GIPPESWYK COMMUNITY EDUCATIONAL TRUST

This Policy has been adopted and approved by Gippeswyk Community Educational Trust and is to be used by all members of the Trust.

ASSET CONTROL AND ACCOUNTING POLICY	
Approved by GCET	05.06.2018
Date of next Review	Spring Term 2019-2020 *(Two Yearly – Odd Years)*
Responsible Officer	Trust CFO – Mrs T Goodchild
Policy Number	TF4

1 Introduction

The Trustees recognise~~s~~ the need to establish and review, at least annually, an Asset Control and Asset Policy in order to ensure that GCET's balance sheet reflects the assets and liabilities of the Academies within the trust.

This policy must be detailed and approved by the Trustees Finance and Audit Committee. It defines the treatment of non–current, current, tangible and intangible assets (group of assets) including depreciation, capitalisation and other accounting treatments. The Accounting Standard FRS102 Tangible Fixed Assets should be applied when determining this Policy.

A Fixed Asset Register must be maintained and should be reconciled to the financial statements of GCET. Details of what is to be included in the register are defined below.

- Asset description
- Asset number
- Serial number – if applicable
- Date of acquisition
- Asset cost
- Source of funding (% of original cost funded from ESFA grant and % funded from other sources)
- Expected useful economic life
- Depreciation
- Current book value
- Location
- Name of member of staff responsible for the asset

2 Tangible fixed assets

The assets (group of assets) to be included on the fixed asset register are as follows:

- Any items (or specific group of items) valued over <u>£5,000</u> that are considered to have a life longer than the financial year they were purchased in.
- Capitalised assets are not necessarily bought on one order, so long as the group of items are purchased within the accounting period they can be capitalised
- Tangible Fixed Assets to be included:

  a Land and Buildings

  b Plant and Machinery

c Furniture and Equipment

d Computer Equipment

e Assets Under Construction

f Motor Vehicles/Minibuses

- 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 control accounts on a regular basis. Stock includes stationery which is monitored on a day to day basis. The appropriate accounting transactions should be processed for all assets capitalised and recorded on the fixed asset register; the transaction must be recorded within the fixed asset fund account in addition to the transaction to the Balance Sheet.
- All items that have been included on the fixed asset register must be security marked as the property of the GCET – where appropriate.
- Physical counts will be undertaken against the register annually.
- Discrepancies between the physical count and the registers will be investigated promptly and any discrepancies over the value of £500 will be reported to the Trustee Finance Committee.
- All assets disposed of will be recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on finance MIS.
- Attractive and portable items of equipment that fall below the capitalisation limit (example digital camera purchased singularly for £250.) will be recorded on the Equipment Inventory, and physical counts will be undertaken annually.
- All working papers for the purchase of the Asset(s) must be kept, including invoices, with the Fixed Asset Register.

- **Loan of Assets**

  Items of GCET property must not be removed from GCET premises without the authority of the Head of Department. A record of the loan must be recorded in a loan book and booked back in academy when it is returned.
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- If assets are on loan for extended periods or to a 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 GCET's auditors.

3 Depreciation

- It is acknowledged that non-current assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.
- The two standard methods of depreciation are recognised as Straight Line and Reducing Balance.
- The depreciation will be calculated on an **annual basis** for preparation of the year end accounts. A budget can be set within the fixed asset fund to provide an indicative charge for depreciation for the year to the fixed asset fund account.
- Groups of assets will use the same method of depreciation:

Recommended Depreciation Methods and Rates:

There may very occasionally be an asset that does not completely fit into one of the categories below and the Trustees should discuss these items on an individual basis.

- Depreciation should be calculated on a pro rata basis in months in year of purchase.

Asset Group	Depreciation Method
Land and Buildings (buildings element only)	2% (50yrs)Straight Line
Plant and Machinery	20% (5yrs) Straight line with nil residual value.
Furniture and Equipment	10% (10 yrs) Straight line with nil residual value
Computer Equipment	33% (3 yrs) Straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use
Motor Vehicles/Minibuses	20% (5yrs) Straight line with nil residual value

- The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.
- A monthly reconciliation will be completed between the Fixed Asset Register and the carrying balances held on-finance MIS

Intangible fixed assets and amortisation

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided at the following rates:

Software – 33.3% straight line

4 Asset Disposal

The best possible value should be obtained from the disposal of assets. Assets disposed of with a NBV (Cost less accumulated depreciation) above **£500** must be approved by the Trustee Finance Committee, and should be sold following competitive tender. If less than £500 must be approved by the Chief Finance Officer.

