



**CAPITALISATION AND DEPRECIATION POLICY**

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**Presented to  
AMAT Trustees  
on  
5<sup>th</sup> July 2017 and subsequently approved and adopted  
on the same date**

**Chair of AMAT Trustees: Mr Allan Ward**

**Signature:**                     *AWard*                    

**Date:**                     5.7.17                    

The policy will be reviewed in the light of operating experience and/or changes in audit practice.

## Capitalisation and Depreciation Policy

Assets costing over £500 and multiple items with a combined cost exceeding £2,000 (including any associated costs such as installation charges but excluding VAT) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or 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 trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the costs of each asset on a straight line/reducing balance basis over its expected useful life, as follows:

	Expected useful lifespan	
	Standard	Extended
<b>Buildings</b> New additions and significant improvements to existing site and facilities	20 years 5% p.a. straight line	50 years 2% p.a. straight line
<b>Plant, Machinery &amp; Equipment</b> Significant investment in repairs of existing assets plus new equipment additions (includes IT infrastructure over £5,000 but excludes computer equipment)	5 years 20% p.a. straight line	10 years 10% p.a. straight line
<b>Fixtures, Fittings &amp; Furniture</b>	5 years 20% p.a. straight line	10 years 10% p.a. straight line
<b>Computer Equipment</b>	3 years 33.3% p.a. straight line	5 years 20% p.a. straight line
<b>IT Software</b> <i>Intangible asset</i> – in cases where initial purchase cost is £5,000 and over (not annual licence renewals)	5 years 20% straight line	n/a
<b>Motor Vehicles</b>	4 years 25% p.a. straight line	n/a



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.

**Review**

The policy will be reviewed in the light of operating experience and/or changes in audit practice.