

Fixed Assets Policy

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Glossary and abbreviations

Term used	Explanation
The Commissioner	Scottish Information Commissioner
HOCS	Head of Corporate Services
FAM	Finance and Administration Manager

Fixed Assets Policy

Policy Section

Introduction

1. Assets are either fixed or current and can be defined as rights or other access to future economic benefits controlled by the Scottish Information Commissioner (the Commissioner) as result of past transactions or events.
2. Fixed assets - tangible, intangible or investments - are assets with an expected life of more than one year.
3. Current assets are cash or other assets which can reasonably be expected to become cash in the normal course of business including stocks, debtors, accrued income and payments in advance. These are not subject to this policy
4. The Commissioner has a duty to ensure that the assets for which it is responsible such as land, buildings or other property - including stores and equipment - are properly and well managed. Robust systems should be in place to ensure that the accuracy and integrity of information held on registers, databases and inventories is safeguarded and readily available for inspection.

Policy Statement

5. Expenditure on the acquisition of an asset or expenditure which adds to, and not merely maintains, the value of an existing asset shall be capitalised and classified as a fixed asset.
6. Fixed assets are assets with an expected life of more than one year.
7. The Commissioner's fixed assets will, where appropriate, be subject to indexation and amortised to revenue over an appropriate period in a consistent and prudent manner.
8. To ensure custody and security, the Commissioner's assets must also be properly and well managed.

Control Objectives

9. All fixed assets should be correctly identified, capitalised and recorded in appropriate registers.
10. Where appropriate they must be subject to indexation and depreciation, kept secure and periodically subject to independent verification as to their value, condition and location.
11. Independent verification means verification by someone who is not directly involved in the administrative process and can gain no improper advantage with respect to the asset requiring protection.

Classification of Assets

Tangible Fixed Assets

12. Title to all property is held by the Commissioner.
13. The minimum level for capitalisation of a tangible fixed asset is £500 inclusive of irrecoverable VAT except for buildings where the threshold is set at £10,000.
14. Assets other than artwork are reflected at their value to the organisation by reference to depreciated historic cost. Artwork is reflected at open market value and is revalued every 3 years. Open market value is used as a proxy for fair value.

Intangible Fixed Assets

15. Software and licences are capitalised as intangible non-current assets and amortised on a straight-line basis over the expected life of the asset (3 years).

Valuation Policies

16. Fixed Assets will be valued as follows:
 - IT Equipment & software –valued at cost;
 - Telephone/telecoms equipment –valued at cost;
 - Furniture and fittings –valued at cost;
 - Works of Art – valued at open market value;
 - Office equipment and machinery – valued at cost.
17. Separate guidance for the valuation of assets that have been identified for disposal is given in the section on Disposal of Tangible Fixed Assets below.

Depreciation Policy

18. Depreciation is provided on all tangible fixed assets other than artwork at rates calculated to write off the costs or valuations on a straight line basis in equal instalments over their estimated useful lives.
19. Capitalised building works are depreciated over an accelerated period which is the remaining period of the lease.
20. Asset lives are normally as follows:
 - Buildings – leasehold improvements – over the initial period of the lease
 - Equipment and computers
 - (a) Computers, IT equipment, telecom systems and broadcasting equipment - 3 years
 - (b) Fixtures and Fittings - 5 years

(c) Furniture and Equipment - 5 years

21. The depreciation applied will be charged to the revenue expenditure section of the Commissioner's operating statement.

22. If required, there will be an annual impairment review of fixed assets and depreciation may be accelerated.

Supporting Arrangements

Maintenance of Fixed Asset Register

23. The Fixed Asset Register (FAR) is part of the Commissioner's key financial management system and must contain details of all assets owned, (tangible and intangible), where the value or original purchase price is over the Commissioner's capitalisation thresholds.
24. The FAR is an Excel workbook, held as a discrete document in Virtual Cabinet. A new workbook is created for each financial year.
25. The FAR will include the following information:
 - purchase price and date
 - asset accounting code (Sage nominal code)
 - a description of the asset together with details of serial or registration number where appropriate
 - a record of the asset label number, where appropriate
 - regular evidence of physical verification of the asset's existence
 - a depreciation profile.
26. The Finance and Administration Manager (FAM) maintains the FAR.

