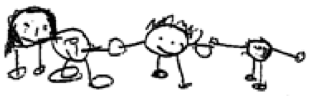
Asset Control Policy
To be reviewed Annually.
Policy reviewed May 2017. To be reviewed May 2018.



ASSET CONTROL POLICY

This policy is also adopted by the Everton Nursery School and Family Centre

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STATEMENT OF INTENT

Statement of Intent

In order to ensure that Everton Nursery School and Family Centre balance sheet reflects the assets and liabilities of Everton Nursery School and Family Centre, the governing body has established an Asset Control Policy.

The policy has the full approval of the governing body and is reviewed on an annual basis.

The purpose of this policy is to:

- Provide guidance for staff when dealing with the purchase and disposal of fixed assets.
- To provide guidance for staff on other aspects of fixed asset accounting such as depreciation and revaluation.
- To define the treatment of non-current, current, tangible and intangible assets.
- To provide a basis for a uniform and systematic approach to asset control.

The policy is to be used in conjunction with the school's Fixed Asset Register.

1. Definitions

1.1. Fixed Assets

1.1.1. An asset that has a useful life greater than one year. Consumables used on a daily basis are not fixed assets.

1.2. Fixed Asset Register (FAR)

1.2.1. An inventory of all fixed assets including purchase dates, depreciation rates, net book values and depreciation.

1.3. Grant

1.3.1. Funds given to the school by a third party to purchase unspecified fixed assets.

1.4. Recoverable Amount

1.4.1. The proceeds received when an asset is disposed of.

2. Fixed asset categories

2.1. Freehold and long lease buildings

2.1.1. The costs of acquiring freehold and long leasehold land and buildings. This includes external costs, such as legal fees, in addition to other costs such as building costs.

2.2. Fixtures and fittings

2.2.1. Items, such as shelving, furnishings etc., which will last a number of years but not as long as the building in which they reside.

2.3. Plant and equipment

2.3.1. Items, such as air conditioning, lifts, heating systems etc., which will be used for many years.

2.4. Leasehold improvements

2.4.1. These are the costs of enhancements which significantly extend the life of the leasehold and would not be carried out on a regular basis.

3. Capitalisation of assets

3.1. Expenditure eligible for capitalisation:

3.1.1. Expenditure for an item which meets the definition of a fixed asset, and exceeds £2000, should be identified as a fixed asset and be recorded on the school's balance sheet.

3.1.2. The cost of a fixed asset includes the cost of the asset and any other costs directly attributable to bringing the asset into working condition. This may include:

- The cost of consultants whose work is directly attributable to the asset's implementation.
- The cost of enhancements which extend the life of the asset e.g. building improvements. This does not include repairs or renewals.

3.2. Expenditure ineligible for capitalisation:

3.2.1. Individual assets costing less than £1000 unless procured in bulk as part of a capital project.

3.2.2. The cost of staff training.

3.2.3. Administration and general running costs for day-to-day activities.

3.2.4. Planning costs relating to activities such as feasibility studies, option appraisals etc.

3.2.5. The cost of abortive work.

3.2.6. Support and maintenance costs related to software.

4. Accounting

4.1. Only costs eligible for capitalisation are entered into accounts.

4.2. Costs must always be allocated against individual fixed assets.

4.3. Discounts received should be deducted from the total cost.

4.4. Expenditure on enhancing a fixed asset already in the balance sheet should be added to the carrying amount, if the asset meets the capital expenditure criteria.

4.5. Fixed assets purchased with grant money should be clearly identified as such in the Fixed Asset Register.

5. Depreciation of assets

5.1. Depreciation is charged against a fixed asset over its expected useful life. It is calculated on an annual basis by the Finance Officer/Business Manager in preparation for the end of year accounts.

5.2. The school uses the method of straight-line depreciation where the asset value is reduced in equal amounts annually.

5.3. The period of depreciation (the asset's useful life) varies according to the category of the asset. The Finance Officer/Business Manager is responsible for allocating a useful economic life to each asset where expenditure is capitalised.

5.4. Tangible fixed assets must be depreciated as follows:

Type	Estimated useful life	Depreciation method	Percentage
Freehold and long leasehold buildings	50 years	Straight line	2%
Building improvements	5-20 years	Straight line with nil residual value	Varied
Fixtures and fittings	5 years	Straight line with nil residual value	20%
Plant and equipment	5 years	Straight line with nil residual value	20%
Motor vehicles	5 years	Straight line with nil residual value	20%
Computers and IT equipment	4 years	Straight line with nil residual value	25%
Assets under construction	These are not depreciated until the asset is brought into use	N/A	N/A

6. **Disposal of assets**

6.1. The best possible value should be obtained from the disposal of assets. Assets with a carrying amount of above £2000 require approval from the governing body prior to disposal. A Disposal of Equipment Form is available in Annex A.

6.2. When an asset is disposed of or sold, a loss or profit may occur. The difference between the total sale proceeds, less the cost of disposing of the asset, and the net carrying amount of the asset is used to calculate the loss or profit.

6.3. The loss or profit should be recorded as follows:

6.3.1. Profits on disposal of fixed assets must be included in the income and expenditure account under 'profit or loss on sale of fixed assets'.

6.3.2. Losses on disposal of fixed assets must be treated as additional depreciation and included in the relevant account.

6.3.3. Lost or destroyed assets replaced by insurance proceeds should be removed from the balance sheet. Any profit or loss must be recognised in the income and expenditure account under 'profit or loss on sale of fixed asset'. The replacement asset is capitalised at cost in the normal manner.

7. Advanced payments and assets in-progress

7.1. Advance payments for fixed assets must be recorded at the time of payment. It should be reclassified to the appropriate fixed asset item once the goods or services have been supplied.

7.2. Fixed assets which are incomplete by the balance sheet date, but for which costs have already been incurred, must be recognised as 'assets-in-progress'. Once completed, the costs are reclassified to the appropriate fixed asset category.

8. Monitoring and review

8.1. The effectiveness of the Asset Control Policy is monitored by the Finance Officer/Business Manager.

8.2. The policy is reviewed annually.

Annex A - Disposal of Equipment Form

Item to be disposed of:	
Reason for disposal (circle as appropriate):	Broken Surplus to requirements Irreparable Obsolete
Residual value (if appropriate):	
Action to be taken (circle as appropriate):	Disposal Sale
By whom:	
Signed:	
Date:	

Office use only

Value obtained for item:	
Ledger code:	
Fund:	
Original cost:	
Accumulated depreciation:	
Carrying amount:	
Grant received for original purchase (delete as appropriate):	Yes / No
Reinvested grant (if applicable):	
Repayment to Secretary of State	
Value repaid:	
Removed from fixed asset register(delete as appropriate):	Yes / No
Removal date:	