



Assets & Disposals Policy

Policy Approved by Board: 25 June 2018 (for implementation from 1 September 2018)

Date of Next Review: September 2021

Responsible Officer: Chief Operating Officer (COO)

1 Introduction

Nicholas Postgate Catholic Academy Trust is required to establish systems of control to ensure that assets and resources used by the Trust are recorded accurately and adequately safeguarded against loss or theft. Records of certain assets and stocks must be kept for accounting purposes and to ensure the Trust's Balance Sheet accurately reflects the assets and liabilities it holds, but the systems of control must extend to other assets particularly if they are attractive and portable items. This policy will also set out the procedures for dealing with obsolete equipment. The aims of the policy can be summarised as follows:

- To ensure the correct recording and accounting treatment of all Trust assets
- To provide the means for the disposal of redundant or surplus assets.
- To ensure best value for the Trust is a major consideration when disposing of assets.
- To consider the identification of any risks and areas most susceptible to fraud.

2 Systems of internal control

The system of internal control for assets incorporates the following features:

Capital asset definition.

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond one year.

Capitalisation method

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.

Capitalisation thresholds

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

- Land, Buildings and improvements £5,000
- Plant/Machinery/equipment/vehicles/ICT £1,000

Detailed records shall be maintained in the Financial Management System for all fixed assets above the established thresholds by the Trust's Corporate Services

team. The Trust's Fixed Asset register will be reconciled on a quarterly basis by the Head of Finance and authorised by the Chief Operating Officer.

This policy should be read in conjunction with the Trust's Financial Regulations. For any works to Land and Buildings over the £5,000 threshold prior approval from both the Diocese and the Chief Operating Officer is required before works can commence. If the works are in excess of £100,000 then prior approval is required from the Diocesan Finance Advisory Committee and project timescales should be developed around this requirement. For any works in excess of £250,000 additional VAT advice may be required which could impact on the overall cost of a project.

Other assets

For all equipment with an initial purchase value of over £200, but less than the capitalisation thresholds documented above, detailed records will be maintained by each Academy's School Business Manager to ensure assets are safeguarded from loss. These items are part of the annual physical inventory discussed below and will include computer and other ICT equipment. A pro-forma for recording these assets is included in the Trust's Financial Regulations and these records should be maintained in electronic format and be tagged or allocated a unique reference number for security and identification purposes.

Procedure:

3. Purchase of Assets

All fixed assets purchased with a value over the threshold must be entered into the asset register by the Trust's Corporate Services team once informed by the respective School Business Manager.

Approval for the purchase of assets must follow the limits in the Trust's Financial Regulations.

The asset register will include the source of funds for the asset.

The asset register will detail the following:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location

- name of member of staff responsible for the asset

4. Gifts of Assets

All fixed assets given to the Trust are 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.

5. Security of Assets

All fixed assets recorded in the register are to be permanently marked as “Property of Nicholas Postgate Catholic Academy Trust”, as far as this is practical. The asset register is to be kept up to date and reviewed regularly. Items used by the Trust but not owned by it should be recorded as such. Physical counts against the register will be undertaken annually in July. This count is to be performed by someone other than the person responsible for the asset register within each academy such as the Head Teacher or other senior leader. Differences between counts and the register are investigated promptly and significant differences are to be reported to the Chief Operating Officer.

6. Depreciation of Assets

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

- Long-Leasehold Land Improvements – 20 years
- Long-Church Owned Land Improvements – 20 years
- Long-Church Owned Building Improvements - 50 years
- Plant and Machinery 7 years
- Furniture and Equipment 7 years
- ICT Equipment 3 years

(Land will not be depreciated.)

7. Disposal of Assets

Assets may be available for disposal for a number of reasons, e.g.

- Beyond repair

- No longer complying with Health and Safety requirements
- No longer required due to changed procedures or functions
- Not capable of running required software
- Obsolete

Requests for disposal must be submitted to the School Business Manager. If the original cost of the asset was less than £1,000 then the disposal can be approved by the respective Head Teacher. Any disposals or write offs above this limit must be authorised by the Chief Operating Officer who will ensure any potential residual value in the equipment is maximised and value for money is achieved. A pro-forma for disposing of assets is included in the Trust's Financial Regulations.

The best possible value must be obtained in the disposal of assets.

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 respective Local Governing Body and/or the Chief Operating Officer depending on original value
- **Recycled or Destroyed**
Items with no market value or no use to another organisation should be appropriately and safely destroyed.

General disposal procedures

- Identify asset for disposal
- Determine market value
- Obtain relevant approval for disposal
- Select the best disposal method
- Record disposal in the asset register

Sale or donation of ICT equipment - specifics

- All hard disc contents should be erased and re-installed
- The recipient of the equipment should be advised in writing that the Trust will not be liable for and Health and Safety issues surrounding the use of the equipment

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 academy 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.

8. Loan of Assets

Trust property must not be removed from the Trust's premises without the authority of the Head Teacher. A record of the loan must be recorded in the inventory and booked back to the Academy 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 external auditors.

9. Responsibility

Overall responsibility for the fixed asset register resides with the Trust's Corporate Services team. Individual equipment inventories are owned by each respective School Business Manager, who will advise on any decisions relating to the accounting for and disposal of assets in line with the Trust's Financial Regulations and this policy.