



ASSET MANAGEMENT POLICY

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INTRODUCTION

Effective asset management is essential for ensuring that an organization's physical and financial resources are used efficiently, responsibly, and sustainably. This Asset Management Policy establishes the principles and framework for managing all assets owned, controlled, or used by the organization throughout their lifecycle—from planning and acquisition to operation, maintenance, and disposal.

SCOPE OF THE POLICY

In terms of the Port St Johns Development Agency Finance Management Act (MFMA) Act No. 56 of 2003, the maintenance of a proper asset register is essential to safeguard and control the custody of the assets and to facilitate the preparation of financial Statements.

The MFMA also States that the CEO of a Port St Johns Development Agency Entity is responsible for the management of the assets of the Port St Johns Development Agency Entity, including the safeguarding and the maintenance of those assets.

In terms of the MFMA, a Port St Johns Development Agency Entity must ensure that the acquisition and disposal, the utilisation and control, and the maintenance of its assets are carried out in an economical, efficient and effective manner hence the Development of the asset management policy.

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OBJECTIVES

- The objective of an asset management policy is to make sure that assets are managed systematically, efficiently, and sustainably to deliver the best value and support the organization's mission.
- To ensure the effective and efficient control, utilization, safeguarding and management of Port St Johns Local Port St Johns Development Agency 's property, plant and equipment
- To ensure Senior managers are aware of their responsibilities in regards of all the assets assigned to them.
- To set out the Standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.
- To specify the process required before expenditure on property, plant and equipment occurs.
- To prescribe the accounting treatment for property, plant and equipment in Port St Johns Development Agency including:
 - The criteria to be met before expenditure can be capitalised as an item of property, plant and equipment,
 - The criteria for determining the initial cost of the different items of property, plant and equipment,
 - The method of calculating depreciation for different items of property, plant and equipment,
 - The criteria for capitalising subsequent expenditure on property, plant and equipment,
 - The policy for scrapping and disposal of property, plant and equipment,

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- The classification of property, plant and equipment.
- To ensure that Port St Johns Development Agency assets are managed in a way that responds to the climate change impacts that may:
 - Amplify the risk of asset failure and reduce the asset service life through added or compounding Stress on existing infrastructure or cascading impacts on other infrastructure system.
 - Reduce the level of service existing infrastructure system can provide
 - Increase the cost of managing risk and delivering the same level of service.

Relevant and Applicable Legislation (Acts, Policies, etc.)

This policy is to be read in conjunction with the following relevant laws and regulations, etc:

- a) Constitution of the Republic of South Africa (Act No. 108 of 1996); as amended
- b) Local Government: Structures Act, 1998 (Act No. 117 of 1998); as amended
- c) Local Government: Systems Act, 200 (Act No. 32 of 2000); as amended
- d) Municipal Finance Management Act, 2003 (Act No. 56 of 2003); as amended
- e) Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- f) Generally Recognised Accounting Practice.
- g) International Financial Reporting Standards.
- h) International Accounting Standards

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1. INTERPRETATION, PURPOSE, SCOPE AND REVIEWAL

1.1 Interpretation and Definition of Terms

In this Asset Management policy, unless the context indicates otherwise: -

“Board” means the Board of Directors of the Port St Johns Development Agency entity.

“key Stakeholders” refers to those individuals, group of people and/or organisations that are directly affected by the policy, including those responsible for implementation and compliance monitoring, and must be consulted during Development or revision (reviewal) of the policy and its associated procedures. Key Stakeholders may include management and other Staff members, Board of Directors, parent Port St Johns Development Agency entity, business partners or members of the community.

“MFMA” refers to the Port St Johns Development Agency Finance Management Act, 2003 (Act No. 56 of 2003);

“Entity” Stands for Port St Johns Development Agency SOC Ltd which is a Port St Johns Development Agency entity established in terms of Section 86H of the Local Government: Port St Johns Development Agency Systems Amendment Act, 2003 (Act No. 44 of 2003), by the Port St Johns Port St Johns Development Agency entity which is a parent Port St Johns Development Agency

