



George Spencer Academy

Tangible Fixed Assets and Depreciation Policy

1 Capitalisation of Expenditure

1.1 The Academy's treatment of expenditure on fixed assets varies according to the category of the assets and their expected useful economic lives.

1.2 Assets inherited on establishment of the Academy are assumed to be fully depreciated and are not included in the accounts.

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

1.4 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 lives. The related grants are credited to the restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet) and the depreciation on the appropriate assets is charged to this fund such that the remaining carrying value of the grants at each year-end is represented by the net book value of the funded assets.

1.5 Assets under construction are accounted for at cost based on architects' certificates and other direct costs, incurred to 31 August. They are not depreciated until they are brought into use.

1.6 The asset register will include the source of funds for all assets.

1.7 All fixed assets given to the Academy are recorded in the accounts as income in the period in which the fixed asset was given to the Academy. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Academy or the amount actually realized. The key test is what the Academy would have been prepared to pay to purchase the asset.

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

1.9 Individual items costing less than £1,000 are not capitalised. Individual items costing £1,000 or more will be considered for capitalisation.

Depreciation

2.1 Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

2.1.1 Land	No Depreciation
2.1.2 Buildings	50 Years
2.1.3 Long Leasehold Property	Over the remaining lease term
2.1.4 Buildings refurbishments	10 Years
2.1.5 Furniture and equipment	8 Years
2.1.6 Motor Vehicles	4 Years
2.1.7 Computer Equipment and software	3 Years