

INVICTUS

Education Trust

**TANGIBLE FIXED ASSET &
DEPRECIATION POLICY**

Approved by Board of Directors
11 July 2022

To be reviewed by Board of Directors
July 2024

Tangible fixed assets and depreciation

1. International Accounting Standard (IAS) 16 defines Fixed Assets as “assets whose future economic benefit is probable to flow into the entity, whose cost can be measured reliably”.
2. The purpose of this Fixed Asset Policy is to ensure that the Academy’s balance sheet correctly reflects the assets and liabilities of schools within Invictus Education Trust.
3. The policy defines the treatment of Non-Current, Tangible and intangible Fixed Assets. A Fixed Asset Register is maintained for each school and reconciled to the financial statements of the Academy.

Academy Trust Handbook

4. Academy trusts must obtain prior approval from ESFA for the following transactions:
 - acquiring a freehold of land or buildings
 - disposing of a freehold of land or buildings
 - disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

Capitalisation of Expenditure

5. The Trust’s treatment of expenditure on fixed assets varies according to the category of the assets and their expected useful economic lives.
6. Tangible fixed assets acquired since the Trust was established are included in the accounts at cost.
7. Where tangible fixed assets have been acquired with the aid of specific grants, gifts or donations, 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.
8. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.
9. Any asset disposed is removed from the register at the depreciated cost.
10. The Fixed Asset Register will include the source of funds for all assets.
11. All fixed assets given to the Trust are recorded in the accounts as income in the period in which the fixed asset was given to the Trust. The value placed on gifts in kind should be either a reasonable estimate of their gross value to the Trust or the amount actually realized. The key test is what the Trust would have been prepared to pay to purchase the asset.

12. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed recoverable amounts are recognised as impairments. Impairment losses are recognised in the restricted within the Statement of financial activities.
13. Individual items costing less than £5,000 are not capitalised. Individual items costing £5,000 or more will be considered for capitalisation. School must send evidence of purchases over £5,000 to be capitalised to Invictus HQ. The purchase will then be entered onto the school Fixed Asset Register as an addition. Invictus HQ is responsible for maintaining the Trusts Fixed Asset Registers and ensuring all additions and depreciated are entered onto PS Financials at the end of the financial year.
14. Assets of less than £5,000 are covered with in the Trusts Portable Asset policy.
<T:\Staff Resources\Staff\Policies\Portable Asset Inventory\IET Portable Asset Policy May 2021 new.pdf>

Depreciation

15. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Property	-	50 years straight line
Leasehold Property	-	50-125 years straight line
Furniture & Equipment	-	8 years straight line
Building Refurbishment	-	10 years straight line
Motor vehicles	-	4 years straight line
ICT	-	1 years straight line
Land	-	There is no depreciation charged on freehold land