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- "CEO"** Person appointed as the Accounting Officer of the Port St Johns Development Agency Entity and appointed in terms of Section 93J of the Port St Johns Development Agency Systems Act.
- "CFO"** Person appointed as the CFO of the Port St Johns Development Agency Entity.
- "HOD"** are those employees, irrespective of designation, appointed by Port St Johns Development Agency to head a Department and, where the text so requires, a Division, Section or Operational Unit of the Entity and includes any employee acting in such a position.
- "Asset"** includes land, buildings, engineering works, machinery, equipment, vehicles, office furniture and equipment, but excludes minor items that are generally regarded as expendable, notwithstanding the fact that their useful lives may extend beyond one year, e.g. pens, files and note pads.
- "Depreciation"** is the systematic allocation of the depreciable amount of an asset over its useful life.
- "Depreciable amount"** is the cost of an asset, or other amount substituted for cost in the financial Statements, less its residual value.
- "Useful life"** is either:
the period over which an asset is expected to be used by the entity, or
the number of production or similar units expected to be obtained from the asset by the entity.

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- “CoSt”** is the amount of cash or cash equivalents paid, or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.
- “Residual Value”** is the net amount that the Port St Johns Development Agency entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.
- “Fair value”** is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.
- “Recoverable amount”** is the amount that the Port St Johns Development Agency entity expects to recover from the future use of an asset, including its residual value on disposal.
- “Capitalisation”** is the recognition of expenditure as an Asset in the FIXED Asset register if it enhances the value or extends the useful life of the asset.
- “Inventory List”** It is a register which records and maintains all minor asset and inventory purchases and movements, with a value less than R1 000,00, excluding VAT.
- “Qualifying asset”** an asset that necessarily takes a substantial period to get ready for its intended use or sale.
- “Borrowing costs”** Interest and other costs that an entity incurs in connection with the borrowing of funds.

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1.2 Periodic Reviewal of this Policy

1.2.1 This policy shall be reviewed periodically at 12-months intervals.

Minor editorial updates that do not affect the title or substance of the policy (purpose, scope, policy Statement) shall not go through the formal approvals process. These include correction of typographical errors or changes to:

- a) Stakeholders.
- b) responsible manager.
- c) contact person; and
- d) key words and definitions.

It is the duty of the Company Secretary to record the following: -

- resolution number and conditions of approval if applicable.
- the date of the approval.
- the date of implementation of the approved amendments; and
- any other condition or information that relates to the Board approval of the policy.

The reviewal of this policy is necessary even if there are no changes anticipated or effected. When there are no changes identified, a report will have to be submitted to the Board, through the relevant Committee of the Board, indicating that the policy has been reviewed and there were no changes necessary.

Besides alignment with relevant legislative framework, reviewal is aimed at assessing progress in implementation of this policy.

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a) The CEO shall circulate the existing policy to senior Staff members and other relevant Stakeholders inviting any proposed amendments. Request for amendments should be in writing with a cut off submission date not less than 14 working days from the date of request. Amendments may be due to changes in:

- i. legislation;
- ii. other related policies;
- iii. mandate of the entity;
- iv. mode of operation;
- v. implementation Strategy;
- vi. internal and external environment where operations take place; and
- vii. community needs;

b) Proposed amendments shall be consolidated, evaluated, inserted in the policy document and circulated to the Port St Johns Development Agency for at least five working days for final comments and inputs.

1.3 The following policies, Strategies and publications are relevant to the Development of this policy:

- a) National Treasury Regulations and circulars
- b) Port St Johns Development Agency Risk Management Policy; and
- c) Internal and External Audit Reports.

2. DEFINITION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is defined in GRAP 17 as tangible items held by a Port St Johns Development Agency entity for use in the production or supply of goods or services, for rental to others or, for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

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A fixed asset is thus an asset, either movable or immovable, under the control of the Port St Johns Development Agency entity, and from which the Port St Johns Development Agency entity reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

An asset held under a finance lease, shall be recognised as a fixed asset, as the Port St Johns Development Agency entity has control over such an asset even though it does not own the asset.

“Moveable equipment” refers to equipment, which can be easily moved from one building/ area to another

2.1 Bar-coding and Physical Verification

- Bar coding means to place a control number on a piece of equipment or property.
- All movable assets must be bar code if probable.
- The primary purpose of bar coding is to maintain a positive identification of assets. Bar coding is important to:
 - Provide an accurate method of identifying individual assets
 - Aid in the annual physical inventory
 - Control the location of all physical assets

2.2 Assets that are not barcoded

The following assets are not bar:

- Buildings (record legal description in asset record),
- Land (record legal description in asset record),
- Infrastructural assets.

