



SEAX TRUST

Depreciation and Capitalisation

LEADING, LEARNING, CHANGING LIVES



Depreciation and Capitalisation Policy

This Policy sets out that which will be applied going forward from its adoption

This document was sent to staff for consultation on:	n/a
It was ratified by the Board of Trustees on:	October 2012
Effective Date of Adoption:	October 2012

To be reviewed annually

Reviewed July 2013

Reviewed October 2014

Adopted by SEAX Trust October 2015

Reviewed October 2017

Reviewed September 2018

Depreciation, Capitalisation and Disposal of Assets Policy

All schools under the SEAX Academy Trust will retain an Asset Register in line with the financial regulations and scheme of delegation.

All assets that require registering under these regulations will be depreciated on a straight line depreciation policy and recorded in the year end accounts.

ICT Equipment – 3 year straight line depreciation

Motor Vehicles – 5 year straight line depreciation

All other assets – 5 year straight line depreciation

Land – no depreciation, N/A

All schools will be responsible for the maintaining of the fixed asset register in line with the SEAX Trust Financial Regulations.

Any item purchased over the value of £1000 will be capitalised.

Disposal of Assets, Surplus Stocks and Stores

Other than land, buildings and heritage assets, trusts can dispose of any other fixed asset without the approval of the ESFA. Trusts must ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money. This can involve public sale where assets have a residual value.

Additional guidance is available to help trusts seeking consent for land and building transactions. ESFA prior approval must be obtained for property transactions which are novel and/or contentious.

The Headteacher/Principal can dispose of surplus stocks, stores and assets with a book value of up to £250 without prior authorisation from the Local Academy Committee. All disposals to this value must be reported to the Local Academy Committee at the next possible meeting. The disposal of assets over £251 and under £1,000 must be notified to and approved by the Local Academy Committee. Assets with a value between £1,001 and £44,999 must be approved by the SEAX Board of Trustees. Assets with a value over £44,999 should be submitted for approval of disposal by the ESFA.

All disposals must be formally recorded in the minutes of the Governors/Trustees meetings.

The schools must obtain the Secretary of State for Education's consent (through the ESFA) for the following disposals:

- Disposing of a freehold of land or buildings
- Disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards

Where the schools sell any asset for which capital grant was received the school should either reinvest all proceeds from the asset sale or repay the ESFA the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Loan of Assets

Items of school property must not be removed from school premises without the authority of the School Business Manager or Network Manager for ICT equipment. A record of the loan must be recorded and booked back in to school when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the academy's auditors.

Depreciation & Capitalisation

Depreciation is provided on a straight line basis on the **cost** of tangible fixed assets, to write them down for their estimated residual value over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

	Department for Education guidelines (2006)	Auditor guidelines Baker Tilly (March 2012)	SEAX Trust
Long leasehold property	2%	to be depreciated over the life of the lease 125 years	1%
Plant & Machinery	15%	12.5% - 25%	15%
Furniture & Equipment	Range 10-15%	Range 10% - 25%	20%
Computer equipment & Software	20%	20% - 33%	33%
Capitalisation level	£500	£500 - £1,000	£1,000