



William Brookes Academy Trust

Asset Replacement Strategy & Procedure

Updated October 2014



***Asset Replacement Strategy & Procedure
William Brookes Academy Trust
(Updated October 2014)***

This policy was written and adopted **October 2014**
It is due for review in 36 months

1.0 Introduction

Academies are required to establish systems of control to ensure that assets and resources used by the academy 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 asset replacement strategy and procedures for dealing with obsolete equipment. The aims of the policy can be summarised as follows:

- 1.1 The purpose of this procedure is to provide the means for the disposal of redundant or surplus assets.
- 1.2 The policy aims to achieve the best possible outcome for the Academy by gaining the best available net return when selling and to ensure the Academy is even-handed, open and honest in all dealings.
- 1.3 The best value outcome to The Academy must be a major consideration when disposing of assets.
- 1.4 Asset disposal decisions, and the reasons for taking them, should be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference.
- 1.5 Non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives The Academy of income without any offsetting benefit. The Academy should therefore dispose of such equipment in line with the processes set out below.
- 1.6 Consideration has been given to identifying the risks and the areas most susceptible to fraud and the policy is designed to minimise fraud.
- 1.7 In the interests of promoting probity, fair dealing and openness, sections must not sell or otherwise transfer surplus equipment to staff (for personal use) (or their relatives or friends) unless arising from a public competitive process, i.e. advertised sale which is open to the public. Where a member of the public and a staff member offer an equal price, the item must be sold to a member of the public. The sale price must be the best market price and under no circumstances may equipment be donated to staff.

2.0 Systems of Control

The system of control for assets incorporates the following features:

2.1 Scope and Definition:

2.1.1 Capital Asset definition

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

2.1.2 Capitalization 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.

2.1.3 Capitalization thresholds

The Academy establishes the following minimum capitalization thresholds for capitalizing fixed assets:

Land and improvements £25,000

Buildings and improvements £50,000

Machinery/equipment/vehicles £1,000

Detailed records shall be maintained for all fixed assets above the established thresholds.

2.1.4 Other assets

Detailed records are maintained at the discretion of the Director of School Business for all items below the capitalization thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include firearms and computer equipment that fall below the established thresholds and any other assets specified by the Director of School Business.

Other assets are to be listed at a Department level as follows:

Equipment	Department	Person Responsible
ICT	ICT	
Media	Media	
Sports	PE	
DT	DT	
Science	Science	

2.1.5 Depreciation and useful life

The Director of School Business will assign an estimated useful life to all assets for the purposes of recording depreciation. Asset lives will be adjusted as necessary depending on the present condition and use of the asset and based on how long the asset is expected to meet current service demands. Adjustments should be properly documented.

Depreciation is recorded based on the straight line method using actual month convention and depreciated down to the assets salvage value.

2.1.6 Safeguarding and controlling fixed assets

All machinery and equipment, vehicles and furniture is assigned an asset number and identified with a fixed asset tag. As fixed assets are purchased or disposed of, the department head in custody of that asset is responsible for preparing a fixed asset data sheet, which is then forwarded to the business office to ensure proper recording. A physical inventory will be taken annually on or about June 30 and compared to the physical inventory records. The results are forwarded to the business office where appropriate adjustments will be made to the fixed asset records.

2.2 Responsibility

Overall responsibility for the register is shared between the Director of School Business, who will make any decisions related to accounting for and disposing of assets subject to approval by the board, who will implement the operational part of the policy.