

Assets and Depreciation Policy

Adopted by: Larkwood LGB

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Signature of Chair of Governors: _____

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The policy applies to Larkswood Primary Academy and all its employees, independent of their grade and position, and shall be respected at all times.

1. PURPOSE

To ensure that:

- Consistent principles are applied to the initial measurement of tangible fixed assets.
- Depreciation of tangible fixed assets is calculated in a consistent manner and recognised as the economic benefits are consumed over the assets' useful economic lives
- Sufficient information is disclosed in all financial statements to enable users to understand accounting policies and procedures

2. POLICY STATEMENT

Larkswood Primary Academy will ensure consistent principles are applied in respect of measurement, valuation and depreciation of tangible fixed assets and that sufficient information is disclosed in the financial statements to enable users to understand the impact of the accounting policies.

3. SCOPE

- Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.
- Where tangible assets have been acquired with the aid of specific grants, either from the government or from a private sector, they are included in the balance sheet.
- Capitalised assets will be depreciated on a monthly basis commencing within three months of purchase.
- Capitalised assets will be revaluated at regular intervals.

4. ASSETS

Fixed assets are defined as properties or goods which a 'life expectancy of more than one financial year'. All assets that are valued over £1,000 are listed within the academy's asset management register and are security tagged. In addition assets are included on to the asset and depreciation register.

The ICT Technician undertakes physical counts regularly of assets and any discrepancies over £500 are reported immediately to the Business Manager who will then inform the Headteacher and Governing Body

Attractive and mobile items of equipment, such as iPads, that fall below the capitalisation limit of £1,000 are still recorded in the academy's asset register, however these items can easily be distinguished from those that are recorded for depreciation purposes.

Fixed Assets

Fixed assets are classified as:

- Land and Buildings – This would include land and building project works which would be capitalised at cost
- Plant and machinery – This could include repairs and maintenance to plant and machinery equipment such as boilers
- Computer Software and Equipment – This category would include computer, laptops, smart boards and other computer equipment
- Furniture and Equipment – This would include furniture and equipment purchased over £1,000, for example new catering equipment.

5. DEPRECIATION

Depreciation is based on the capitalised cost and is calculated using the straight-line depreciation method.

Assets are depreciated from the date the asset is brought into use. The depreciation charge is calculated on a monthly basis.

The depreciation term is determined by the useful economic life span.

Asset	Depreciation Period
Buildings	50 years
Plant and machinery	5 years
Furniture and Equipment	4 years
Computer Equipment	3 years

6. DISPOSAL OF ASSETS

Regulations set out by the Academies Financial handbook requires the academy to adopt a disposal of assets policy. See Disposal of Assets Policy.