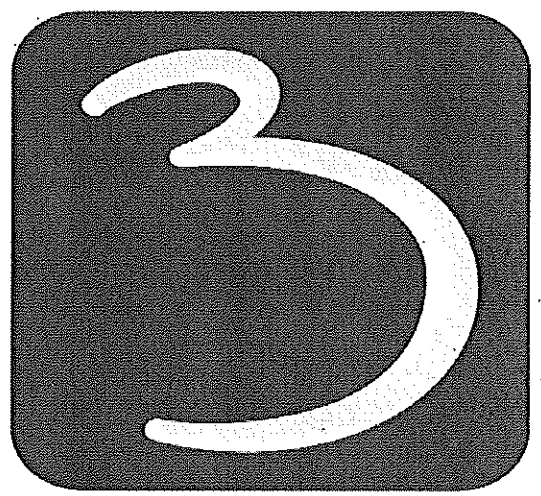


Asset Policy



***Boxing
South
Africa***

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1. Introduction

Asset management is the process of guiding and the acquisition, use, safeguarding, accounting and disposal of assets to maximise service delivery potential and manage the related risks and costs over their useful life.

2. Terms and definitions

Asset – refers to resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Asset Disposal – means the sale, exchange or donation of the entities asset.

Asset life cycle – is the life of an asset, from the establishment of the need, through to its acquisition, operation and any maintenance or upgrading, to its disposal.

Asset register – is a data source that records information on individual assets/ Information may include the assets location, condition, utilisation and custodianship details as well as the value and depreciation of the asset and its major components.

Cost – includes the cost activities incurred to bring the asset to the condition and location essential for its intended use (eg. Purchase price plus transport and installation.

Depreciable amount – is the cost of an asset, or any other amount that substantiates the cost of an asset, eg. Fair value of the asset that is reflected in the financial statements less the residual amount.

Depreciation – is the systematic allocation of the depreciable amount of an asset over its useful life.

Carry value – is the amount at which an asset is included in the balance sheet after deducting any accumulated depreciation.

Fair value – is the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction.

Finance lease – is a lease which in effect transfers substantially all the risks and rewards associated with ownership from the lessor to the lessee.

3. Objectives of the policy

The objectives of the policy is to enable BSA to meet its service delivery efficiently and effectively by achieving the best possible match of assets with programme delivery requirements.

4. Capitalisation

4.1 Fixed assets must be capitalised if the following requirements are met:

- The asset will be used for more than one year
- The asset has a limited useful life
- The asset is used in the process of delivering service.
- The asset costs more than R2500.

4.2 The freight, installation and VAT are considered when determining the value, and are also capitalised.

4.3 Lot purchases, costing more than R 2500 are considered as a unit. (eg set of furniture, telephone system).

4.4 A clear distinction should be made between capital expenditure and maintenance cost of assets.

4.5 Only capital expenditure must be capitalised as part of the original cost of the assets

4.6 Where repairs to fixed assets are greater than R 2500 and result in the increase of the useful life of that asset the cost of the expense is capitalised.

4.7 Repairs and maintenance less than R 2500 and that do not increase the useful life of the asset are expensed to the income statement.

5. Additions

5.1 The yearly budget must include a list of projects and/or capital expenditure to be undertaken during the next financial year.

5.2 The approval of the budget will serve as authorisation for all capital expenses on additional assets.

5.3 Accordingly to the Board approvals framework, any additional capital projects that are not included in the budget must be approved as follows:

- Less than R10 000 – CEO approval only
- R10 000 > R20 000 – CEO and 1 Board members approval
- R20 000 > R50 000 – Finance committee approval
- Greater than R50 000 – Full Board approval

5.4 All additions to fixed assets must be recorded at the original cost price (including VAT).

5.5 The procurement process will follow only upon written signed approval from the appropriate delegation. (Refer to BSA supply chain policy for the procurement process)

5.6 Upon receipt, the asset must be included in the fixed asset register and allocated an asset number for identification purposes.

5.7 The asset must be barcode with the relevant asset number.

6. Asset Control

- 6.1 A fixed asset register must be kept by the entity which includes all fixed assets of the entity.
- 6.2 The fixed asset register must include information on the assets purchase date, cost, asset number & location.
- 6.3 All changes relating to asset information must be updated on the asset register immediately.
- 6.4 The assets on the register must be captured under different categories such as furniture and fixtures, Office equipment, IT equipment, Promoting Equipment and Motor vehicles.
- 6.5 An asset count must be performed at least 4 times a year.
- 6.6 An asset reconciliation must be performed comparing the asset register to the quarterly asset count and the general ledger.
- 6.7 A report on the reconciliation must be prepared and included in the quarterly report to be submitted to the Minister of Sports and Recreation at least 30 days after the end of each quarter.
- 6.8 In the event of an assets location changing the following process must be followed:
- An asset transfer form must be filled in by the responsible person of the transferring asset.
 - It must clearly state the asset number, the new location and new responsible person of the asset.
 - The form must be completed and sent to the finance department for prior to movement of the asset.
 - Once the finance department updates the asset register, the capturer must sign the asset transfer form and provide the responsible person with a copy of the form.
 - The signed copy of the transfer form serves as approval of movement of the asset and then the asset can be moved.

7. Depreciation

7.1 At the end of the year, depreciation must be calculated on all assets.

7.2 These assets must be depreciated over their expected useful life.

7.3 Fixed assets should be disclosed in the financial statements at the net book value, which represents historical cost (plus any revaluations or capital expenditure) less accumulated depreciation.

7.4 Whenever assets are not maintained properly a higher depreciation rate should be used since the useful life of asset will be shorter than expected.

7.5 Minimum depreciation rates as prescribed by National Treasury must be adhered to.

7.6 The following depreciation rates must be used for all assets:

Furniture and fittings	20%
Office Equipment	20%
Computer Equipment	33.33%
Computer Software	33.33%

8. Asset Disposals

- 8.1** Assets with no useful purpose for the entity must be disposed of and eliminated from the asset register.
- 8.2** Assets that have reached the end of their useful lives and that are redundant can be disposed.
- 8.3** All disposals require full board approval according to the Board Approvals Framework.
- 8.4** Disposals can be made by way of one of the following methods:
- Scrapping (at net book value)
 - Sale (by auction or tender)
 - Donation to other government organisations.

9. Asset revaluation

- 9.1** All fixed assets will be inspected and valued once a year and the asset register values adjusted. Impairment of assets and obsolete assets will be recorded and the asset values adjusted accordingly.
- 9.2** The remaining useful life of the assets must be reviewed annually to determine if it needs to be extended based on the condition and usefulness of the asset.
- 9.3** An independent valuator will assist with the annual valuation of assets.

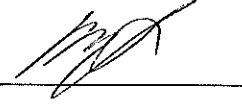
10. Approval and implementation

- 10.1** This policy is effective from the date of approval by the Chairperson of the Accounting authority.
- 10.2** The CEO will be responsible for implementation and monitoring of the policy.
- 10.3** The policy will be reviewed on an annual basis and revision thereto must obtain Board approval.

11. Level of approval

Dr P Ngatane

Board Chairperson



Signature

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Date

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