

Kirby Misperton Parish Council – FIXED ASSET POLICY

1. Introduction

In accordance with Section 13.6 of its Financial Regulations, Kirby Misperton Parish Council (“KMPC”) is required to ensure that it maintains a record of its fixed assets in order to ensure that such assets are appropriately safeguarded. This Policy sets out the details of how that fixed asset register should be maintained and what should be included in it.

The fixed asset register has four main purposes:

- It forms a basis for completion of box 9 in the ‘Annual Return.’
- It forms a basis for decisions on risk and insurance issues.
- It provides information on the age and potential lifespan of certain items.
- It provides assurance of the continued existence of KMPC’s property.

The Register will be approved and adopted by KMPC on an annual basis but it is a working document which will be updated and amended by the Council’s Responsible Financial officer as necessary throughout the year.

2. Scope of the fixed asset register

The definition of fixed assets is “property, plant, machinery and equipment with a useful life of more than one year and which is used by KMPC to deliver its services”.

In order to ensure transparency and reasonableness, the following items are included in the Register, irrespective of whether they were purchased, gifted or otherwise acquired, together with their holding location:

- community assets;
- assets considered to be portable, attractive or of community significance; and
- other assets estimated or known to have a minimum purchase or resale value of £250.

The values indicated in the asset register will inform the ‘total fixed assets’ section of the Annual Return.

The following items fall outside the definition for inclusion and are therefore excluded from the Register:

- assets rented by or loaned to the Council;
- stationery and other consumable items;
- boundaries of land owned (e.g. fences, hedges and gates);
- plants and trees;
- assets with a purchase or resale value of less than £250 (other than items listed as for inclusion in the asset register);
- repairs; and cash, short term investments and other current assets.

A separate section of the asset register will contain a schedule of disposals.

3. Valuation of fixed assets

Once recorded on the asset register, the value of assets must not change from year to year until disposal. The concepts of depreciation and impairment adjustments are not appropriate for local councils (Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2014, para. 3.69).

Assets must be valued by one of the following means based on available information:

- ideally, apply the purchase price (net of VAT if VAT has been reclaimed); or
- otherwise, apply the purchase price (gross of VAT if VAT has not been reclaimed or where the VAT status of the purchase is unclear)

Where it is not possible to trace the purchase price of the asset the insurance valuation should be applied or, as a last resort, a nominal value of £1 should be applied. Assets gifted to KMPC should be given a nominal value of £1.

The Register will be used to inform the insurers of the existence and value of KMPC fixed assets; for the purposes of insurance the value to be used is the replacement value of each item. The replacement value for insurance purposes of each item should be reviewed on a regular basis and, in any event, at least every three years.

4. Procedure for updating the Register

The start point is the asset register in a particular financial year is that which has been agreed for the end of the previous financial year. The financial ledger should be reviewed for all purchases made during the year and these added to the Register as appropriate; any assets which have been gifted to KMPC should also be identified. The value attributed to each item added to the Register should be in accordance with paragraph 3 above.

The financial ledger should also be reviewed for all asset sales or disposals made during the year; disposals should include assets which are no longer in use, and which will not be used in the future. Any assets which fall in the categories above should be removed from the asset register and recorded in a schedule of asset disposals.

A 'stock take' of items on the Register should take place on a regular basis to physically verify that each asset exists; each item on the asset register should be so verified at least once every three years. A note should be recorded on the Register to confirm the verification of the appropriate asset; the note should include the date of verification and the identity of the person doing so. Any assets which cannot be located should be removed from the Register and recorded in the schedule of disposals

5. Approval

This Fixed Asset Policy was approved by Kirby Misperton Council at its meeting held on 15th April 2022.