



Bishop Chadwick Catholic Education Trust

Asset and Disposal Policy

Policy dated:	25 January 2022
Date of next review:	January 2025

1 Introduction

The Trust is required to establish systems of control to ensure that assets and resources used by the Trust 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 applying the relevant depreciation cost.

Capitalisation thresholds

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

- Land, Buildings and improvements £5,000
- Machinery/equipment/vehicles/ICT £1,000

Detailed records shall be maintained in the Financial Management System for all fixed assets above the established thresholds.

Other assets

Detailed records are maintained at the discretion of the Chief Financial Officer for all items below the capitalisation thresholds that should be safeguarded from loss. These items include computer equipment that falls below the established thresholds and any other assets specified by the Chief Financial Officer.

Procedure:

Purchase of Assets

All fixed assets purchased with a value over the threshold must be entered into the asset register. Approval for purchase of assets must follow the Trust's purchasing policies set out in the Finance Policy.

The asset register will detail the following:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (DFC, GAG, donation etc)
- expected useful economic life
- depreciation
- current book value
- location

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 to the Trust. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Trust 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" the Trust, as far as this is practical. The asset register is to be kept up to date and reviewed regularly. Items used by the Trust but not owned by the Academy should be recorded as such. Physical counts against the register are undertaken annually at or about July/August. 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 Directors. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

Depreciation of Assets

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

- Leasehold land and buildings 125 years
- Leasehold Improvements 20 years
- Plant and Machinery 7 years
- Furniture and Equipment 5 years
- ICT Equipment 3 years
- Intangible assets – software 3 years
- Freehold Land, where owned, is not subject to depreciation.

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 Chief Financial Officer and then approved by the Board of Directors, who may delegate this to the Finance 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 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.
- 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 Chief Financial Officer.
- In the event of the disposal of ICT equipment, all hard disc contents should be erased and re-installed.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the academy 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 academy's Headteacher. A record of the loan must be recorded in a loan book and booked back to the Trust 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 Trust’s auditors.

Responsibility

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

Per the Academy Trust Handbook, academy trusts must obtain prior 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, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

Other than land, buildings and heritage assets, trusts can dispose of other fixed asset without ESFA’s approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.