**ASSETS AND INVENTORIES**

**Summary:** To review the Board’s policy and procedures in respect of its non-current assets.

**Recommendation: The Executive Committee recommends that capital assets to be regarded as Fixed Assets within the Board’s accounts, with a threshold of £10,000.**

**Officer Ref**: Martin Lane, Director

**Background**

1. The Board’s Financial and Contract Regulations require that an asset register should be maintained for financial control and accounting purposes; that all assets should be recorded in the register; and that they should be checked against the register annually (paras 78-79 of the Board Procedure Rules).

2. Formal guidance from the Joint Panel on Accountability and Governance (JPAG), distinguishes between fixed assets, long-term investments and other non-current assets. The purpose of this report is to clarify the management and accounting arrangements in respect of the Board’s fixed and other non-current assets; investments will be addressed in a further report in April 2019.

3. The term Non-current Assets means property, plant and equipment with a useful life of more than one year. For the Board’s purposes, these may be usefully sub-categorised as “Land & Buildings”, “Vehicles and Plant”, and “Furniture, Tools and Equipment”. The term Fixed Assets is generally used to refer to those Non-current Assets which are of sufficient value as to merit separate valuation as capital within the Board’s annual published financial statements. The Board also holds a variety of goods for re-sale, some of which are owned by the Board, and others which are managed as part of the Agency Agreement. These items are classified as “stock” and will be recorded on separate “Inventories”.

4. It is the Board’s policy that all of these assets should be properly identified, recorded and managed. This will include a physical check and update at least annually. All Non-current Assets will be included on the “Asset Register”.

5. The Board is required to apply a reasonable approach to asset valuation. This is normally at acquisition cost. Commercial concepts of depreciation, impairment, and revaluation are not regarded as appropriate. For reporting purposes therefore, the original value of the asset will usually stay constant throughout its life. However, in some instances an up-to-date valuation may be required for insurance purposes.

6. For capital assets to be regarded as Fixed Assets within the Board’s accounts, a threshold of £10,000 will be applied, as used by the Board for many years since inception. This threshold is consistent with JPAG guidance for capital receipts, where a *de minimis* value of £10,000 is stipulated. It is also substantially below the materiality level used by external auditors when assessing the impact of any transaction on the financial statements.

**Supporting Paper(s):**

**None.**