

Date ratified at Full
Directors' Meeting
15 July 2019

Review
Audit Committee

St John the Baptist



Catholic Multi Academy Trust

THE MAT MISSION STATEMENT

Our family of schools is united in the belief that God's love, peace, truth, and joy is for all. We are dedicated to the achievement of excellence in all we do. We cherish the uniqueness of each of our school communities and celebrate together as one Trust family. By following Jesus' example we bear witness to the greatness of God.

'To think, to feel, to do' Pope Francis

ST JOHN THE BAPTIST CATHOLIC MULTI ACADEMY TRUST

Company No: 7913261

Registered Office: Surrey Street, Norwich NR1 3PB

TREATMENT OF ASSETS AND DEPRECIATION POLICY



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I PURPOSE

- 1.1 The purpose of this Fixed Asset and Depreciation Policy is to establish a financial accounting capitalisation and depreciation policy for land, land improvements, buildings and equipment of St John the Baptist Catholic Multi MAT Trust (“the MAT”) and to ensure that the MAT’s balance sheet correctly reflects the assets and liabilities of the MAT.
- 1.2 The policy defines the treatment of non-current, current, tangible and intangible fixed assets. Procedures are attached as annexes to the policy.

2 FIXED ASSET REGISTER

- 2.1 The fixed asset register consists of a list of items (or group of items purchased within an accounting period) valued over £1000.00 that are considered to have a life longer than the financial year they were purchased in.
- 2.2 Fixed assets are categorised as follows:
 - A Land and Buildings
 - B Equipment
 - C Furniture and Fittings
 - D Computer Equipment
 - E Assets under construction
- 2.3 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 the MAT’s financial management accounting system (“PSF”) on a regular basis.
- 2.4 Transactions relating to the Fixed Asset Register will be recorded on the MAT balance sheet and within the financial management accounting system, as appropriate.
- 2.5 An electronic asset register is maintained for the MAT (“Parago”). All capitalised fixed assets will be recorded and tracked through the Parago system. A barcode (asset tag) will be assigned to property listed in the fixed asset records. Where appropriate, a security mark indicating the ownership of the property will be affixed to the asset.
- 2.6 The Fixed Asset Register is reconciled annually by the site teams / School Business Managers & MAT Finance & Operations Director
- 2.7 Discrepancies between the physical count and the register are reported to the MAT Finance & Operations Director promptly for further investigation. Any discrepancies over the value of £500 are reported to the Directors Resources Committee at the next available meeting.
- 2.8 All disposals of assets are recorded in the MAT finance office and through the Parago system. Appropriate transactions are raised on PSF.
- 2.9 All accounting documentation for the purchase of assets is recorded electronically on PSF.

- 2.10 Attractive and portable items of equipment that fall below the capitalisation limit of £1000.00 and over £50.00 are asset tagged using the individual school security marking system. The MAT finance policy states that all inventory over £250.00 should be recorded officially within the parago system for monitoring and insurance purposes. However, only items on the fixed asset register over £1000.00 will be capitalised.

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 **Assets under construction**

Assets under construction are not depreciated, because depreciation is appropriate only when assets are in operational use.

- 3.3 The depreciation will be calculated on an annual basis for preparation of the year end accounts.

- 3.4 Groups of assets will use the same method of depreciation.

The MAT has determined the following depreciation rates, asset life and methods:

Freehold/long leasehold buildings	2% per annum	(50 yrs)	straight line
Plant & machinery	10% per annum	(10 yrs)	straight line
Fixtures & Fittings	10% per annum	(10 yrs)	straight line
Computer equipment & software	25% per annum	(4 yrs)	straight line
Motor Vehicles	25% per annum		reducing balance

- 3.5 If the useful life of the asset is determined to be different to the scales above, this will be recorded for the Resources committee.

3.5 **Building Improvements/Site work**

Building improvements will be capitalised if they are significant alterations or structural changes that cost over £20,000. The cost of roads, walks, curbs and related materials in any identified undeveloped parts of the MAT campus will be capitalised if in excess of £20,000.

- 3.6 This policy may vary according to future DfE advice to academies or auditor advice and will be amended through the finance committee of the MAT.

APPENDIX A – Fixed Asset Purchasing Procedure and Capitalisation

Checklist

- I Is the Asset Purchased above the Capitalisation Value Approved? YES /NO
If
NO: normal purchase procedure is followed to record the transaction on PS within the General Annual Grant and the Bank Account.
YES: process journal entries on PS 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 / MAT Business Manager the expected useful life of the asset and any expected residual value.
4. Record the asset on the Parago system.
5. Place a copy of the invoice on the fixed asset register file.
6. Fixed asset register is to include:
 - i. Type and description of asset
 - ii. Cost of Asset
 - iii. Budget Holder for the asset.
 - iv. Amount and date of any grant
 - v. Proportion of grant used to finance the acquisition
 - vi. Expected useful life of the asset
 - vii. Date of disposal or change of use
 - viii. Proceeds of disposal
 - ix. Amount returned to the Secretary of State on disposal / change of use.
 - x. Date of receipt of disposal proceeds or date of an approval to change the use.
7. Security-mark the asset where practicable.

APPENDIX B ASSET DISPOSAL PROCEDURE

- 1 The best possible value will be obtained from the disposal of assets. Approval for the disposal of any assets must be sought from the MAT Finance & Operations Director through completion of the Disposal of Equipment form.
- 2 A list of assets disposed will be presented to the Resources committee on an annual basis.
- 3 The following methods will be used to advertise non ICT equipment for disposal:
 - Internal advertisement (staff bulletins/newsletters)
 - EBAY
 - Other approved internet sites
 - Local free paper advertisement
- 4 The choice of disposal advertisement will be assessed against the cost of the advertisement and the value of the item to ensure that best value is obtained.
- 5 ICT related equipment is not usually 'sold' due to the difficulty of licence and software programme transfer rights.
- 6 The proceeds from all asset sales will be reinvested in the MAT.
- 7 If an asset has been purchased using capital grants from the DfE, the funding agreement procedures will be followed.

DISPOSAL OF EQUIPMENT FORM - REQUEST FORM

ITEM TO BE DISPOSED OF

CURRENT LOCATION

ESTIMATE VALUE

REASON FOR DISPOSAL

(broken/surplus to requirements/irreparable)

ACTION TO BE TAKEN

Disposal by sale

Disposal by removal

Signed: (name) Date:.....

Please give this form to the finance office. Approval must be obtained prior to removal of assets

Finance office use only

Approval for disposal Initial & Date FOD		Grant received for purchase	Y/N
Nominal Code		Repayment to secretary of state	Y/N
Cost Centre Code		Value obtained for item	£ (cash/ cheque)
Original cost		Reinvest Nominal	
Accumulated Depreciation		Reinvest Cost centre	
Carrying Amount (cost less deprn)		Parago updated Initial & Date	