



## Trinity Multi Academy Trust

**Policy:** Fixed Assets Policy

**Date of review:** January 2018

**Date of next review:** January 2020

**Lead professional:** Chief Finance Officer

**Status:** Non-Statutory

## **1. Introduction**

- 1.1 The purpose of this policy is to provide guidance when dealing with the capital expenditure, and the purchase and disposal of fixed assets (as defined below).
- 1.2 The policy aims to ensure that the trust's balance sheet correctly reflects the assets and liabilities of the academies and that this is maintained and reconciled to the Annual Financial Statements.
- 1.3 This policy will define the treatment of Current, Fixed, Tangible and Intangible Assets.

## **2. Links with other policies or legislation**

- 2.1 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'.
- 2.2 This policy is written in accordance with Financial Reporting Standard 15 (FRS15) Tangible Fixed Assets.
- 2.3 This policy links directly with the Scheme of Delegated Authority, which provides approval limits for purchases and disposals of assets.

## **3. Consultation**

- 3.1 This document has been prepared by the Chief Finance Officer (CFO) in conjunction with the Group Finance Managers, the Compliance Manager and following advice from external auditors.
- 3.2 The policy was approved by the Board of Directors after consultation with the relevant staff.

## **4. Fixed Asset Register procedure**

- 4.1 The fixed asset register consists of a list of items (or specific group of items purchased within the accounting period) valued over £1,000 that are considered to have a life longer than the financial year they were purchased in.
- 4.2 Capitalised assets are not necessarily bought on one order; so long as a group of items are purchased within the same accounting period they can be capitalised if above the required value as stated above.
- 4.3 Intangible Fixed Assets are categorised as follows:
  - Computer Software
- 4.4 Tangible Fixed Assets are categorised as follows:
  - Freehold Land and Buildings
  - Leasehold Land and Buildings
  - Leasehold Improvements
  - Furniture and Equipment
  - ICT Equipment
  - Motor Vehicles.

- 4.5 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 academy uniform and catering supplies.
- 4.6 The appropriate accounting transactions are processed for all capitalised assets and recorded on the fixed asset register. Transactions will be recorded within the fixed asset fund account in addition to the transaction in the balance sheet.
- 4.7 All items that have been included on the fixed asset register are security marked, where practical, as the property of the academy with a relevant number.
- 4.8 Physical counts are undertaken, reconciling the register to assets in their locations annually by ICT and Finance.
- 4.9 Any discrepancies of a material value that arise will be investigated promptly and reported to the CFO.
- 4.10 All disposals of assets are recorded in the fixed asset register and the appropriate transactions recorded through the financial statements. The Security Policy works alongside this policy to ensure the physical security of the assets held within the trust are recorded and secure. The security of the building is reviewed annually to maintain the emphasis on the security of our assets within the ICT and Finance Fixed Asset Register.
- 4.11 The disposal of assets will follow the 'Scheme of Delegated Authority' and then be reported to the relevant parties. The CFO will review the Fixed Asset Register annually and will identify any items that need to be disposed of. He/she must approve any disposal of assets and seek approval within the disposal levels as confirmed within the Scheme of Delegated Authority.
- 4.12 All working papers for the purchase of assets, including invoices and tender documents are kept in the 'links' section of *Resource* (the academy accounting software package).

## **5. Depreciation**

- 5.1 Fixed (or non-current) assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.
- 5.2 The depreciation will be calculated on an annual basis for the preparation of the year end accounts.
- 5.3 Groups of assets will use the same method of depreciation. At times there may be assets that do not wholly fit into the item split below. The CFO will decide which depreciation and category to apply these assets to.

<b><u>Intangible Fixed Asset Group</u></b>	<b><u>Depreciation Basis</u></b>
Computer Software	4 years on a straight line basis £nil residual value

<b><u>Tangible Fixed Asset Group</u></b>	<b><u>Depreciation Basis</u></b>
Freehold Land and Buildings	50 years on a straight line basis £nil residual value
Leasehold Land and Buildings	50 years on a straight line basis £nil residual value
Leasehold Land and Buildings (Solar panels only)	25 years on a straight line basis £nil residual value
Leasehold Improvements	15 years on a straight line basis £nil residual value
Furniture and Equipment	8 years on a straight line basis £nil residual value
ICT Equipment	5 years on a straight line basis £nil residual value
Motor Vehicles	8 years on a straight line basis £nil residual value

- 5.4 The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the fixed asset register.
- 5.5 Assets under construction are not depreciated until the asset is brought into use.
- 5.6 As the trust continues to grow all fixed assets (whether purchased or inherited) will comply with the MAT fixed assets policy, any individual assets that have not adhered to this will be brought into line during the financial year 2018/19.

## **6. Roles and responsibilities**

### **6.1 Responsibilities of the Board of Directors**

- 6.1.1 The Directors will ensure that the trust has a fixed asset policy and that this has been implemented by each Local Governing Body (LGB).
- 6.1.2 Directors will periodically review the fixed assets policy mainly through the Audit Committee function and the internal audit process.
- 6.1.3 Directors will delegate overall control of the fixed asset schedule for each academy to the LGB of each academy. Over-arching implementation and annual reporting will be controlled by the CFO.
- 6.1.4 Directors are responsible for reviewing and accepting the valuation of any building or land additions as other schools join the trust.

### **6.2 Responsibilities of the LGB**

- 6.1.1 The governors will ensure that each academy adheres to the fixed asset policy and that this has been implemented.
- 6.1.2 Governors will delegate day to day control of the fixed asset schedule for each academy to the Principal.

### **6.3 Responsibilities of the Chief Finance Officer (CFO)**

- 6.3.1 The CFO will set up arrangements across the trust that comply with the fixed asset policy agreed by Directors.
- 6.3.2 The CFO will establish a system for the adding, recording and identifying additional fixed assets from each academy. These will be held in a central fixed asset schedule which is presented to the auditors annually which makes up the fixed assets note and depreciation charge for the trust. ICT fixed assets are delegated to the Director of ICT and Data and reviewed periodically by the CFO.

## **7. Monitoring and evaluation**

- 7.1 This policy will be reviewed bi-annually to reflect changes in legislation or accounting standards.
- 7.2 The CFO will be responsible for the monitoring of the policy.