

Date Issued	August 1998
Department	Finance
Last Review Date	November 2021
Title	Disposal of Assets
Objective	To describe how the Group may dispose of obsolete/surplus assets.
Responsible	Director of Finance
Next Review Date	November 2026

1.0 CATEGORY OF ASSETS

- 1.1 We will dispose of assets, which have become damaged, obsolete, and are surplus to requirements or otherwise of no further use to the Group.
- 1.2 Assets include all items listed in the fixed asset registers, our housing properties and any other item of equipment, fixture or fitting which has cost more than £300 but has not been capitalised (for example Care and Repair equipment and R3 Repairs' material or goods contained within our van or stores stock or small plant such as power tools etc.), and gifted items (passed to R3 Repairs for disposal by a client).
- 1.3 This policy does not cover the Association's housing properties as these will be disposed of in accordance with the Scottish Housing Regulator's Statutory Consent procedures.
- 1.4 The Management Committee must approve the disposal of the Association's office premises.
- 1.5 The Chief Executive or Director of Finance may approve the disposal of any other assets and will report these to the Management Committee/R3 Board (if a subsidiary asset).
- 1.6 The R3 Service Manager may approve the disposal of damaged or obsolete R3 stock items or R3 small plant and will report these to the R3 Board.
- 1.7 The Director of Asset Management may approve the disposal of R3 items gifted by others and will report these to the R3 Board.

2.0 METHODS OF DISPOSAL

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(In order of Preference)

2.1 Trade-in

2.1.1 To eliminate storage problems, this is our preferred option for disposal where an asset is being replaced. We will try to obtain a trade-in value equivalent to or above the net book value of the asset in the Group's books.

2.2 Disposal to Staff or Committee Member

2.2.1 If a trade-in is not possible, we will offer the asset for sale, at its net book value, to staff and Management Committee/Board Members. If the net book value of the asset is £nil, we will offer to sell the asset to staff/Management Committee/Board for an amount to be agreed by the Chief Executive and Director of Finance (or Director of Asset Management where the asset belongs to R3 Repairs).

2.2.2 If the item has a second hand value which is higher than the amount paid, the difference will be treated as a benefit and will be subject to tax and National Insurance.

2.2.3 If more than one member of staff/Management Committee/Board wishes to buy the asset, we will write down the names of all those interested and one name will be selected at random ("out of a hat") by a non-interested member of staff.

2.2.4 Where an asset is sold to a member of staff or Management Committee / Board, the details of the sale, including the name of the individual buying the asset, will be notified to the Management Committee at its next meeting.

2.3 Disposal to a Charity

2.3.1 If we can not dispose of an asset through steps 2.1 or 2.2., we may donate the asset.

2.3.2 Where possible, we will donate the asset to an organisation which conforms to the criteria specified in the Group's "Sponsorship and Donations" Policies. The Management Committee/Board must give their specific approval for the donation of assets to any non-charitable organisations.

2.3.3 We will transfer the net book value of the asset at the point of donation to the "Sponsorship and Donations" budget.

2.4 Sale to a Third Party

2.4.1 We may sell the asset to an interested third party. However, considering the costs and staff time involved, we will not generally advertise assets for disposal to the general public.

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2.4.2 We will always try to sell the asset for an amount at least equal to its net book value.

2.5 Other

2.5.1 If there is no market for the asset, we will dispose of it as waste using the services of an appropriate waste collection organisation (e.g. the Council) to ensure that this is done safely.

3.0 DISPOSAL COSTS

3.1 If we incur costs in disposing of an asset by sale or donation (for example the charge for removing information from a computer), we will add these costs to the net book value of the asset to determine the sale price/donation value.

3.2 Where an item is disposed of to a waste facility, the cost will be charged as part of the ongoing running costs.

4.0 USE OF PROCEEDS

4.1 If we receive an amount that is greater than the net book value of the asset, we will transfer the excess to the “reserves”.

5.0 RECORDING DISPOSALS

5.1 Fixed Asset Registers

We will maintain a record of all the assets we dispose of in our “Fixed Asset Registers”. In these registers, we will record the details of the asset, its cost, its net book value at the time of disposal, the disposal proceeds (if any) and details of the disposal (including details of the purchaser/recipient organisation). Disposals will be reported to the Finance & Audit Sub-Committee annually for information.

5.2 Accounting for Disposal of Stock Items

We will maintain a record of all the R3 stock items disposed to ensure that R3 stock can be accurately valued.

6.0 POLICY REVIEW

6.1 The Director of Finance will ensure that this procedure is reviewed at least every five years and that any amendments required are submitted to the Management Committee for approval.