An Daras
Multi Academy Trust

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Capitalisation and Depreciation Policy

The An Daras Multi Academy Trust (ADMAT) Company

An Exempt Charity Limited by Guarantee

Company Number/08156955

Status: **Approved**	
Recommended	
Statutory	Yes
Version	v1.0
Adopted v1.0	**Sep 2014**
Review	**7 Feb 2018**
Next Review	**Feb 2020**
Advisory Committee	ADMAT Finance and Strategic Development Committee
Linked Documents and Policies	EFA Academy Financial Handbook

An Daras Multi Academy Trust

Capitalisation and Depreciation Policy 2018

This policy should be taken and used as part of ADMATs overall strategy, and implemented within the context of our vision and instrument of government aims.

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 Academy's depreciation policy.

3 Other Assets:

3.1 Detail records shall be maintained in-house for all items that should be safeguarded from loss. The Academy Business Manager in consultation with an independent auditor shall determine the items that are to be considered “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 Executive Head teacher, Academy Business Manager, Finance Director and Finance Committee will evaluate the estimated useful life of each depreciable asset to determine if revision of such estimate is required. See Appendix 1 for Depreciation Table.

Signed…….. (Chair of Board) Date……

Appendix 1

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
ICT Infra Structure Hardware	14-17% straight line
Fixtures, Fittings and Equipment	25% straight line
Computer Equipment	33% straight line