

Capitalisation Policy 2018

This Policy applies to all academies within the Link Academy Trust.

1 Fixed Assets

1.1 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
- is of significant value.

2 Acquiring Fixed Assets

2.1 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 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

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

4 Valuation

4.1 Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

5 Depreciation

5.1 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 Chief Executive Officer, Business Manager and Finance and General Purposes Committee will evaluate the estimated useful life of each depreciable asset to determine if revision of such estimate is required. Please see Appendix One for Depreciation Table.

This Policy is reviewed by the Finance and General Purposes Committee on a 2 yearly cycle and must be approved by the Board of Directors

Approved by the Board of Directors: 8 October 2018

Appendix One

Depreciation Values of Tangible Fixed Assets.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over their expected useful lives, as follows:

Asset	Depreciation Rate
Plant and machinery	14-17% straight line
Fixtures, fittings and equipment	25% straight line
Computer equipment	33% straight line

- 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
- Unsold uniforms and catering stocks are valued at the lower of cost of net realizable value.