Port Owen Marina Authority (NPC)
Reg # 1999/010199/08

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CAPITALIZATION POLICY

To capitalize an asset is to put it on your balance sheet instead of allocating it as an expense. The asset would then be depreciated over its useful life, taking a depreciation expense each year and reducing the balance sheet value of the asset by the amount of the expense.

Capitalization allows us to spread the expense of the asset over the full period that the asset is helping produce revenue for the business.

Property, plant and equipment is initially measured at cost.

It is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

THRESHOLD

A fixed asset is a tangible item of property, plant or equipment that won't get consumed or sold within the next year.

Any purchase below R2,000.00 must be expensed, even if it meets the definition of a fixed asset.

DEPRECIATION

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value using the straight-line method.

The useful lives of items have been assessed as follows:

Barge	5 years
Candock jetties	20 years
Dredger	10 years
Electronic equipment	3 years
Equipment	3 years
Furniture	10 years
Motor vehicles	10 years
Office equipment	3 years
Pipeline	5 years

FIXED ASSET REGISTER

The company will keep a Fixed Asset Register in order to be able to identify and locate the fixed assets periodically. The company will also keep a register of the durable tools that were not capitalized, but expensed for the same reason. These registers will form part of the financial records of the company.

At yearend, all assets must be checked against the Asset Register. All missing items must be reported before it is written off.