



***POLICY ON
FIXED ASSETS CONTROL***

KARE POLICY DOCUMENT				
				<i>Policy Owner: Finance Manager</i>
<i>Rev. No.</i>	<i>Approved by OMT</i>	<i>Approved by KARE Board</i>	<i>Launched Heads of Units</i>	<i>Operational Period</i>
Rev.1	July 2018	May 2018	Sept 2018	June 2018 -

Section A: Policy

1 Background to this Policy

KARE, promoting Inclusion for People with disabilities (KARE), is a company limited by guarantee. The Directors of the company are required to take measures to ensure compliance with Companies legislation, through keeping proper books of account and the implementation of relevant policies and procedures.

They are responsible for safeguarding the assets of the company and taking reasonable steps for the prevention of fraud or other irregularities. In doing this they prepare financial statements in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising Companies Act 2014.

2 Aim of this Policy

The aim of this policy is to outline the policies employed by KARE in control and monitoring of Fixed Assets and related Capital Grants.

3 Scope of this Policy

This policy relates to the legal entity known as KARE, promoting Inclusion for People with disabilities (KARE). It relates to all purchases and use of KARE's fixed assets.

4 General Details of this Policy

4.1 General

- 4.1.1 Fixed assets are defined as those non-consumable items with a useful life of one year or more. These items are used in normal KARE operations and are not for resale purposes.
- 4.1.2 As a recipient of public funds KARE must ensure efficient use of capital assets and disclose sufficient information in the financial statements.
- 4.1.3 Tangible fixed asset additions are stated at historic cost less accumulated depreciation.
- 4.1.4 Tangible fixed assets comprise Land, Buildings, Fixtures and Fittings, ICT Equipment, Equipment and Motor Vehicles.

4.2 Fixed Asset recording

- 4.2.1 Fixed assets additions are recorded under the Historical Cost Convention and are not revalued.
- 4.2.2 All Capital Grant funded asset purchases are recorded in Fixed Assets accounts (capitalised), irrespective of cost.
- 4.2.3 Assets donated or bequeathed are treated as purchased and recorded at normal market value if a proof of value is not available.
- 4.2.4 Revenue funded assets are only capitalised if the cost exceeds certain value thresholds.

4.2.5 These thresholds are:

Computers / ICT Equipment -€2,000 (a monitor, CPU, keyboard and software are one item).

Equipment -€7,000 (any one item)

4.2.6 All revenue purchases of an asset nature under the above thresholds should be charged to the Income & Expenditure account under the relevant General Ledger (GL) code in full in the year of purchase.

4.2.7 Depreciation is calculated to write-off the original cost/valuation of each tangible fixed asset over its useful economic life on a straight line basis. Depreciation is charged to the Income and Expense Account.

4.2.8 A full year's depreciation should be recorded in the year of addition. No depreciation should be recorded in the year of disposal.

4.2.9 Depreciation is calculated with reference to the year the asset comes into use. In most cases this is the year of purchase.

4.2.10 Depreciation is calculated on a straight line basis at the following rates

Land Not depreciated

Buildings 2% or 5% per annum (i.e. 50 Years & 20 Years)

Motor vehicles 20% per annum (i.e. 5 Years)

Fixtures and Fittings 20% per annum (i.e. 5 Years)

Equipment – Computers / ICT 20% per annum (i.e. 5 Years)

Equipment – Other 20% per annum (i.e. 5 Years)

4.2.11 Capital Grants are amortised over the useful life of the related fixed asset in order to match the accounting treatment of the grant against the related depreciation charge on the fixed asset in the Income and Expense account.

4.2.12 The charge to the Income and Expense account of both Depreciation and Amortisation will be matched.

4.3 Disposal

4.3.1 On disposal of a fixed asset the asset is removed from the fixed asset register and the capital grants register.

4.3.2 Where a Fixed Asset is to be sold, or where it is “traded in”, Accounts must be informed in advance. The original cost of the asset and the accumulated depreciation to date is written out from the balance sheet and posted to fixed asset gain/loss on disposal in the I&E. The value received for the asset is also recorded to this code in the I&E giving rise to a net gain / loss on disposal.

4.3.3 Gains on disposals of Fixed Assets may be designated for use to replace or purchase additional Fixed Assets.

4.4 Asset protection

4.4.1 All staff have responsibility to ensure that assets are safeguarded. Vigilance must be maintained to ensure that assets are not lost, stolen or damaged through misuse. Any identified risk to fixed assets should be notified immediately to the local Leader.

- 4.4.2 Fixed Asset are to be utilised in the manner intended and in support of KARE business operations.
- 4.4.3 All Units are responsible for notifying Facilities immediately if equipment is lost or stolen.

4.5 Fixed Asset Records

- 4.5.1 KARE has an obligation to maintain an asset register of all items classified as fixed assets which are either donated, transferred or purchased directly.
- 4.5.2 This register will be stored centrally and monitored by the accounts department.
- 4.5.3 A physical inventory will be conducted by each Unit annually to verify the existence and condition of all items in the fixed asset register.

4.6 Audit

- 4.6.1 The external and internal auditors of KARE have the right to unrestricted access to verify assets and the right of direct access to any staff member responsible for the administration or management of them.