

College Fixed Assets Register

1. With effect from 1st August 2007 a new Fixed Assets Register will be established within the College.
2. With the College Capital Expenditure programme currently running in excess of £100m per annum, and a fixed assets base approaching a billion pounds, it is essential that the College maintains fixed assets records which are fully integrated with the main Oracle Financial System. This will enable effective control over our assets, improved reporting and the monthly calculation and charging of depreciation to the appropriate cost centres.
3. The Fixed Assets Register will be maintained primarily by the Finance Division with some input from other areas within the College. Everyone involved in procurement of assets will need to follow new processes when initiating purchase orders, in order to ensure that expenditure is capital items are identified and correctly recorded at source.

Summary

4. The new procedures apply only to assets over £50,000 in value, but sometimes several components are ordered separately, each with a value less than £50k, but which will together constitute an asset requiring to be capitalized. The practical arrangements are as follows:

- For capital items purchased from research projects, no change from current procurement process is needed. Continue to code expenditure to expenditure type (analysis code) 165104
- For items purchased within a capital project (C activity code), the project as a whole will need to be designated as either:
 - Revenue - no change in procurement process; or
 - Capital - place an order on the new 'Z' purchasing categories (see below).

Any purchases will be automatically moved to Oracle Fixed Assets. The balance on non-Estates Projects within departments will be transferred centrally at the end of each month to a new analysis code 165102, against the vote on the same cost centre/activity combination.

- Capital item purchased from general funds (F & G codes) - equipment purchases for items exceeding £50,000 need to be purchased using new purchasing categories in Z range, mapped to new balance sheet analysis codes 728000 to 729999. Purchases will be moved to Oracle Fixed Assets and at the same time to code 165102 'Fixed Asset Transfer' against the vote on the same cost centre/activity combination.
- Any accounting transfers (i.e. re-coding of expenditure) subsequent to the purchase order, and any internal recharges of fixed assets needs to be done by a special ADI journal marked as '**Fixed Asset**' **Category**. A suitable journal template will be made available to FFOs.
- Existing PO encumbrances as at 1st of August 2007 will be re-coded centrally to the new analysis codes.

For Estates Project Codes ('C' activities)

5. **Step 1 for I-Procurement Buyers** - When a new project code is set up the Project Manager will need to specify whether it is a **Capital** or **Revenue** Project. Central Finance will then set up the relevant code within the Finance System and at this point the code will be linked to either **Capital** or **Revenue** purchasing categories. As a general rule, projects that are <£50k will be Revenue Projects. However, there will be exceptions to this and Project Managers can consult with Central Finance or Estates Finance if they need advice.

6. **Step 2 for I-Procurement Buyers** - New Capital "Z" purchasing categories will be set up in Purchasing. If a project is a Capital Project, the Project Managers will need to select one of the new "Z" purchasing categories. The Project Manager will not have to remember if the Project is **Capital** or **Revenue** because the Project Code will be directly linked to **Capital** or **Revenue** purchasing categories. Therefore, if the Project Manager tries to order goods/services against a Revenue purchasing category for a Capital Project, the System will simply not allow this. A list of the new Capital Purchasing Categories and their descriptions is attached.

For Other Codes

7. The main changes are summarised below and will affect users placing purchase orders, doing transfers and recharges for:

- i) Research purchases (activities P/R/N) – equipment purchases for items exceeding £50,000 will continue on analysis code 165104. However any purchases on this code will be by default transferred into Oracle Fixed Assets and depreciated
- ii) Purchases from general College funds (activities F/G) – equipment purchases for items exceeding £50,000 will need to be coded to new purchasing categories in Z range which will be mapped to new balance sheet analysis codes in the range 729000 to 729999. Any purchases will be automatically moved to Oracle Fixed Assets with the balance

transferred monthly to a new analysis code 165102 'Fixed Asset Transfer' against the vote on the same cost centre/activity combination. Please note that the drill down to the actual AP transaction will be only visible on 729xxx analysis codes

- iii) Purchases from departmental capital projects (C activities) – when projects are set up they will need to be classified as either **Revenue** or **Capital**. **Revenue** projects will continue to be used as before. However **Capital** projects will need to be used with the new analysis codes 729000 to 729999 for equipment purchases, and 728000 to 728999 for building related purchases. All purchases for **Capital** projects will need to be made using new purchasing categories in the "Z" range. Any purchases will be automatically moved to Oracle Fixed Assets with the balance transferred monthly to a new analysis code 165102 'Fixed Asset Transfer' against the vote on the same cost centre/activity combination. Please note that the drill down to the actual AP transaction will be only visible on 728xxx and 729xxx analysis codes
- iv) For other activities the code 165104 will no longer be available and any intended purchases exceeding £50,000 should be referred to FFOs or Central Finance

Expenditure transfers / Recharges

9. Any transfers of expenditure subsequent to purchase order and any internal recharges on the new analysis codes will need to be done by an ADI journal marked as '**Fixed Asset**' **Category** and routed via Systems Accounting. No other journals should be processed on 728xxx and 729xxx analysis codes.

Purchase orders

10. Encumbrances existing in the system as at 1st of August 2007 will be recoded centrally to the new analysis codes. Approvers need to ensure that all purchases of capital nature are properly coded to the new purchasing categories.

New Capital Purchasing Categories

<u>New purchasing categories</u>		Analysis code
Z	Capital purchases > £50,000 and capital projects	
ZB	Land and buildings	
ZBA	Building works	728110
ZBB	Mechanical service plant	728210
ZBC	Electrical service plant	728220

ZBD	Heating / Ventilation	728230
ZBE	Air conditioning	728240
ZBF	Lighting	728250
ZBG	Lifts	728260
ZBH	IT infrastructure - land & buildings	728270
ZBI	IT hardware - land & buildings	728280
ZBJ	Refurbishments	728410
ZBK	General infrastructure - land & buildings	728450
ZE	Fixtures, Fittings and Equipment	
ZEA	Office equipment	729110
ZEB	Audio-visual equipment	729120
ZEC	CCTV equipment	729130
ZED	Laboratory equipment	729140
ZEE	IT Hardware equipment	729150
ZEF	IT Software	729160
ZEG	Loose furniture	729170
ZEH	General equipment	729180
ZEI	Soft flooring	729190
ZEJ	General infrastructure - Fixtures & Fittings	729210
ZEK	Vehicles	729310

Enquiries

11. Enquiries about the new fixed assets register may be addressed to Ewa Szyrkowska or Maria Knight.

Ewa Szyrkowska / Maria Knight

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