



Assets and Disposal Policy

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Introduction

The Academy Trust Handbook states that the Trust must establish a control framework which includes management and oversight of assets.

Capital assets are those from which a Trust expects to derive benefit for more than one year, typically land, buildings, vehicles and information technology. Capital assets are usually called fixed assets.

Policy Statement

This policy ensures the Trust has a clear approach to the capitalisation, depreciation, security and disposal of its fixed assets, which allows it to adhere to statutory and best practice requirements, and safeguards assets against fraud and misappropriation.

Scope of Policy

This policy covers the accounting treatment applied to assets, and outlines procedures for the security, recording and disposal of assets belonging to the Trust and the individual schools within the Trust. All members of staff are required to adhere to the procedures within this document.

Capitalisation

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

The Trust has established the following minimum thresholds for capitalising fixed assets:

- | | |
|------------------------------------|--------|
| • Land, Buildings and improvements | £5,000 |
| • Plant and machinery | £5,000 |
| • Motor vehicles | £5,000 |
| • Furniture and equipment | £1,000 |
| • ICT equipment | £1,000 |

Detailed records shall be maintained in the financial management system for all fixed assets above the established thresholds.

Other assets - Any items that meet the definition of a fixed asset but are below the capitalisation threshold, and are considered to be portable, valuable and desirable, shall be included on a separate inventory.

Depreciation

All fixed assets will be depreciated using a straight-line method of depreciation at the following rates:

- Long-Leasehold Land 125 years
- Long-Leasehold Buildings 50 years
- Plant, Vehicles and Machinery 7 years
- Furniture and Equipment 7 years
- ICT Equipment 3 years

Note, Freehold Land, if owned, would not be depreciated.

Asset Register

All fixed assets purchased with a value over the threshold must be entered into the asset register. The asset register will detail the following:

- asset description
- asset number
- serial number
- date of acquisition
- initial asset cost or value
- source of funding
- expected useful economic life, from depreciation rates detailed above
- depreciation
- current book value
- location
- name of member of staff or department responsible for the asset

Acquisition of Assets

The Trust must obtain approval from ESFA for the acquisition of freehold of land or buildings.

The Finance Policy and Procedures outlines the procurement procedures in relation to other assets.

Gifts of Assets

All fixed assets gifted to the Trust are to be recorded in the accounts as income in the period in which the fixed asset was given to the Trust. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Trust or the amount actually realised. The key test is what the Trust would have been prepared to

pay to purchase the asset. Gifted assets are treated and recorded in the asset register in the same way as purchased assets.

Security of Assets

Wherever practicable all fixed assets and inventory items should have a barcode (asset tag) assigned which should be listed in the respective fixed asset or inventory records. Where appropriate, a security mark indicating the ownership of the property will be affixed to the asset.

The asset register is to be kept up to date and reviewed regularly. Items used by the Trust but not owned by the Trust should be recorded as such.

Physical inventory checks against the asset register are undertaken annually at or about July/August. This count is to be performed by someone other than the person responsible for the asset register. Differences between inventory checks and the register are investigated promptly and significant differences are reported to the Chief Operating Officer.

The Chief Operating Officer will investigate all differences and report to the Finance and Staffing Committee. Required action will be agreed to address the differences including: investigations, correction of the asset register and writing off the cost.

Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

Loan of Assets

Trust property must not be removed from Trust premises without the authority and prior written approval of the Chief Operating Officer. A record of the loan must be recorded in a loan book and booked back in to the Trust when it is returned.

If assets are on loan for extended period or to single member of staff on a regular basis, the situation may give rise to a “benefit-in-kind” for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust’s auditors.

Disposal

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, the Trust can dispose of any other fixed asset without ESFA's approval.

The Trust must ensure that disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.

Assets may be available for disposal for a number of reasons which may include:

- Beyond repair or obsolete,
- No longer complying with Health and Safety requirements,
- No longer required due to changed procedures or functions,
- Not capable of running required software.

All requests for disposal must be submitted to the Chief Operating Officer and then approved by the Finance Committee. Asset disposal decisions, and the reasons for taking them, must be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference.

Acceptable methods of disposal are:

- **Private Sale** - To ensure a fair price is received, a market valuation should be obtained. The sale should be publicised appropriately, via advertising or e-mailing and could sold to the first person to make an offer or via sealed bids, as appropriate.
- **Donation to an appropriate organisation** - All donations must be approved by the Finance Committee.
- **Recycled or Destroyed** - Items with no market value or no use to another organisation should be appropriately and safely destroyed.
- **Sale or donation of ICT equipment** - All stored data including hard disc contents must be erased.
- The recipient of any electrical equipment, including ICT equipment should be advised in writing that the Trust will not be liable for any Health and Safety issues surrounding the use of the equipment.

The objectives of each disposal should be:

- To provide the best possible means for the disposal of redundant or surplus assets.
- To achieve the best possible outcome for the Trust by gaining the best available net return when selling and to ensure the Trust is even-handed, open and honest in all dealings.
- To dispose of assets in a timely manner as non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives the Trust of income without any offsetting benefit.
- To ensure that any trust data, including personal data as defined by GDPR, is not released outside of the trust.

Disposal Limits

Disposal of land and buildings must be agreed in advance with the Secretary of State.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

Responsibility

The Academy Trust Handbook states that the Accounting Officer must have appropriate oversight of financial transactions, by ensuring that the Trust's property and assets are under the control of the trustees, and measures exist to prevent losses or misuse.

Overall responsibility for the asset register is owned by the Chief Operating Officer who will make any decisions related to accounting for and disposing of assets subject to approval, as necessary.

Related Policies

This policy should be read in conjunction with the following Trust policies and procedures:

- Finance Policy and Procedures

Other Reference Sources

Further guidance can be found:

- [Academy Trust Handbook](#)