



## **ASSETS & DISPOSAL POLICY**

**THIS POLICY APPLIES TO ALL TRUST SCHOOLS, THE CARMEL TEACHER TRAINING PARTNERSHIP AND CARMEL TEACHING SCHOOL ALLIANCE**

**Document Management:**

Date Policy Approved:	May 2013
Date Amended	November 2013
Date Reviewed:	6 November 2017
Next Review Date:	November 2020
Version:	3.0
Approving Body:	Board of Directors

## **ASSETS & DISPOSAL POLICY**

### **1 Introduction**

Carmel Education Trust is required to establish systems of control to ensure that assets and resources used by the individual Academies are recorded and adequately safeguarded against loss or theft. Records of some assets and stocks must be kept for accounting purposes but the systems of control should extend to other assets particularly if they are attractive and portable items. This policy will also discuss the procedures for dealing with obsolete equipment. The aims of the policy can be summarised as follows:

- To provide the means for the disposal of redundant or surplus assets.
- To achieve the best possible outcome for the Trust by gaining the best available net return when selling and to ensure the Trust is even-handed, open and honest in all dealings.
- To ensure that a best value outcome to the Trust is a major consideration when disposing of assets.
- Asset disposal decisions, and the reasons for taking them, must be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference.
- Non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives the Trust of income without any offsetting benefit. The Trust should therefore dispose of such equipment in line with the processes set out below.
- To consider the identification of any risks and areas most susceptible to fraud.

### **2 Systems of control**

The system of control for assets incorporates the following features

#### **Capital Asset definition.**

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

#### **Capitalisation method**

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

## Capitalisation thresholds

Carmel Education Trust has established the following minimum capitalisation thresholds for capitalising fixed assets:

- Land, buildings and improvements £1,000
- Machinery/equipment/vehicles/ICT £1,000

Where items purchased are singularly <£1,000 but if combined are >£1,000 then these should be capitalised for example this could include 30 classroom computers or 10 iPads

Detailed records shall be maintained for all fixed assets above the established thresholds by the Trust finance team on behalf of the individual Academies in accordance with the Scheme of Delegation.

## Other assets

Detailed records are maintained for all items below the capitalisation thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include computer equipment that falls below the established thresholds and any other assets specified by the **Principal/**Headteacher.

## Procedure:

### Purchase of Assets

All fixed assets purchased with a value over £1,000 must be entered into the asset register.

Approval for purchase of assets must follow the Trust's purchasing policies.

The asset register will include the source of funds for the asset.

The asset register will detail the following:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

### Gifts of Assets

All fixed assets given to the Trust are recorded in the accounts as income in the period in which the fixed asset was given. The value placed on gifts in kind should be either a reasonable estimate of their gross value or the amount actually realised. The key test is what the Trust would have been prepared to pay to purchase the asset.

Gifted assets are treated and recorded in the asset register in the same way as purchased assets.

### **Security of Assets**

All fixed assets recorded in the register are permanently marked as “Property of [individual academy], as far as this is practical. The asset register is to be kept up to date and reviewed regularly. Items used by the individual Academies but not owned by them should be recorded as such. Physical counts against the register are undertaken annually at or about June 30th. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Board of Trustees. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

### **Capitalisation of Assets**

Capitalised items should be transferred to a capital code in the balance sheet each month with a corresponding entry for depreciation to expenditure by the Finance Manager. This should then be reconciled to the fixed asset register monthly.

### **Depreciation of Assets**

All fixed assets will be depreciated using a straight line method of depreciation at the following rates

- Buildings over the expected useful economic life and where available through Property Survey Reports or other supporting valuations
- Plant and Machinery 7 years
- Furniture and Equipment 7 years
- ICT Equipment 3 years
- Leasehold Land over the period of the lease
- Freehold Land is not depreciated.

### **Disposal of Assets**

Assets may be available for disposal for a number of reasons, e.g.

- Beyond repair
- No longer complying with Health and Safety requirements
- No longer required due to changed procedures or functions
- Not capable of running required software

All requests for disposal must be submitted to the Business Manager and then approved by the Resources Committee.

The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are:

- **Private Sale**  
To ensure a fair price is received, a market valuation should be obtained. The sale should be publicised appropriately, via advertising or e-mailing and could be sold to the first person to make an offer or via sealed bids, as appropriate.
- **Donation to an appropriate organisation**  
All donations must be approved by the Board of Directors
- **Recycled or Destroyed**  
Items with no market value or no use to another organisation should be appropriately and safely destroyed. The asset disposal should be approved by the **Principal/Headteacher**.

#### **General disposal procedures**

- Identify asset for disposal
- Determine market value
- Principal approve disposal
- Select the best disposal method
- Record disposal in the asset register

#### **Sale or donation of ICT equipment - specifics**

- All hard disc contents should be erased and re-installed
- The recipient of the equipment should be advised in writing that Carmel Education Trust will not be liable for any Health and Safety issues surrounding the use of the equipment

#### **Disposal Limits and ESFA Guidance**

In the Academies Financial Handbook 2017, the Education & Skills Funding Agency (ESFA) states that:

“Academy trusts must seek and obtain prior written approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards

Other than land, buildings and heritage assets, trusts can dispose of any other fixed asset without ESFA's prior approval. Trusts must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where assets have a residual value.

Additional guidance is available to help trusts seeking consent for land and

buildings transactions. ESFA's prior approval must be obtained for property transactions which are novel, contentious and/or repercussive."

Disposal authorisation should include justification that the asset has become obsolete to the Academy. Assets judged to be obsolete should be destroyed or sold for maximum value.

Funds gained as proceeds from the sale of fixed assets should be maximised. If the sale proceeds are not reinvested, the Academy must repay to the Secretary of State the same proportion of the proceeds as equates to the proportion paid for the acquisition of the fixed asset. The proceeds from the sale of the assets acquired with grant from the Secretary of State cannot be used as the Academy's contribution to further grant aided projects or purchases.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the 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 Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

### **Loan of Assets**

Trust property must not be removed from Academy premises without the authority of the **Principal/**Headteacher. A record of the loan must be recorded in a loan book and booked back to the Academy when it is returned.

If assets are on loan for extended period or to single member of staff on a regular basis, the situation may give rise to a "benefit-in-kind" for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.

### **Responsibility**

Overall responsibility for the asset register is owned by the Chief Executive Officer who will make any decisions related to accounting for and disposing of assets subject to approval by the **Directors**, as necessary.