TONYREFAIL & DISTRICT COMMUNITY COUNCIL

FIXED ASSETS POLICY

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1. Purpose

This policy sets out the approach taken by Tonyrefail & District Community Council to the recording, valuation and management of fixed assets in accordance with the Accounts and Audit (Wales) Regulations, the Council's Financial Regulations (Section 13), and proper accounting practices as defined in the Practitioners' Guide for Governance and Accountability for Local Councils in Wales.

2. Scope

This policy applies to all fixed assets owned or managed by the Council, including land, buildings, equipment, furniture, street furniture, infrastructure, vehicles, and plant.

3. Valuation Methods

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

- apply the purchase price net of VAT if VAT has been reclaimed;
- 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. As a last resort, a nominal value of £1 may be applied. This should also be used for assets gifted to the Council.

4. Capitalisation Threshold

The Council shall only capitalise expenditure on the acquisition, enhancement, or replacement of tangible fixed assets where the individual cost of the item is £250 or greater.

Individual items under £250 shall be treated as revenue expenditure and not recorded on the asset register, unless part of an existing asset already capitalised.

For capitalisation purposes, the cost of an asset includes the purchase price, delivery, installation, and any other costs necessary to bring the asset into use.

5. Composite Purchases

In situations where multiple items are purchased together:

a. If each item functions independently and is not part of a larger integrated system (e.g. 10 chairs @ £30 each), each item will be assessed individually against the £250 threshold.

   These will not be capitalised, even if the total exceeds £250.

b. If the items form a single functional asset (e.g. CCTV system comprising multiple parts, playground apparatus comprising multiple components), the total cost of the combined unit will be used to determine whether the capitalisation threshold has been met.

Such assets can be capitalised if the total is £250 or more.

The Responsible Financial Officer (RFO) shall determine the appropriate treatment of such purchases based on functional integration, useful life, and intended use.

6. Asset Register

The RFO shall maintain an Asset Register containing the following details for each capitalised asset:

- Description
- Location
- Date of acquisition
- Purchase cost or valuation
- Source of funding (if applicable)
- Responsible officer or department
- Condition and useful life
- Disposal details (if applicable)

Assets shall be recorded at original cost or, where this is unknown, at a nominal value. Revaluation will only occur where required by legislation or Council resolution.

7. Depreciation and Revaluation

Depreciation is not applied to assets for the purposes of accounting in the Annual Return. However, condition assessments may be used internally to inform replacement planning and insurance.

8. Inventory Register

Items that do not meet the capitalisation threshold but are:

- attractive,
- portable,
- or prone to loss/theft (e.g. laptops, small tools, radios)

may be recorded in a separate inventory for internal control purposes, even if not capitalised.

9. Disposal of Assets

Assets with an original purchase value exceeding £250 shall only be disposed of with the approval of Full Council, in line with Financial Regulations S.16. Disposal must be documented and include:

- Method of disposal
- Sale price (if applicable)
- Authorisation

10. Review and Verification

The Asset Register will be reviewed annually, and asset existence will be verified by physical inspection or inventory checks. This may be done in conjunction with health and safety inspections.

11. Responsibilities

The Clerk / RFO is responsible for maintaining the Asset Register, ensuring correct application of this policy, and reporting annually on assets as part of the audit process.

Councillors and Committees must follow this policy when approving acquisitions and disposals.

Asset Disposal Form

This form is used to document the disposal of Council assets.

Request Date:		**Contact Name:**	
Location of asset:			

Asset Description	**Qty**	**Make / Model**	**Serial Number**	**Age of asset (yrs)**	**Disposal Code** S – Scrap O – Obsolete D – Damaged L – Lost / Stolen	**Condition** P – Poor F – Fair G – Good E – Excellent	**Method of Disposal** D – Discard P – Part exchanged S – Sale O – Other	**Estimated asset value**

Approved:		Date:	