University of Brighton Academies Trust

POLICY

Policy title	Fixed Asset Policy
Written by	Financial Controller
Policy owner	Interim Head of Finance

Status	Approved
Summary of change	• Providing clarity around the grouping of assets for capitalisation e.g. purchasing multiple laptops which when grouped exceed £5k • More detail around the disposal of fixed assets

Equality Impact Assessment date	n/a
JCC consultation date (People policies)	n/a
Approval date	8 August 2025
Approval authority	Chair of FRC
Review date	August 2027

1 Policy statement

University of Brighton Academies Trust (the Trust) has established a Fixed Asset Policy to ensure that the Trust's balance sheet reflects the assets and liabilities of the Trust.

2 Scope and purpose

The policy is in line with the Academies Financial Handbook, in particular reference to the disposal of assets.

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 Trust's Fixed Asset Register.

3 Definitions

3.1 Fixed assets: An asset is an item which has come into the academy's possession via purchase or donation. An asset that has a useful life greater than three years and a value greater than the defined minimum value for capitalisation as set out in Section 5 of this policy. All assets should be registered to individual academy / service inventories, but not all assets meet the criteria to be capitalised. Consumables used on a daily basis are not fixed assets.

3.2 Capitalisation: The recognition of a fixed asset. This entails the addition of its value to the balance sheet to be released over its useful life (see deprecation).

3.3 Fixed asset register (FAR): A list of all fixed assets including purchase dates, depreciation rates, net book values and depreciation.

3.4 Depreciation: The monthly charge made to the income and expenditure account each month to reflect the use of the asset during the period.

3.5 Accumulated depreciation: The total amount charged to the income and expenditure account to reflect the use of the asset by the academy over its economic life. The value of the asset will reduce over the life of the asset.

3.6 Carrying amount / net book value: The purchase cost or valuation of a fixed asset less the accumulated depreciation on that fixed asset.

3.7 Grant: Funds given to the academy by a third party to purchase unspecified fixed assets.

3.8 Recoverable amount: The proceeds received when an asset is disposed of.

4 Fixed asset categories

4.1 Freehold and long lease buildings: (the costs of acquiring freehold and long leasehold land and buildings)

- legal fees
- building costs

4.2 Fixtures, and fittings and equipment: (items which will last a number of years but not as long as the building in which they reside)

- shelving
- furnishings
- air conditioning
- lifts
- heating systems
- building improvements (the costs of enhancements which significantly extend the life of the lease building and would not be carried out on a regular basis)

4.3 Computer Equipment

- hardware including servers, printers etc.
- Bulk purchases such as laptops, interactive white boards etc.

5 Capitalisation of assets

5.1 Expenditure eligible for capitalisation:

- Individual assets
    - A single item which exceeds £5,000 and has a useful life of more than 3 years, should be identified as a fixed asset and recorded on the academy's balance sheet.
- Bulk purchase of assets
    - A single transaction of multiple items which are identical or similar, where the total of that transaction exceeds £5,000 and the items have useful life of more than 3 years e.g. Laptops.
- Group purchases
    - Multiple transactions of unidentical and varying items related to one project or outcome, where the overall total exceeds £5,000 and the items have a useful life if more than 3 years e.g. a project to replace a heating system
- 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

5.2 Expenditure ineligible for capitalisation:

- individual assets costing less than £5,000, unless procured in bulk or a part of group purchases. However, these assets should still be tagged for security reasons
- the cost of staff training
- administration and general running costs for day-to-day activities
- planning costs relating to activities such as feasibility studies, option appraisals etc.
- the cost of abortive work
- support and maintenance costs related to software

6 Accounting

6.1 Only costs eligible for capitalisation are entered into accounts.
6.2 Costs must always be allocated against individual fixed assets.
6.3 Discounts received should be deducted from the total cost.
6.4 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.
6.5 Fixed assets purchased with grant money should be clearly identified as such in the FAR.

