An Daras Trust
Igniting Curiosity Growing Capabilities

An Daras Multi Academy Trust

Asset Control and Accounting Policy

The An Daras Multi Academy Trust (ADMAT) Company

An Exempt Charity Limited by Guarantee

Company Number/08156955

Status: **Approved**	
Statutory	Yes
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Advisory Committee	ADMAT Audit Committee
Linked Documents and Policies	ESFA Academy Trust Financial Handbook Charities Handbook

An Daras Multi Academy Trust

Asset Control and Accounting Policy

1. Introduction

The Board of Directors recognises the need to establish and review, at least annually, an Asset Control and Asset Policy in order to ensure that the Trust's balance sheet reflects the assets and liabilities of the Trust.

This policy must be detailed and approved by the Board of Directors, or as delegated to an appropriate 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 FRS15 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 the trust. Details of what is to be included in the register are defined below.

2. Asset Control and Fixed Asset Register

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 £500 that is considered to havea 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;
- Fixed Assets to be included:
    i. Land and buildings;
    ii. Plant and machinery;
    iii. Furniture and equipment;
    iv. Computer equipment and software;
    v. 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. Stock includes uniform stock and stationery which are monitored regularly;
- 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;
- Physical counts will be undertaken against the register annually and the evidence will be presented to the directors;
- 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 Board of Directors;
- All assets disposed of will be recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on PS

Financials (PSF);
- Attractive and portable items of equipment that fall below the capitalisation limit will be security marked and recorded on the Equipment Inventory, and follow the same asset control as the assets held on the Fixed Asset Register (example digital camera purchased singularly for £250);
- All working papers for the purchase of the Asset(s) must be kept, including invoices, at Central Office with the Fixed Asset Register.

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 **monthly basis** for preparation of the yearend accounts. A budget can be set within the fixed asset fund to provide an indicative charge for depreciation for the period 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 directors 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	20% (5 yrs) Straight line with nil residual value.
Computer Equipment and Software	33% (3 yrs) Straight line with nil residual value.
Assets Under Construction.	These are not depreciated until the asset is brought into use
The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.	

A regular reconciliation will be completed between the independent Fixed Asset Register and the carrying balances held on PSF.

4. Asset Disposal

The best possible value should be obtained from the disposal of assets. Assets disposed of with a carrying amount (Cost less accumulated depreciation) above **£500** must be approved by the Board of Directors, and a Disposal of Equipment Form completed (Annex A). The form will confirm the asset is no longer of use to the Trust (obsolete) and that all obsolete stocks are destroyed to ensure they are not illegitimately procured and then resold.

The Trust 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 Trust's Data Security Policy will detail full guidelines for the disposal of electrical equipment and the considerations to be given as approved by the directors.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy obtained value for money in the sale or scrapping of the equipment. There are also 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. Pecuniary Interests must also be considered at all times.

Items purchased via Capital Grant

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 Trust 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.

Directors agree that if the proceeds are not reinvested the Trust 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 Trust 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 Trust'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

An Daras MAT - Disposal of Equipment 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 Governors*

Finance Office use only –

Value obtained for item	
Cost centre code	
Ledger 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	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 PSF within the General Annual Grant and the Bank Account;
   - If Yes; Process journal entries on PSF to record the capitalisation transaction on the Balance Sheet and the Restricted Fixed Asset Fund.

2. Check the Asset Control and Accounting Policy for the approved Depreciation Method;

3. Establish with the CEO/Head teacher/CFO the expected useful life of the asset and any expected residual value;

4. Put a copy of the purchase invoices and any correspondence in the Fixed Asset Register file;

5. Record the asset on the Fixed Asset Register. Directors 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:

- Type and description of asset;
- Cost of Asset;
- Budget Holder/Officer for the asset;
- Amount and date of any grant;
- Proportion of grant used to finance the acquisition;
- Expected useful life of the asset;
- Date of disposal/change of use;
- Proceeds of disposal/current market value and change of use;
- Amount returned to the Secretary Of State on disposal/change of use;
- Date of receipt of disposal proceeds or date of approval to retain receipt or date of an approval to change the use.

6. Security mark the asset if attractive / portable.