

## **University of Chichester (Multi) Academy Trust**

### **CAPITALISATION POLICY W.E.F. FY2021/22**

This policy will be applied to expenditure incurred from 1<sup>st</sup> September 2021 that should be considered of a 'capital' nature:

- When a project or package of improvement is of a value higher than £2,500.
- Any amounts below £2,500 that directly relates to the Schools Conditions Allocation expenditure, will be assessed by the Director of Finance.
- When the benefit accruing from the expenditure will be of a lasting nature, i.e. of more than one year.

### **DEPRECIATION**

Capital expenditure is allocated to the various asset categories, depending on its nature and life expectancy. The rates, and basis of calculation, of annual depreciation are given below for guidance purposes. The Trust may decide to depreciate the asset differently if there is a justification. A full year's depreciation is applied in the first accounting year in which the expenditure is incurred.

	Existing	Revised from FY 2021/22
<b>DEPRECIATION METHOD</b>		
<b>LEASEHOLD LAND</b>	Over the life of the lease or estimated useful life if less. Usually 125yrs.	Over the life of the lease or estimated useful life if less. Usually 125yrs.
<b><u>BUILDING &amp; SITE IMPROVEMENTS</u></b>		
Leasehold Buildings	As per lease conditions. Usually 25 yrs	As per lease conditions. Usually 25 yrs
Building improvement works on existing structure	25 years	25 years
New Building		50 years
External Site Improvements works		10 years
Landscaping works		10 years
Condition Surveys		10 years
Other Surveys and Professional Fees		Part of Works in Progress
<b><u>FURNITURE, FIXTURES, EQUIPMENT, IT</u></b>		
IT Equipment	5 years	5 years
Solar Panels		10 years
Equipment	5 years or estimated useful life if less	5 years or estimated useful life if less
Furniture	4 years	4 years
Fixtures and Fittings	5 years	5 years
<b>MOTOR VEHICLES</b>		5 years
<b>WORKS IN PROGRESS</b>		Not Depreciated until works are complete

### **ASSET CATEGORIES**

1. **Leasehold Land.** Over the life of the lease or estimated useful life if less. Usually 125yrs.

2. **Leasehold Building.** As per lease conditions. Usually 25 yrs.
3. **Building Improvements works on existing structure.** An annual depreciation of 4% of the cost is applied, writing off cost over 25 years on straight line basis.
4. **New Building.** An annual depreciation of 2% of the cost is applied, writing off cost over 50 years on straight line basis.
5. **External Site Improvement Works.** An annual depreciation of 10% of the cost is applied, writing off cost over 10 years on straight line basis.
6. **Landscaping Improvement Works.** An annual depreciation of 10% of the cost is applied, writing off cost over 10 years on straight line basis.
7. **Conditions Surveys.** An annual depreciation of 10% of the cost is applied, writing off cost over 10 years on straight line basis.
8. **Other Survey and Professional Fees.** Part of works in progress and depreciated on completion of the project.
9. **IT Equipment.** This includes peripherals, printers, laptops, visual display units etc and an annual depreciation charge of 20% (useful life 5 years) of the cost is applied on straight line basis.
10. **Solar Panels.** An annual depreciation of 10% of the cost is applied, writing off cost over 10 years on straight line basis.
11. **Fixtures and Fittings.** This includes major improvement works to the existing interior, where the unit cost would not otherwise be eligible for capitalisation. An annual depreciation charge of 10% of the cost is applied, writing off the cost over ten years on straight line basis.
12. **Furniture and Equipment.** This includes furniture items acquired to be added to the existing inventory, eg tables, chairs, lockers, etc. An annual depreciation charge of 20% of the cost is applied, writing off the cost over five years on straight line basis.
13. **Motor Vehicles.** An annual depreciation of 20% of the cost is applied, writing off cost over 5 years on straight line basis.
14. **Works in Progress.** This will be initially capitalised but not depreciated until the project is complete.

Talha Khan  
Director of Finance

Date: 26 September 2022