

Capitalisation Policy

1.1 Tangible fixed assets

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Freehold land is not depreciated. Equipment inherited from the local education authority is included in the balance sheet at valuation. Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life.

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

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). The depreciation on such assets is charged in the statement of financial

activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

1.2 Depreciation

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

Freehold buildings	2%
Long leasehold property	2%
Plant and machinery	15%
Furniture and equipment	10 - 15%
Computer equipment and software	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.