

Fixed Assets	
Reference: FP08	Effective date: 1 June 2012
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Introduction

The organisation needs to record and control the acquisition and verification of its fixed assets to guard against theft and fraud, adequately insure itself against risk and to value its business.

General

The threshold for capitalising fixed assets is £5,000 per individual item. An item will only be capitalised if its useful economic life is greater than 3 years. Capital expenditure requires authorisation in line with FP01 Purchasing and Procurement policy. Any assets that have reached the end of their useful working life need to be disposed of appropriately and any remaining book value written off.

If the capital expenditure is an on-going large project, monthly progress status reports should be prepared. A post-acquisition review should be completed on expenditure of a significant value (over £10,000). All fixed assets must be added to the fixed asset register.

Insurance cover should be reviewed and updated following significant additions or disposals. Any documents of title should be filed in the administration office.

Fixed Asset Register

A fixed asset register is maintained by the organisation and will be updated on a 6-monthly basis. The fixed asset register should record the following details for each asset

- Cost and description
- Date of purchase
- Identification (tag number if there is one)
- Physical location
- Date of last physical inspection
- Depreciation rate
- Accumulated depreciation charge
- Disposal date and proceeds (for assets disposed of during the financial year)

Physical Inspection and Control

The control and security of assets used off site or for personal use (eg laptop computers, video cameras) is covered in the staff handbook. A regular inspection of all fixed assets will take place at least once a year to check against physical deterioration, destruction and any missing or misused items. Dates of these inspections must be recorded on the fixed asset register. On an annual basis a check of all documents of title will be undertaken.

Accounting

All fixed asset additions and disposals must be processed and entered prior to the monthly depreciation charge being calculated. The nominal ledger balances must be agreed to the fixed asset register on a monthly basis. Once reconciled, copies of all the capital and depreciation codes reports for the current period should be filed in the fixed asset section of the month end file along with a copy of the fixed asset

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register. Copies of invoices showing the fixed assets purchased in that period must be filed in the year end audit file.

Depreciation will be applied at the rate appropriate to the type of asset. Leasehold improvements are depreciated over the life of the lease.