A Disposal of Asset Form must be completed for all disposals (Annex A). The form will confirm the asset is no longer of use to the GCET and state the reason why. If obsolete, the asset must be destroyed to ensure it is not illegitimately procured and then resold. The GCET will take appropriate steps to ensure all data and hardware is completely cleared of sensitive data, and considerations are given to the Waste Electrical & Electronic

Equipment (WEEE) directive that is now law. The GCET's Data Security Policy will detail full guidelines for the disposal of electrical equipment and the considerations to be given as approved by the Trustees.

Disposal of assets to staff is not encouraged, as it may be more difficult to evidence the GCET obtained value for money in the sale or scrapping of the asset. There are also complications with the disposal of computer equipment, as the GCET would need to ensure licences for software programmes have been legally transferred to a new owner. Pecuniary Interests must also be considered at all times.

All disposals of land must be agreed in advance with the Secretary of State.

<u>Items purchased via Capital Grant</u>

Under the 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.

The GCET agrees to reinvest the proceeds from all asset sales for which capital grant was received, hence all efforts will be made to maximise the sale of assets.

Trustees agree that if the proceeds are not reinvested the GCET will repay to the DfE the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State (i.e. if Secretary of State purchased 50% of the original cost of the asset then the GCET agrees to reimburse with 50% of the proceeds.)

The proceeds from the sale of assets acquired with grant from the Secretary of State cannot be used as the GCET's contribution to further named grant aided projects or purchases.

5 Opening Balances and Gifted Assets

It is agreed that Assets Gifted on conversion should be valued at 'Fair Value' and subject to the same Depreciation Process as detailed in the Asset Control & Accounting Policy from the first year of conversion. Gifted Assets will impact Voluntary Income in the Statement Of Financial Activities and should also be entered on the Fixed Asset Register.

Opening balances of Fixed Assets on conversion will accumulate depreciation in the same manner at the end of the first year.

Annex A

Disposal of Asset Form

Item to be disposed of	
Reason for disposal	- Broken - Surplus to requirements - Irreparable - Obsolete *(delete as appropriate).*
Residual value *(if appropriate)*	
Action to be taken	Disposal/ sale
By whom	
Signed:	
Date:	
Designation:	*Chair of Trust Finance and Audit Committee /CFO*

Finance Office use only –

Value obtained for item	
Department code	
Nominal code	
Fund	
Original Cost	
Accumulated Depreciation	
Carrying Amount	
Grant Received for original purchase	Yes/No
Reinvested Grant	
Repayment to Secretary of State	
Value Repaid	
Removed from fixed asset register	Date

Annex B

Checklist for Purchasing Procedure and Capitalisation:

1. Is the Asset Purchased above the Capitalisation Value Approved? Y/N

   - If No, normal purchase procedure is followed to record the transaction on finance MIS within the General Annual Grant and the Bank Account

2. If Yes; Process journal entries on finance MIS to record the capitalisation transaction on the Balance Sheet and the Restricted Fixed Asset Fund
3. Check the Asset Control and Accounting Policy for the approved Depreciation Method
4. Establish with the Chief Finance Officer the expected useful life of the asset and any expected residual value
5. Put a copy of the purchase invoices and any correspondence in the Fixed Asset Register file
6. Record the asset on the Fixed Asset Register. Trustees are to approve any assets that have not been entered onto the fixed asset register if they meet the criteria as set above and any explanation held with the register.

   Fixed asset register is to include:

   - Asset description
   - Asset number
   - Serial number – if applicable
   - Date of acquisition
   - Asset cost
   - Source of funding (% of original cost funded from ESFA grant and % funded from other sources)
   - Expected useful economic life
   - Depreciation
   - Current book value
   - Location
   - Name of member of staff responsible for the asset

7. Security mark the asset