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3. ROLE OF CEO

As accounting officer of the Port St Johns Development Agency entity, the CEO shall be the principal custodian of all the Port St Johns Development Agency entity's assets and shall be responsible for ensuring that the asset management policy is scrupulously applied and adhered to. This function may be delegated to the Corporate Services Manager by the CEO.

4. ROLE OF FINANCE MANAGER

The Finance Manager shall be the custodian fixed asset register of the entity, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.

No amendments, deletions or additions to the fixed asset register shall be made other than by the Finance manager or by an official acting under the written instruction of the CEO.

5. ROLE OF ASSET OFFICER

The Asset officer is responsible for the insurance and the physical movement of the assets

6. FORMAT OF FIXED ASSET REGISTER

The fixed asset register shall be maintained in the format determined by the Asset officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and Port St Johns' Development Agency Finance Management Act (MFMA) and any other accounting requirements which may be prescribed.

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7. CLASSIFICATIONS OF FIXED ASSET REGISTER

In compliance with the requirements of the National Treasury, the categorisation of assets in the asset register will be as per GRAP Guidelines:

- a) Infrastructure Assets
- b) Community Assets
- c) Heritage Assets
- d) Investment Properties
- e) Property plant and equipment

PROPERTY, PLANT AND EQUIPMENT IS CLASSIFIED AS FOLLOWS:

- a) Land (not held as investment assets)
- b) Furniture and fittings
- c) Office equipment
- d) Computers, Software and Peripherals
- e) Vehicles
- f) Plant and equipment
- g) Other assets (ordinary operational resources)
- h) Agricultural assets
- i) Bearer plants
- j) Buildings

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8. RECOGNITION OF AN ASSET IN THE FINANCIAL STATEMENT

An asset should be recognized when:

- a) It is probable that future economic benefits or potential service delivery associated with the asset will flow to the Entity; and
- b) The cost of the assets to the Entity can be measured reliably.

Assets that qualify for recognition as an asset should initially be recognized at its cost.

The cost of an asset comprises:

- a) Purchase price;
- b) Import duties;
- c) Non-refundable purchase taxes; and
- d) Directly attributable costs of bringing the asset to working condition for its intended use, such as the cost of site preparation, initial delivery, handling costs, installation costs, and professional fees such as architects and engineers fees.

Assets shall be acquired in line with the entity's Supply Chain Management processes. When payment for an item of PPE is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as an interest expense over the period of credit.

Administration and general overhead costs are not a component of the asset's cost unless they can be directly attributable to the acquisition of the asset or bringing the asset to its working condition.

When an asset is acquired by exchange or part exchange of a dissimilar item of asset, the cost of such item is measured at the fair value of the asset received, which is equivalent to

the fair value of the asset given up adjusted by the amount of any cash or cash equivalents transferred.

9. RECOGNITION OF DONATED ASSETS

Where a Fixed asset is donated to the Port St Johns Development Agency entity, or is acquired by means of an exchange of assets between the Port St Johns Development Agency entity and one or more other parties (e.g. District Port St Johns Development Agency), the asset concerned shall be recorded in the fixed asset register at its fair value where a proper record is maintained by the institution making the donation/transfer, the donated assets shall be recognised at their carrying amount taking into account their remaining useful life at the date of transfer.

Fair value can be defined as what an asset would cost in the open market at the date of acquirement. If there is no open market for such assets the depreciated replacement value will be applied to determine fair value

10. CAPITALISATION CRITERIA: MATERIAL VALUE

According to Grap 17 for an item to be capitalised into the fixed asset register both definitions and recognition criteria must be met.

LAND

Cost to be capitalized as land includes all costs connected with the acquisition of land. These include but are not the cost of purchase, appraisal and professional services.

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BUILDING

Cost to be capitalised as building includes all costs related to the acquisition or construction of buildings. Acquisition cost includes but is not limited to the cost of purchase and professional services. Construction cost includes but is not limited to the cost of professional services, test borings materials and site preparation.

