Write Offs and Disposal Policy

Date Published	20th July 2017
Version	3
Last Approved Date	March 2022
Review Cycle	Annual
Review Date	March 2023

"Learning together, to be the best we can be"

1. Scope

1.1. This policy relates to all schools and settings across Nexus MAT and supersedes any local policies and procedures that have been in use prior to the academy conversion. Where required, an individual Nexus MAT academy – in agreement with the Trust Chief Executive Officer - may publish a supplementary policy guidance document or procedure in line with this policy, to ensure that any idiosyncrasies associated with that specific school are covered in their local policy library.

2. Purpose

2.1. The purpose of this Write offs and Disposal Policy is to ensure that the Trust's balance sheet correctly reflects the assets and liabilities of Nexus MAT. This Policy will be reviewed by the Trust's Audit & Finance Committee annually.

2.2. The policy defines the treatment and disposal of both Tangible and Intangible Fixed Assets and any write offs. All assets costing more than £2,000 are capitalised and entered onto the Fixed Asset Register. Where Fixed Assets have been acquired with the aid of specific grants, they are included in the Balance Sheet at cost and depreciated/amortised over their expected useful economic life. Where Fixed Assets have been donated, they are included on the Balance Sheet as having incurred expenditure equal to the market value of these assets at the time they were acquired and depreciated/amortised over their expected useful economic life. A Fixed Asset Register is maintained centrally and reconciled to the financial statements of each Academy. The Fixed Asset Register consists of a list of items (or specific groups of items purchased within the accounting period) valued over £2,000 that are considered to have a life longer than the financial year they were purchased in.

2.3. Fixed Assets are categorised as follows;

- Land
- Buildings
- ICT
- Fixtures, Fittings & Equipment
- Vehicles

2.4. Assets excluded from the Fixed Asset Register Are Current Assets and Stock. Current Assets include cash and bank balances which are controlled through reconciliation to control accounts on a regular basis and also include aged debtors. The appropriate accounting transactions are processed for all capitalised assets and recorded on the Fixed Asset Register. Transactions will be recorded within the relevant Fixed Asset Fund Account. All items that have been included on the Fixed Asset Register are security marked, where practicable, as the property of the Academy/Trust and have a fixed asset number allocated.

2.5. Physical counts are undertaken against the Fixed Asset Register annually. Discrepancies between the physical count and the register are investigated promptly by the Academy. Any discrepancies are reported to the Audit and Finance Committee.

2.6. Depreciation/Amortisation is calculated on all Fixed Assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over the expected useful lives on the following basis (NB: All revisions will be approved by the Board)

- 2% leasehold property – straight line method – 50 years
- 25% ICT – straight line method – 4 years
- 10% Fixtures, Fittings & Equipment – straight line method – 10 years
- 25% vehicles – reducing balance

2.7. All fixed assets will be charged a full year of depreciation in the year of acquisition and none in the year of disposal.

3. Context

3.1. The Academies Financial Handbook refers to the Acquisition and disposal of fixed assets 'Other than land, buildings and heritage assets, trusts 'Other than land, buildings and heritage assets, trusts can dispose of any other fixed asset without ESFA's prior approval. Trusts must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where assets have a residual value'.

3.2. Regardless of the netbook value of an asset, **no fixed assets should be disposed of** in any of our academies, **nor debts written off without prior agreement from the Audit & Finance Committee.**

3.3. If an Academy wants to dispose of a Fixed Asset, an NF7 form – 'Fixed Asset Disposal Requisition' must be fully completed and submitted to the Chief Finance Officer to take to the Audit and Finance Committee. Only when confirmation has been received that the Audit & Finance Committee have agreed to write off the asset can it be disposed of.

4. Assets Funded by Capital Grants

4.1. The prior written consent of the Secretary of State for Education is required in accordance with section 89 of the School Funding Agreement as follows:

- Before the disposal of any asset for which a grant of over £20,000 was made, or land and buildings which had been transferred from the Local Authority at no cost to the school;
- Before the sale or disposal by other means, or reinvestment of proceeds from the disposal of an asset or group of assets, for which a capital grant in excess of £20,000 was paid;
- As set out in section 93 of the School Funding Agreement the School will provide 30 days' written notice to the Secretary of State for Education of its intention to dispose of assets for a consideration less than the best price that can reasonably be obtained, whether or not such disposal requires the Secretary of State for Education's consent as detailed above.

4.2. The academy is expected to reinvest the proceeds from all asset sales for which a capital grant was paid into other academy assets. If the sale proceeds are not reinvested, then the academy must repay to the ESFA a proportion of the sale proceeds.

5. Writing Off Debt

5.1 Invoices are issued and payments are due to the Academy from a range of services provided. Primarily these will include income due for lettings and payments from parents for school dinners, school trips and visits. In general payment for all goods and services supplied by an academy should be collected in advance or 'at the point of sale'.

5.2 The Nexus MAT Charges and Remissions policy explains that we may charge parents for: Materials, books, instruments or equipment, where they desire their child to own them; Optional extras; Music and vocational tuition (in certain circumstances and use of community facilities)

5.3 Payments for parents for school trips and visits are voluntary contributions and fall within the scope of the Nexus Charges and Remissions Policy.

5.4 The Nexus MAT Debt Recovery Policy specifies that all Nexus MAT academies will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off only aster all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it. The procedures to secure the collection of all debts are outlined in the Debt Recovery Policy and should be followed by all academy staff.

5.5 The Trust's Audit & Finance Committee will approve the write-off of all debts, stocks, stores and surplus assets which exceed £5,000 in value, and all such write-offs will be recorded in the minutes of the committee. The CEO will approve the write-off of all debts, stocks, stores and surplus assets which are lower than £5,000 but exceed £500 in value. Head's will approve the write-off of all debts, stocks, stores and surplus assets which are lower than £500. A formal record of any debts written off will be maintained and reported to the committee at least annually, with records retained for 7 years. The Trust will seek the legal advice should we consider taking legal or other action to recover debts.

5.6 If an Academy wants to write off a debt, an NF6 from – 'Request to Write off a Debt' must be fully completed and submitted to the Chief Finance Officer to take to the Audit and Finance Committee. Only when confirmation has been received that the Audit & Finance Committee have agreed to write off the debt can it be written out of the accounts.