

Kennet & Avon Canal Trust

Fixed Asset Policy

Issued 2024



Objectives

1. To ensure that Trust expenditure on assets with a long life are properly accounted for in accordance with accounting regulations and that the published account presents a 'true and fair' financial representation of the Trust's fixed assets.
2. To ensure that the Trust's fixed assets are properly safeguarded.
3. To adopt a simple process for capitalising and recording assets that focusses on the assets of greatest value and ensure the asset register can be kept up to date, with branches being clear on what assets they hold.

Approval

The Trust Treasurer will consult colleagues responsible for operating this policy and the Trust's accountants. He will then approve the policy, advising trustees and branches. The policy will be held on the Trust website and reviewed after 5 years or when recommended by the Trust's accountants or finance officer.

Principles

4. Most of the value in the Trust's asset register is contained in the property it owns at Crofton and the 9 boats owned by the Trust. Periodic internal review will seek to record a reasonable current market value for each of these.
5. Asset values are recorded in the Trust's asset register and presented in the annual account solely order to present a 'true & fair' financial view of the Trust's financial position. Different calculations may be made for the purposes of insuring assets.
6. The asset register in practice is created and amended by the Trust's accountants and they derive entries from posts to the CAPEX accounts in the Sage accounting system. They have no role however in checking, revaluing or writing off assets. To achieve this, the Trust Treasurer will commission a brief review of the updated register annually before the accounts are finalised.

Details

7. Items purchased for less than £1000 or with an expected useful life of less than 5 years will be charged to the accounts at full cost in the year of purchase.
8. Items costing more than £1000 purchased as fixed improvements to Trust boats will be added in year as additions to the value of that boat. Anything fitted, wired or plumbed to a boat is a fixed improvement. Items that are expected to need periodic replacement will be charged in year and not added to the asset value. This includes service items such as filters and also batteries.
9. Items costing more than £1000 as fixed improvements to land or buildings belonging to the Trust will be added in year to the value of that asset. Anything fixed to a building is a fixed improvement. Expenditure on repairs, paint or other items that are expected in normal management of these assets will be charged in year and not added to the asset value.

10. Expenditure over £1000 on fixed improvements to buildings leased by the Trust may be recorded as an asset in the register but the default is that the cost will be charged in year.
11. Once added to the asset register, expenditure will be charged to future annual accounts (depreciated) each year on a straight-line basis as follows:
- | | |
|--|-----|
| a. Items with an expected useful life of more than 5 years | 20% |
| b. Items with an expected useful life of more than 10 years, | 10% |
| c. Boats; | 5% |
| d. Trust owned heritage buildings; | 2% |
| e. Assets affixed to Trust leased properties; | 5% |
| f. Land | nil |
12. Trust land, buildings and boats will be revalued, taking into account all capital enhancements at 5 yearly intervals. Where possible, this will be done by a Trustee drawing on whatever expertise is needed. Land and buildings may be revalued by reference to published price indices. Boats will be revalued by reference to the current local market for all boats of a similar age and condition – ie an open market value.
13. The asset register will be reviewed annually to identify items that have depreciated below the threshold of £1000. For each, a decision will be made to:
- Continue depreciation
 - Write-off in year
14. An item depreciated to zero value will only remain on the asset register if it regarded as being especially attractive and thus needing recording.
15. The processes required are illustrated in the attached tables. Additions to the asset register are achieved by the Trust Finance Officer posting amounts to the CAPEX accounts in the Sage accounting system. To enable the accountants to allocate the Capex correctly, the following 4 element coding system will be used in the item description:
- Enhance or addition – ENH or ADD
 - Asset type – 5, 10, BOAT, OWNBU, LEABU, LAND
 - Asset id – NEW, [name of boat, building or land]
 - Description: free text identifying the capex
- Examples:
- ENH – BOAT - Hannah – replacement wet room
- ENH – OWNBU – Crofton – windows in engine house
- ADD – 5 – NEW – laptop for archives
- ADD – 10 – NEW – Trestle tables for Crofton

Adding an asset

	Test	Answer	Action
	Is price <£1000?	No	Charge to costs in year
		Yes	<i>continue</i>
	Is it land?	Yes	Add to capex – no depreciation <i>ADD – LAND – NEW – land at somewhere</i>
		No	<i>continue</i>
	Is it new buildings?	Yes	Add to capex – 2% straight line <i>ADD – OWNBU – NEW – hovel at somewhere</i>
		No	<i>continue</i>
	Is it enhancement to a building?	Yes	Add to capex – 2% straight line for owned buildings and 5 % for leased. <i>ENH – OWNBU – Crofton – central heating in cottage</i> Or <i>ENH – LEABU – Newbury – Fire alarm at Stone Building</i>
		No	<i>continue</i>
	Is it an enhancement to a boat? (repairs to costs in year)	Yes	Add to capex as enhancement (5% straight line depreciation) <i>ENH – BOAT – Jubilee – new side covers</i>
		No	<i>continue</i>
	Does it have an expected life of 5 years or more?	Yes	Add to capex – 20% straight line <i>ADD – 5 – NEW – laptop for Devizes office</i>
		No	<i>continue</i>
	Does it have an expected life of more than 10 years	Yes	Add to capex – 10% straight line <i>ADD – 10 – NEW – Trust branded gazebo</i>
		No	<i>Return to step 1</i>

Review Asset Register

Each year after capex additions have been made, the Treasurer will commission the following review of the asset register spreadsheet before finalisation for the accounts.

	Test	Answer	Action
1	Is Net Book Value <£1000	No	Leave in register
		Yes	<i>Proceed</i>
2	Does the asset have a market value >£1000	Yes	Continue to depreciate
		No	Write down to in year costs
3	Is the asset boat, building or land?	Yes	Revalue every 5 years

Authority

This policy is approved for use in compiling the Trust and subsidiary accounts for 2024 and subsequent years.

Jerry Dixon

Treasurer

Date: 25th November 2024