

Date ratified at Full
Directors' Meeting
17 July 2023

St John the Baptist



Catholic Multi Academy Trust

Review
Resources Committee

TREATMENT OF ASSETS AND DEPRECIATION POLICY

THE TRUST MISSION STATEMENT

*Inspired by the life of Christ we provide an exceptional education in our Catholic schools
which enables our children:*

- to fully embrace all possibilities
- to flourish
- to develop their faith

and therefore to choose a path that enables them to be a positive influence upon our world.

'Prepare the Way' *The Gospel of St Mark 1:3*

St John the Baptist Catholic Multi Academy Trust
Company No: 7913261
Registered Office: Surrey Street, Norwich NR1 3PB



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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 Academy Trust (“the Trust”) and to ensure that the Trust’s balance sheet correctly reflects the assets and liabilities of the Trust.
- 1.2 The policy defines the treatment of non-current, current, tangible and intangible 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 £1,000 that are considered to have a useful economic life longer than 12 months as well as the computer equipment regardless of value.
- 2.2 Fixed assets are categorised as follows:
 - A Land and Buildings
 - B Leasehold Land
 - C Furniture and Fittings
 - D Computer Equipment
 - E Assets under construction
 - F Motor Vehicles
- 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 Trust’s financial management accounting system SAGE on a regular basis.
- 2.4 Transactions relating to the Fixed Asset Register will be recorded on the balance sheet and within the financial management accounting system, as appropriate.
- 2.5 An electronic asset register is maintained for the Trust in a form of an Excel spreadsheet. A barcode (asset tag) can 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 at least annually by the MAT Finance Manager.
- 2.7 Discrepancies between the physical count and the register are reported to the 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 Trust finance office and through the Fixed Asset Register. Appropriate transactions are raised on SAGE.

- 2.9 All accounting documentation for the purchase of assets is recorded electronically on SAGE.
- 2.10 Attractive and portable items of equipment that fall below the capitalisation limit of £1,000 and over £50.00 can be asset tagged using the individual school security marking system. However, only items on the fixed asset register over £1,000 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 monthly for the management accounts and 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% -10% per annum	(10- 50 yrs) straight line
Long leasehold land	over the duration of lease (usually 125 years)	
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 materially different to the scales above, this will be recorded for the Resources committee.

3.5 **Building Improvements / Site work**

Building improvements may be capitalised if they are significant alterations or structural changes

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

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 SAGE within the General Annual Grant and the Bank Account.
YES: process journal entries on SAGE 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 / Trust Finance Manager the expected useful life of the asset and any expected residual value.
4. Place a copy of the invoice on the fixed asset register file.
5. 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.
6. 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 Trust 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 Trust.
- 7 If an asset has been purchased using capital grants from the DfE, the funding agreement procedures will be followed.
- 8 All disposals must be compliant with the requirement of the Academy Trust Handbook.

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			
<i>Finance office use only</i>			
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)			