



'Engaging learners to enhance their life opportunities and outcomes'

CAPITALISATION POLICY

APPROVED

Signature of CEO	
Date:	
Signature of Chair of Board:	
Date:	
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This Capitalisation Policy¹ applies to all schools within the Believe Engage Succeed Trust.

1 FIXED ASSETS

A fixed asset is a property that meets all of the following requirements:

- tangible in nature
- has a useful life of longer than the current fiscal year, and
- is of significant value.

2 ACQUIRING FIXED ASSETS

2.1. Donation, Purchase or Self-constructed

Fixed assets may be acquired through donation, purchase, or may be self-constructed. The asset value for donations will be the fair market value at the time of the donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include both the materials used and the cost of labour involved in the construction of the asset.

2.2. Land and /buildings inherited from LA

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use, is not readily obtainable. Freehold land is not depreciated. Equipment inherited from the local education authority is included in the balance sheet at valuation. Inherited equipment is depreciated on a straight-line basis over its remaining useful economic life.

Tangible fixed assets acquired since the Academy Trust was established are included in the accounts at cost.

2.3. Specific Grants

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

3 OTHER ASSETS

Detailed records shall be maintained in-house for all items that should be safeguarded from loss. The CFO in consultation with an independent auditor shall determine the items that are to be considered as "other assets".

¹ Adapted from The Link Academy Trust and The Albany Academy Trust.

4 CAPITALISATION AND VALUATION

Assets costing £1,000 or more are capitalised, as tangible fixed assets, and are carried at cost, net of depreciation and any provision for impairment. Assets costing less than £1,000 are written off in the year of acquisition.

5 DEPRECIATION

Depreciation shall be based on the straight-line method of depreciation over the estimated useful life of each depreciable asset or group of assets. Periodically, the CFO and Finance and Audit Committee will evaluate the estimated useful life of each depreciable asset to determine, if revision of such estimate is required.

5.1. Depreciation Values of Tangible Fixed Assets.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives, as follows:

Asset	Annual Depreciation Rate
Freehold Land	0%
Long leasehold property	2%
Freehold buildings	2%
Plant and machinery	15%
Fixtures, fittings and equipment	25%
Computer equipment and software	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments.

Impairment losses are recognised in the Statement of Financial Activities.