
STATUTORY INSTRUMENTS

2002 No. 906

**The Regulatory Reform (Voluntary Aided Schools
Liabilities and Funding) (England) Order 2002**

Meaning of Capital Expenditure

13.—(1) For the purposes of Schedule 3 and Schedule 22 to the 1998 Act “capital expenditure” means expenditure on:

- (a) the acquisition, reclamation, enhancement or laying out of any land;
- (b) the acquisition, construction, preparation, enhancement, replacement or demolition of any building or part of a building (including any fixtures and fittings affixed to a building), wall, fence or other structure, or any playground or other hard-standing;
- (c) the acquisition, installation or replacement of any movable or immovable, plant, machinery, apparatus or furniture;

used or intended to be used for the purposes of the school.

(2) For the purposes of paragraph (1), “enhancement”, in relation to any asset, means the carrying out of works which are intended—

- (a) to lengthen substantially the useful life of the asset; or
- (b) to increase substantially the open market value of the asset; or
- (c) to increase substantially the extent to which the asset can or will be used for the purposes of or in connection with the school concerned;

but expenditure on the enhancement of an asset shall not be regarded as capital expenditure unless it should be so regarded in accordance with proper practices.

(3) In paragraph (2) “proper practices” are those accounting practices—

- (a) which the governing body or their maintaining local education authority are required to follow by virtue of any enactment, or
- (b) which, whether by reference to any generally recognised published code or otherwise, are regarded as proper accounting practices to be followed in the keeping of the accounts of local authorities, either generally or of the description concerned,

but in the event of any conflict in any respect between the practices falling within sub-paragraph (a) above and those falling within sub-paragraph (b) above, only those falling within sub-paragraph (a) above are to be regarded as proper practices.

(4) Despite the other provisions of this article, any expenditure of an amount less than £2,000 does not constitute “capital expenditure” for the purposes of this article.

(5) Paragraphs (1) to (4) above are subordinate provisions for the purposes of section 4 of the 2001 Act and a subordinate provisions order (within the meaning of section 4(4) of that Act) made in respect of those provisions shall be subject to annulment in pursuance of a resolution of either House of Parliament.