



The STAR
MULTI ACADEMY TRUST

FIXED ASSET, CAPITALISATION AND DEPRECIATION POLICY

Issue No	Author	Date Written	Approved by Trustees on:	Comments
V1	M Boyes	Oct 2018	Oct 2018	
V2	M Boyes	Nov 2018		Depreciation Table not included in V1.

1. Purpose

1.1 The purpose of this Fixed Asset Policy is to establish a capitalisation, depreciation and disposal policy for tangible fixed assets held by The STAR Multi Academy Trust. This will ensure that the MAT's Balance Sheet correctly reflects the net book value (NBV) of its tangible fixed assets.

1.2 The policy defines the treatment of tangible fixed or non-current assets.

2. Fixed Asset Register

2.1 The fixed asset register consists of a list of items purchased within an accounting period valued over £1,000 (primary schools) or £5,000 (secondary schools) that are considered to have a useful economic life (UEL) of more than one year. This threshold applies to single items only with the exception of ICT assets which should be grouped. Fixed assets are categorised as follows:

A Land and Buildings

B Plant and Machinery

C Furniture, Fixtures and Fittings

D Computer Equipment

E Vehicles

2.3 Any items that meet the definition of a fixed asset but are below the £1,000/ £5,000 capitalisation threshold, and are considered to be portable, valuable and desirable, shall be included on a separate inventory.

2.4 Transactions relating to the Fixed Asset Register will be recorded on the Academy Trust's balance sheet and within the financial management accounting system.

2.5 The Fixed Asset Register should be reconciled at least annually to ensure accountability.

2.6 Any discrepancies between the physical count and the register will be reported to the Trust Resources Committee at the next available meeting.

2.7 All disposals of assets are recorded in the Fixed Asset Register and the appropriate transactions recorded in a Written off book.

2.8 All accounting documentation for the purchase of assets is recorded in the Inventory books.

3 Depreciation

3.1 Fixed 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 are not depreciated, because depreciation is appropriate only when assets are in operational use.

3.3 Depreciation will be charged as a minimum on an annual basis for preparation of the year end accounts. If deemed appropriate it may also be charged monthly for the management accounts. Regardless of the frequency, the depreciation charge will be calculated.

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

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

<u>Description</u>	<u>Useful Life</u>
Building Improvements	15
Furniture and Fixtures	5
Motor Vehicles	5
Computer Equipment and Software	4

3.5 If the useful life of the asset is determined to be significantly different to the time scales above, this will be reported to the Resources Committee for a decision on the appropriate rate to apply to that particular asset.

3.6 Building Improvements/Site work

Building improvements will be capitalised if they are significant alterations or structural changes that cost over £10,000.

4 Disposals

4.1 Academy trusts may dispose of any fixed assets, other than land, buildings and heritage assets, without the approval of the Secretary of State for Education. However, academy trusts must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

4.2 Items which are to be disposed of by sale or destruction must be authorised for disposal by The STAR MAT and reported to the Trust Resources Committee and, where significant, should be sold following competitive tender.

4.3 Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Academy Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Academy Trust would need to ensure licenses for software have been legally transferred to a new owner.

4.4 The Academy Trust is expected to re invest the proceeds from all asset sales for which capital grant was paid in other Academy Trust assets. If the sale proceeds are not re invested then the Academy Trust must repay to the DfE a proportion of the sale proceeds.

4.5 All disposals of land, buildings and heritage assets must be agreed in advance with the Secretary of State for Education.