

New Road Old Stones Trust

Capitalisation Of Fixed Assets Policy

Document control

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Capitalisation Of Fixed Assets Policy

1. Policy purpose

This policy sets out how New Road Old Stones Trust (NROST) records and manages Fixed Assets in its financial records.

Fixed Assets provide continuing benefit to NROST by helping generate income or support charitable objectives over more than one reporting period.

Capitalisation is the process of recording a purchase as a Fixed Asset rather than an expense. As Fixed Assets have a limited useful life, they are depreciated over time, with the total annual depreciation reflected in the year-end audited accounts.

2. Types of Fixed Assets

NROST recognises two types of Fixed Assets:

- a. **Intangible Fixed Assets**
Non-physical items such as patents or trademarks, domain names.
- b. **Tangible Fixed Assets**
Physical items owned for ongoing use (e.g. equipment, technology).

3. Categorisation of Fixed Assets:

NROST have categorised its Fixed Assets as follows:

- a. Clothing
- b. General Kit
- c. Technology

4. Capitalisation threshold

An item classified in section [3] above will be treated as a Fixed Asset if it:

- a. Provides continuing benefit to NROST, and
- b. Has a cost (including any non-recoverable VAT) exceeding £100.
- c. Items below this threshold are treated as expenses.

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- d. Expected useful lives for each category are shown in Appendix A.

5. Depreciation

- a. NROST uses the straight-line method of depreciation, allocating the cost of a Fixed Asset evenly over its useful life.

Example:

A Fixed Asset costing £500 with a four-year life is depreciated at £125 per year (£10.42 per month).

- b. Depreciation is processed monthly through a spreadsheet, updating the relevant amount on the Finance Summary. Copies of depreciation records will be retained.

6. Asset Identification and Recording

Each new Fixed Asset will be assigned a unique Asset Number to support tracking and verification.

The Fixed Asset Register (FAR) will:

- a. Be maintained by the Treasurer; and
- b. Be updated at least monthly.

7. Disposal of Fixed Assets

- a. When a Fixed Asset is sold, part-exchanged, scrapped, or otherwise disposed of, the Treasurer must be notified so that the FAR can be updated.
- b. If a Fixed Asset is sold, a sales invoice should be raised and VAT added where applicable.
- c. The disposal will be accounted for as follows:
 - i. Remove the Fixed Asset cost and accumulated depreciation from the Finance Summary and update the Asset register;
 - ii. Record proceeds (if any);
 - iii. Recognise any gain or loss in the Income and Expenditure Account.

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8. Verification of Fixed Assets

- a. As part of the annual audit, a physical verification of Fixed Assets may be requested by the examiner of the accounts, and undertaken by the Treasurer or other nominated Trustee on behalf of the examiner of the accounts, to confirm existence and accuracy.
- b. If any Fixed Asset cannot be located, it must be written off in the accounts.

9. Appendix A – Depreciation Rates and Useful Lives

Category label	Category description	Example	Method	Rate	Life (Years)
C	Clothing	C-0001 Hoodies	Straight Line	20% pa	5
GK	General Kit	GK-0001 Banners	Straight Line	20% pa	5
T	Technology	T-0001 Laptop	Straight Line	20% pa	5

10. Policy approved by the Board of Trustees on: 25th November 2025

11. Policy review date: 27th November 2026.