7 Revaluation of assets

7.1 The value of freehold and long leasehold land and buildings will be reviewed periodically.
7.2 Any revaluations will be considered in conjunction with advice from external consultants and the auditors. Where revaluations are considered to be required gains will be credited to the relevant reserve.
7.3 Land, building and building improvement revaluations are transferred to the revaluation reserve.
7.4 Losses on revaluation will be debited to the relevant reserve.

8 Depreciation of assets

8.1 Depreciation is charged against a fixed asset over its expected useful life. It is calculated on an annual basis by the Financial Controller in preparation for the end of year accounts.
8.2 The academy uses the method of straight-line depreciation where the asset value is reduced in equal amounts annually.
8.3 The period of depreciation (the asset's useful life) varies according to the category of the asset.
8.4 The Financial Controller is responsible for allocating a useful economic life to each asset where expenditure is capitalised.
8.5 Tangible fixed assets must be depreciated as follows:

Asset Category	Estimated useful life	Depreciation method	Percentage
Buildings	125 years	Straight-line	
Leasehold Land	Length of lease	Straight-line	
Fixtures, fittings & equipment	3-10 years	Straight-line	
Computer equipment	5 years	Straight-line	

9 Damage of assets by staff

9.1 In the event any assets are damaged or broken by staff, whether damaged accidentally or deliberately, the academy will only be able to request payment for the damage if the employee's contract states this will be the case.
9.2 If the contract does not state that the employee will need to cover any costs, then they will not be required to do so.
9.3 The academy may ask for a contribution towards the repair / replacement of the asset; however, there will be no requirement to pay.
9.4 Taking money out of pay cheques is prohibited, the staff member and academy will have agreed a salary, and deviation from this will be considered a breach of contract.

9.5 If there is reasonable evidence to believe the damage has been caused deliberately, the academy will treat this as a legal matter and may receive compensation depending on the outcome of any legal proceedings.

10 Disposal of assets

10.1 Note that this section refers to the disposal of all assets belonging to the Trust, not just those fixed assets that have been capitalised.

10.2 Requests for Disposal

- 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 Financial Controller via the disposal of asset form (Appendix A). Items up to a standing value of £50k write off will be approved by the Head of Finance. Items of greater value must be approved by the Finance & Resources Committee.

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

10.3 Acceptable methods of disposal

- 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 should be sold to the first person to make a reasonable offer or via sealed bids, as appropriate.
  - Use of gumtree, Facebook marketplace or similar platforms to sell goods is permitted but – must be on an account in the name of academy or Trust, not personal.
  - Reasonable offer – where an offer is made significantly below or above the market valuation approval to accept should be sought from the Financial Controller.
- Donation to an appropriate organisation
- 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 Financial Controller.

Regardless of method, you should not dispose of items with potential data included: please take advice from ICT.

10.4 General disposal procedure

- Identify asset for disposal
- Determine market value
- Complete disposal of asset form for approval (Appendix A)
- Select the best disposal method
- Notify the Financial Controller of disposal (Appendix A)

10.5 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 University of Brighton Academies Trust will not be liable for and Health and Safety issues surrounding the use of the equipment

10.6 Disposal Restrictions

- Disposal of land and buildings must be agreed in advance with the Secretary of State.
- Disposal of assets 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.
- Disposal of assets to related parties (e.g. a relative of the staff member carrying out the disposal, a company with links to the academy that might directly or indirectly benefit from the acquisition over and above the sale price)

11 Advanced payments and assets in-progress

11.1 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.

11.2 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.

12 Monitoring and review

The effectiveness of the Fixed Assets Policy is monitored by the Head of Finance.

Appendix A – Disposal of asset form

Academy/Location:	
Item to be disposed of:	
Reason for disposal:	
Method for disposal:	
Fair value of asset:	
Expected recoverable amount:	
Is the item listed on FAR:	
By whom:	
Signed:	
Date:	

Date of disposal:	
Value achieved:	
Disposal description	
If sold: I declare that I have no relationship with the buyer.	
By whom:	
Signed:	
Date:	