



# Spa Education Trust

## Fixed Asset & Depreciation Policy

### 1. Introduction

International Accounting Standard (IAS) 16 defines Fixed Assets as '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 Spa Education Trust balance sheet correctly reflects the assets and liabilities of the Trust. The policy defines the treatment of Non-Current, Current, Tangible and Intangible Fixed Assets.

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

The policy is written in accordance with Accounting Standard FRS15 Tangible Fixed Assets and will be reviewed by the Board of Trustees annually.

### 2. Fixed Asset Register

The Fixed Asset Register consists of a list of items (or specific group of items purchased within the accounting period) valued over £100 that are considered to have a life longer than the financial year in which they were purchased.

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.

Fixed Assets are categorised as follows:

- Leasehold Land and Buildings
- Furniture, Fittings & Equipment
- Computer Equipment
- Motor Vehicles

Approved by the Board of Trustees on 25<sup>th</sup> March 2024  
To be reviewed annually.

- Assets under construction

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.

The appropriate accounting transactions are processed for all capitalised assets and recorded on the Fixed Asset Register. Transactions will be recorded within the Access Financial Management system at the appropriate school within the Trust.

All items that have been included on the Fixed Asset Register are security marked, where practicable, as the property of the Trust and have an asset number.

Physical counts are undertaken against the Fixed Asset Register annually for ICT equipment and any valuable items and evidence are presented to the Operations Committee.

Discrepancies between the physical count and the Fixed Asset Register are investigated promptly by the Finance Manager. Any discrepancies are reported to the Operations Committee.

All disposals of assets are recorded in the Fixed Asset Register and reported to the Operations Committee and all working papers for the purchase of assets, including invoices, are kept for seven years.

All resources and portable items of equipment that fall below the capitalisation limit of £250 and over £50 are recorded on the Inventory List (e.g. single digital camera purchased for £85). Asset control is for the assets held on the Fixed Asset Register.

### **3. Depreciation**

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset. The depreciation will be calculated on an annual basis for the preparation of the year-end accounts and a budget can be set within the fixed asset fund to provide an indicative charge for depreciation for the year. Group of assets will use the same method of depreciation

Assets costing £2,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £10,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Where tangible fixed assets have been acquired / funded by other income, the fixed asset fund is also credited. Depreciation on the relevant assets is charged directly on the restricted fixed asset fund in the Statement of Financial Activities.

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

<b>ASSET GROUP</b>	<b>DEPRECIATION METHOD</b>
Leasehold Land & Buildings	50 yrs Straight line
Computer Equipment & Software	3 yrs Straight line with nil residual value
Fixtures, Fittings & Equipment	10 yrs Straight line with nil residual value
Motor Vehicles	20%
Assets Under Construction	These are not depreciated until the asset is brought into use.

The expected useful life of an asset will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.

Fixed Asset & Depreciation Policy Approved by the Board of Trustees on 25<sup>th</sup> March 2024.

Signed by Chair of Trustees .....

Signed by Executive Headteacher .....

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## **Appendix A to Fixed Asset & Depreciation Policy – Write Off/Asset Disposal**

### **Potential Risks**

- No independent record of assets held within the Trust leading to loss from theft, permanent loan or failure to include in an insurance claim;
- failure to include electrical items in health and safety checks;
- lack of identification detail reduces chances of recovery;
- failure to credit income from sale of asset to delegated budget;
- failure to keep a record of loans to staff and pupils which invalidates insurance requirements of equipment taken off school premises;
- Lack of control over stocks of materials and other consumables results in loss and waste as well as stock being unavailable when needed.

### **Controlling the Risks**

- Resources are identified at the time of purchase, recorded by location and held securely;
- all staff are clear about the items for which they have responsibility in their location;
- the Finance Manager has responsibility for the Fixed Asset Register and the Inventory list and carries out an independent annual check;
- A copy of the Fixed Asset Register and the Inventory list is stored on the academy school server.

### **Asset Disposal Procedure**

1. The best possible value will be obtained from the disposal of assets. For items below £1,000, the authorisation form should be signed and dated by the Finance Manager and then passed to the Executive Headteacher for authorisation.
2. Once authorised the form should be returned to the Finance Manager for recording on the Asset Register / Inventory List and filed.
3. Equipment is not normally disposed of to staff because it is difficult to provide evidence that the Trust obtained value for money in the sale or scrapping of the equipment. If computing equipment is disposed of, licences for software

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programmes must be legally transferred to the new owner. Pecuniary interests must also be considered at all times.

4. 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.
5. The Trust agrees to reinvest the proceeds from all assets sales for which Capital Grant was received and therefore every effort will be made to maximise the sale of such assets.
6. If such proceeds are not reinvested, the Trust will repay to the ESFA 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 Trust agrees to repay 50% of the proceeds).
7. 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.

**Spa Education Trust**

**Fixed Asset Disposal Form**

**School:** \_\_\_\_\_

Disposal/Transfer/Gifted/Sale (delete as appropriate) – for Gifted/Sale complete parts 1&2

**Part 1 Details:**

- Description of item(s): \_\_\_\_\_
- Inventory Page Number: \_\_\_\_\_
- Date of Purchase: \_\_\_\_\_
- Cost Price: \_\_\_\_\_
- Reason for Disposal: \_\_\_\_\_
- Method of Disposal: \_\_\_\_\_
- Suggest Disposal Value: \_\_\_\_\_
- Healthy, Safety & Environmental issues: It is the responsibility of the disposer to ensure that any equipment gifted or sold must be to a person competent to receive and fully complies with H&S provision and use of work equipment regulations. All transfers must be documented by completing part 2 of this form.

**Approval**

Member of staff responsible for Disposal      Signed: \_\_\_\_\_

Print: \_\_\_\_\_

Head of School Approve/Not Approve      Signed: \_\_\_\_\_

Print: \_\_\_\_\_

Date of Disposal: \_\_\_\_\_

**Part 2 Gifted/Sold** (delete as appropriate)

- Description of Items(s): \_\_\_\_\_
- Inventory Page Number \_\_\_\_\_

I can confirm the following: -

1. The equipment is second hand and that the price has been reduced accordingly;
2. I accept the equipment as it is and Spa Education Trust is not providing me with any warranty that the equipment functions properly or at all or that it is fit for any particular purpose (even if I have informed them of this purpose), that the equipment might not comply with the specification printed on it or that components may have been added or removed;
3. The manufacturer's warranty may have expired already;
4. I am over 18;
5. I will comply with all health, safety and environmental and other issues relevant to the equipment and that, in transferring such equipment to me, the Trust has no liability for the disposal, recycling or destruction of such equipment and that I will dispose of or recycle such equipment responsibly when I have finished with it.

**Recipient / Buyer Signature:**

Name of Recipient / Buyer: \_\_\_\_\_

(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## **Appendix B to Fixed Asset & Depreciation Policy – 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 Access Finance.
  - If YES: process journal entries on Access 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 Executive Headteacher and/or Head of School the expected useful life of the asset and any expected residual value.
4. Record the purchase order and invoice in the fixed asset register / inventory.
5. Fixed Asset Register to include: -
  - Type and description of asset;
  - cost of 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.