Control and Security of Assets and Regular Inspection Arrangements

27. The HOCS should make appropriate arrangements for the physical security of assets and other valuable items. All staff should ensure the safe custody of assets within their direct control or area of work.
28. Physical records (originals or copies) of land and property assets that should be readily available for inspection include: leases, licences, full information on the last rent review including the level of rent, the basis of assessment, any third-party decision and any photographic record of the condition of the property
29. Holdings of land and buildings, plant and machinery, office equipment and furniture (fixed assets) should be kept under constant review. The fixed asset register maintained by the FAM can be viewed for this purpose.
30. Administrators should assist the FAM in periodically updating and verifying asset registers. This should include making arrangements for physical inspection.

Disposal of Tangible Fixed Assets

31. Formal approval for the disposal of any asset held on the Fixed Asset Register must be obtained from the HOCS using the Fixed Asset Disposal Form. See Appendix I below.
32. Goods that cannot be re-used must always be disposed of in a manner that minimises the impact on the environment and as many components as possible should be recycled.

Surplus tangible fixed assets

33. Once surplus assets have been identified they should be sold as quickly as possible subject to value-for-money considerations. Surplus assets should not be sold for 'book value' and the HOCS should ensure that the best possible price is obtained for them. Payment should normally be received before goods are released for collection or delivery.
34. To ensure that value for money is achieved and that high standards of propriety are maintained, there should be proper supervision of staff and, where possible, clear separation of responsibilities in relation to the declaring of the asset as surplus and ready for disposal, and the valuation and disposal process.
35. Assets not fit for sale will be disposed of in discussion with the HOCS or the FAM.
36. There may, exceptionally, be cases where it is considered that a disposal of assets at less than market value is justified. Approval by the HOCS in writing must be sought for such cases.

Obsolete Fixed Assets

37. The HOCS has responsibility for asset disposal.
38. Obsolete fixed assets such as PCs, servers, laptops and the hard discs therein, are generally disposed of due to obsolescence rather than being surplus to requirement. These should not be offered for sale, but should be disposed of securely to ensure the security of data held on the hard disc is not compromised.
39. The disposal procedure for obsolete IT equipment can be found in the Information and Records Management Handbook

Disposal of Intangible Fixed Assets

40. Guidance in relation to the disposal of intangible fixed assets, for example, software licences should be sought on a case by case basis, in the first instance from the HOCS.

Accounting

41. The gain or loss on the disposal of fixed assets is calculated as the difference between the sale proceeds and the Net Book Value (NBV) after deducting disposal expenses. Any profit or loss from sales of fixed assets will be recorded against the Disposal of Fixed Assets account in the General (or Nominal) Ledger.
42. Acquisitions, disposals and losses of assets etc during a financial year should be noted in the annual accounts in accordance with relevant accounting standards and policies.
43. Assets transferred to other public bodies without charge or at less than market value should be the subject of separate notes in the accounts as should any individual losses of more than £100,000.

FIXED ASSET DISPOSAL APPROVAL FORM

Fixed asset category * Tick which applies	IT hardware	
	Fixtures & fittings	
	Furniture	
	Office equipment	
Item description		
Asset label number:		
Purchase price:		
Invoice date:		
Invoice number: (Please attach copy invoice from Fixed Asset file)		
Condition of item and proposed disposal action:		
Reason for disposal:		

Disposal requested by: Signature: Print name: Date:	Disposal approved by: Signature: Print name: Date:
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FAM to update Fixed Asset Register (FAR) and Accounts (SAGE)

For FAM use:	
Date FAR updated	
Date SAGE updated	

Disposal documents will be scanned into VC and hard copies as appropriate stored in the Fixed Asset folder – disposals section.

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