EQUIPMENT

Equipment to be capitalised is an article of fixed asset register with a useful life of more than one year and cost more than R2000 excluding of VAT (Two thousand rand) per unit, excluding freight charges and taxes. In addition, acquisitions of individual items of software with an acquisition cost of R1 000 (One Thousand rands) or more will also be considered as a capital asset." FIXED equipment" is attached or permanently fastened to a building that cannot be removed without costly or extensive alterations to the building or area in which it is affixed.

BUILDING IMPROVEMENTS

Cost to be capitalised are significant alterations or Structural changes that cost more than R 2000 (Two Thousand rands excluding VAT) and that increases or amends the usefulness, enhances efficiency or prolongs the useful life of the subject building for a period greater than a year.

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EQUIPMENT COMPONENT REPAIR /REPLACEMENT

Equipment repair costs to be capitalised are those repairs or equipment replacement costs more than R2 000 (Two thousand rands excluding VAT) that are made to extend the useful life of equipment in excess of one year.

11. CAPITALISATION CRITERIA: INTANGIBLE ITEMS

The essential characteristics of intangible assets are that they:-

- a) Are resources controlled by the entity from which future economic benefits are expected to flow to the entity;
- b) Lack physical substance; and
- c) Are identifiable

Intangible assets should be recognised if, and only if:

- a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- b) The cost of the asset can be measured reliably.

12. CAPITALISATION OF BORROWING COSTS

When the Entity borrows funds specifically for the purpose of obtaining a qualifying asset it should capitalise the actual borrowing costs incurred on that borrowing. The Entity should deduct any income earned on the temporary investment of actual borrowings from the amount of borrowing costs to be capitalised.

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Qualifying assets may include office buildings, infrastructure assets, intangible assets, properties that will become self-constructed items of property, plant and equipment once their construction or Development is complete, investment properties measured at cost that are being redeveloped, and inventories.

13. FIXED ASSETS HELD FOR SALE

The Entity should classify as held for sale fixed assets that are to be disposed. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

Asset must be available for immediate sale in its present condition, and its sale must be highly probable. Indications that the sale is highly probable: -

- a) Commitment to a plan to sell by management
- b) Active programme to locate a buyer and complete the plan must have been initiated.
- c) Marketed at a sale that is reasonable in relation to its current fair value.
- d) Sale will be completed within one year from classification (unless factors outside of control of the entity and commitment to sell remains)
- e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

fixed assets held for sale should be shown separately on the face of the Statement of financial position and shown separately on the face of the Statement of financial performance.

14. LEASES

A lease is an agreement where lessee undertakes to make a series of payments for the use of an asset for an agreed period.

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Finance leases transfers substantially all the risks and rewards accidental to ownership and therefore should be capitalised.

Examples of situations that will indicate a finance lease are:-

- a) Lease transfers ownership at the end of the lease term.
- b) Purchase option lower than fair value.
- c) Lease term is for major part of asset's useful life.
- d) PV of minimum lease payments substantially equal to fair value of the asset
- e) Asset of such a nature that only lessee can use them without major modification.
- f) Leased assets cannot be easily replaced by other assets

Leased assets and lease liability should be recognised at the leaser of the fair value of the leased property (cash price of the property if it was bought) and the present value of the minimum lease payments.

15. CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses, which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such expenses may include but need not be limited

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to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

16. GENERAL MAINTENANCE OF FIXED ASSETS

The Accounting officer shall be directly responsible for ensuring that all assets are properly maintained in the fixed asset register and, in a manner, which will ensure that such assets attain their useful operating lives.

17. DEPRECIATION OF ASSETS

All Fixed assets, except land, shall be depreciated – or amortised in the case of intangible assets.

18. RATE OF DEPRECIATION

The CEO had assigned useful operating lives to each depreciable asset recorded on the Port St Johns Development Agency entity's fixed asset register as follows: -

PROPERTY, PLANT AND EQUIPMENT ACCEPTABLE RANGE

| | | |
|---|-------------------------------|--------|
| | | |
| * | Computer equipment | |
| | Computer hardware | (3-5) |
| | Computer software | (3-5) |
| | Office machines | (3-5) |
| | Air conditioners | (5-7) |
| | Printers | (3-5) |
| | Servers | (3-5) |
| | Internet Routers | (3-5) |
| | Projectors | (3-5) |
| | Scanners | (3-5) |
| * | Office Equipment | (3-5) |
| | | |
| * | Furniture and fittings | |
| | Chairs | (6-10) |
| | Tables and desks | (6-10) |

