposed will be presented to the Finance & Resources Committee on an annual basis.
- 3 Wherever possible the Academy will look at recycling equipment internally, in other words if two pieces of similar equipment can be used to create one functional piece of equipment, thus extending its life, then the Academy must endeavour to do this.
- 4 Any equipment that is unable to be reutilised must have any useful components removed and stored securely in a locked cupboard.
- 5 Where equipment is still functional but surplus to requirement and is not of substantial value (not of benefit to the Academy or other local schools/academies), it may be offered for sale.
- 6 The following methods will be used to advertise non ICT equipment for disposal:
  - Internal advertisement -staff bulletin/newsletter. (A period of two weeks should elapse and the best bid is then accepted and the asset disposed of.)
  - EBAY
  - Other approved internet sites
  - Local free paper advertisement
- 7 The choice of disposal advertisement will be assessed against the cost of the advertisement and the value of the item to ensure that best value is obtained.
- 8 ICT related equipment is not usually 'sold' due to the difficulty of licence and software programme transfer rights.
- 9 Whatever method of disposal is used, it must be ethically and environmentally sound.
- 10 The proceeds from all asset sales will be reinvested in the Academy via the appropriate income system.
- 11 If an asset has been purchased using capital grants from the DfE, the funding agreement procedures will be followed.

## **APPENDIX C**

## **ASSET DISPOSAL PROCEDURE**

**DISPOSAL OF ASSET FORM - REQUEST FORM**

ITEM TO BE DISPOSED OF

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CURRENT LOCATION

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ESTIMATE VALUE

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REASON FOR DISPOSAL

(broken/surplus to requirements/irreparable)

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ACTION TO BE TAKEN

Disposal by sale

Disposal by removal

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Signed: ..... (name) Date:.....

Please give this form to the finance office. Approval must be obtained prior to removal of assets

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***Finance office use only***

Approval for disposal Initial & Date ABD		Grant received for purchase	Y/N
Nominal Code		Repayment to secretary of state	Y/N
Cost Centre Code		Value obtained for item	£ ( cash/ cheque)
Original cost		Reinvest Nominal	
Accumulated Depreciation		Reinvest Cost centre	
Carrying Amount (cost less deprn)		Corero updated Initial & Date	