



## Write Offs and Disposal Policy

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“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 policy defines the treatment of disposals and write-offs of both tangible and intangible fixed assets. The purpose of this Write offs and Disposal Policy is to ensure that;
  - Trust funds are used only in accordance with the law, it's articles of association, funding agreements and the latest Academies Trust Handbook.
  - The Trust has due regard to propriety and regularity, and ensures value for money in the use of public funds.
  - The Trust's balance sheet correctly reflects the asset and liabilities of Nexus MAT.
  - There is a clear process across the MAT for the disposal of ICT, which ensures the Trust meets the legal duties on it as per the Academy Trusts Handbook and Data Protection Act (2018).

## 3. Context

- 3.1. The Academy Trust Handbook states that "Other than land, buildings and heritage assets, trusts can dispose of other fixed assets without central government approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money."
- 3.2. Within the parameters above, Trusts are free to set their own policies with regard to the disposal of assets.

## 4. Fixed Assets disposals (non-ICT)

- 4.1. Assets that can be subject to write-off or disposal include both Debtors and Fixed Assets. This section relates to fixed assets only.
- 4.2. Any write off of land, buildings or heritage assets, will require central government approval, and should be led by the Chief Finance Officer (CFO), in line with the Academy Trust Handbook (AHT). Academies should ensure that the CFO is included in discussions at the earliest possibility.
- 4.3. Fixed Assets are categorised as follows:
  - 4.3.1. Land
  - 4.3.2. Buildings
  - 4.3.3. ICT
  - 4.3.4. Fixtures, Fittings & Equipment
  - 4.3.5. Vehicles
- 4.4. Each fixed asset will be recorded in accordance with the Trust's accounting policies, with all fixed assets meeting the capitalisation threshold being entered onto the Fixed Asset Register, along with their source of funding. The Fixed Asset Register is a key control document and forms part of the year-end reporting, being reconciled to the accounts on an annual basis.
- 4.5. Each Fixed Asset will be written-down in the books and accounting records in accordance with the Trust's accounting policies. Depreciation/amortisation is calculated on all Fixed Assets other than freehold land, at rates calculated to write off the cost of these assets, over the expected useful lives on the following basis (NB: All revisions will be approved by the Board)
  - 4.5.1. 2% leasehold property – straight line method – 50 years;
  - 4.5.2. 25% ICT – straight line method – 4 years;
  - 4.5.3. 10% Fixtures, Fittings & Equipment – straight line method – 10 years;
  - 4.5.4. 25% vehicles – straight line method – 4 years
- 4.6. All fixed assets will be charged a full year of depreciation in the year of acquisition and none in the year of disposal.
- 4.7. If an Academy wants to dispose of a Fixed Asset, advice must be sought from the relevant Regional Finance Lead, to ensure that:

- 4.7.1. The relevant approvals have been sought - as per the Trust Delegated Financial Powers Policy;
  - 4.7.2. There is a clear reason for disposal, and an appropriate disposal method (in terms of value for money and protecting the reputation of the Trust);
  - 4.7.3. An accurate central register of write-offs and disposals is maintained;
  - 4.7.4. Adjustments to the Fixed Asset Register are made, where required;
  - 4.7.5. The correct journal is recorded in the finance system, ensuring the accounting treatment is consistent with the Trust's accounting policies.
- 4.8. On confirmation that the correct level of approval has been received, the asset may be disposed of. Please note that CEO approval is required in all cases where assets are being sold.
- 4.9. The CFO will take the central register of write offs and disposals to the Finance and Infrastructure Committee on an annual basis.

## 5. ICT Disposals

- 5.1. If an Academy wants to dispose of any ICT equipment, the school's ICT engineer should be made aware, ensuring that:
- 5.1.1. the correct procedure is followed and evidenced (as per standard operating procedures);
  - 5.1.2. the ICT inventory register is updated;
  - 5.1.3. and the equipment is disposed of in accordance with Data Protection guidance.
- 5.2. The Head of Digital will:
- 5.2.1. Ensure that Nexus MAT is fully compliant with the law and the way in which we handle and dispose of personal information; and
  - 5.2.2. Alert central finance where the value of items is over the capitalisation threshold, to ensure that adjustments to the Fixed Asset Register are made.

## 6. Debt Write Off

- 6.1. The separate 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, and academies should refer to the procedures outlined in this document before applying to write off any debt.

- 6.2. If an Academy wants to write off a debt, a Debt Write Off form must be fully completed and submitted to the Chief Finance Officer, who will ensure the correct level of approval is acquired, in line with the thresholds contained in the Trust's Delegated Financial Powers Policy.
- 6.3. Approval will only be given where there is evidence of careful appraisal, including whether all reasonable recovery action has been taken with the debtor, and there is no feasible alternative. Only when confirmation that the correct level of approval has been received can the debt be formally written off.
- 6.4. Central Government approval must be sought for any write-offs of debts that exceed £45k per single transaction, or where cumulative write-offs exceed £250k in any financial year, as per the Academies Trust Handbook.
- 6.5. Where the write-off requires Audit and Risk approval, this will be recorded in the minutes of the committee.
- 6.6. 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.