

**POLICY DOCUMENT No F03****DEBENHAM HIGH SCHOOL**

A Church of England High Performing Specialist Academy

**Fixed Asset Policy**

This policy is reviewed biennially by the Finance and General Purposes Committee.

**History of Document**

Issue No	Author/ Owner	Date Written	Approved by Finance/GP	Comments
Issue 1	Tracy Darby	Sept 11	22 July 11	Updated
Issue 2	Tracy Darby		17 May 2013	New category added and one amended following audit suggestion
Issue 3	Tracy Darby	Feb 2014	25 Feb 2014	Revised £ trigger to convert to fixed assets from 13-14 financial year
Issue 4	Tracy Darby	Oct 2014	17 October 2014	Review no changes
Issue 5	Tracy Darby	Oct 2015	16 October 2015	Review no changes
Issue 6	Tracy Darby	Oct 2016	14 October 2016	Review, minor changes
Issue 7	Tracy Willmott	Oct 2017	20 October 2017	Review, change review period to every 2 years

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## 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 the school’s balance sheet correctly reflects the assets and liabilities of Debenham High School.

The policy defines the treatment of Non-Current, Current, Tangible and Intangible Fixed Assets. Procedures are attached as annexes to the policy.

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

The policy is written in accordance with Accounting Standard FRS15 Tangible Fixed Assets.

The policy will be reviewed by the Finance and General Purposes Committee annually.

## 2 Fixed Asset Register

- 2.1 The Fixed Asset Register consists of a list of items (or specific group of items purchased within the accounting period) valued over £5,000 that are considered to have a life longer than the financial year they were purchased in.  
(NB: From conversion to end of 2013 financial year the threshold below which assets need not be capitalised was £1,000).
- 2.2 Capitalised assets are not necessarily bought on one order; so long as a group of items is purchased within the same accounting period they can be capitalised.
- 2.3 Fixed Assets are categorised as follows:
  - a. Land and Buildings
  - b. Plant and Machinery
  - c. Furniture and Equipment
  - d. Computer Equipment and Software
  - e. Assets under Construction
- 2.4 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 School Uniform, oil and catering provisions.
- 2.5 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 to the Balance Sheet.
- 2.6 All items that have been included on the Fixed Asset Register are security marked, where practicable, as the property of the School.
- 2.7 Physical counts are undertaken against the Fixed Asset Register annually and the evidence presented to the Finance and General Purposes Committees.
- 2.8 Discrepancies between the physical count and the registers are investigated promptly by the School Business Manager. Any discrepancies over the value of £500 are reported to the Finance and General Purposes Committee.
- 2.9 All disposals of assets are recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on FMS.

- 2.10 All working papers for the purchase of Assets, including invoices, are kept with the Fixed Asset Register.
- 2.11 Attractive and Portable Items of equipment that fall below the capitalisation limit of £5,000 are recorded on the Equipment Inventory (eg single digital camera purchased for £250). Asset control is as for the assets held on the Fixed Asset Register.

### 3 Depreciation

- 3.1 Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset.
- 3.2 The depreciation will be calculated on an annual basis for preparation of the year end accounts.
- 3.3 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.
- 3.4 Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Finance and General Purposes Committee will discuss these items on an individual basis.

<u>ASSET GROUP</u>	<u>DEPRECIATION METHOD</u>
Freehold Land	No depreciation
Leasehold Land	0.8% (125yrs) Straight line
Buildings	2% (50yrs) Straight line
Building Enhancements	5% (20yrs) Straight line
Plant and Machinery	20% (5yrs) Straight line with nil residual value.
Furniture and Equipment	10% (10yrs) Straight line with nil residual value
Computer Equipment and Software	33% (3yrs) 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

- 3.5 The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.
- 3.6 A reconciliation will be completed between the independent Fixed Asset Register and the carrying balances held on FMS. This is normally carried out at the end of March and again at the end of the financial year.

### 4 Disposal of Fixed Assets

- 4.1 The procedure for disposal of fixed assets is described in the Redundant Equipment Policy and is also described in the Academies Financial Handbook.

Debenham High School

## Appendix A to Fixed Asset Policy

### Checklist for Purchasing Procedure and Capitalisation

1. Is the asset purchased above the capitalisation value of £5,000? YES/NO

If NO: normal purchase procedure is followed to record the transaction on FMS within the General Annual Grant and the bank account.

If YES: process journal entries on FMS 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 School Business Manager 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.
6. Fixed asset register is to include:
1. Type and description of asset
  2. Cost of asset
  3. Budget holder for the asset
  4. Amount and date of any grant
  5. Proportion of grant used to finance the acquisition
  6. Expected useful life of the asset
  7. Date of disposal or change of use
  8. Proceeds of disposal
  9. Amount returned to the Secretary Of State on disposal/change of use
  10. Date of receipt of disposal proceeds or date of an approval to change the use.
7. Security-mark the asset where practicable.