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| Microwaves | (6-10) |
| Tables and desks | (6-10) |
| Cabinets and cupboards | (6-10) |
| Fridges | (6-10) |
| Couches | (6-10) |
| | |
| * Buildings | (10) |
| | |
| * Other Assets | |
| Signage | (5) |
| Security Measures | (3) |
| Community Assets | (10) |
| | |
| * Motor vehicles | |
| Trucks and light delivery vehicles | (5-7) |
| Ordinary motor vehicles | (5-7) |

In determining such a useful life, the CEO had adhered to the useful lives set out in the annexure B to this document.

In the case of a fixed asset which is not listed in this annexure, the Relevant officers shall determine a useful operating life, if necessary in consultation with Accounting Officer who shall control or use the fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

19. METHOD OF DEPRECIATION

Except in those cases specifically identified in part 21 above, they shall depreciate all depreciable assets on the Straight-line method of depreciation over the assigned useful operating life of the asset in question.

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20. AMENDMENT OF ASSET LIVES

Only the CEO may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs the CEO shall inform the Board of the entity of such amendment.

The CEO shall amend the useful operating life assigned to any fixed asset if it becomes known that such fixed asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such Fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

Similarly, if fixed asset has been lost, Stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the Fixed asset has physically ceased to exist, it shall be written off the Fixed asset register.

In all foregoing instances, the additional depreciation expenses shall be debited to the depreciation account.

21. CREATION OF NON-DISTRIBUTABLE RESERVES FOR FUTURE DEPRECIATION

The CEO shall ensure that in respect of all fixed assets financed from the Port St Johns Development Agency entity's asset financing reserve, or from grants or subsidies or contributions received from other spheres of government, as well as in respect of fixed assets donated to the Port St Johns Development Agency entity, a non-distributable reserve for future depreciation is created equal in value to the capitalised value of each fixed asset in question.

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The CEO shall thereafter ensure that in the case of depreciable fixed assets an amount equal to the annual depreciation expenses of the fixed asset concerned is transferred at the end of the financial year from such non-distributable reserve to the Port St Johns Development Agency entity's appropriation account. Where there is a difference between the budgeted depreciation expenses and the actual total depreciation expenses for each financial year, the CEO shall appropriately adjust the aggregate transfer from the non-distributable reserve for the year concerned

22. CARRYING VALUES OF FIXED ASSETS

All fixed assets shall be carried in the fixed asset register, and appropriately recorded in the annual financial Statements, at their original cost or fair value less any accumulated depreciation and impairment losses.

23. RE-VALUATION OF FIXED ASSETS

When an item of PPE is re-valued, the entire class of property to which that asset belongs, should be re-valued.

- When an asset's carrying amount is decreased because of devaluation, the decrease should be recognized as an expense in the annual financial Statements.

Valuation of fixed assets should be conducted in line with five-year interval period in line.

24. DISPOSAL OF FIXED ASSETS

Disposal of movable assets must be at market-related value or by tender or auction, whichever is most advantageous to the Entity, unless determined otherwise by the relevant treasury.

Any sale of immovable State property must be at market-related value, unless the relevant treasury approves otherwise.

Where an Entity elects to give first opportunity to its employees who have been using the assets to be disposed, an independent registered valuer should be appointed to value these assets at market-related values. The valuation report should be submitted to the Entity's Board of Directors for the approval of the disposal.

The employees of the Entity are only allowed to participate in a public auction when an independent auctioneer is appointed. When the services of an internal auctioneer are utilised, all employees of the Entity are not allowed to buy/bid in the auction.

ASSET DISPOSAL PROCESS

Every HOD shall report in writing to the accounting officer on 31 January of each financial year and/or when ad hoc basis on all Fixed assets controlled or used by the department concerned which such HOD wishes to dispose by public auction or public tender. The finance manager shall thereafter consolidate the requests received from the various departments and shall promptly report such consolidated information to the CEO. Once the relevant assessments have been completed in terms of Section 14 of the MFMA, and it has been confirmed that the asset is not required for the provision of the minimum level of basic Port St Johns Development Agency services, the Chief Executive Officer (**CEO**) shall prepare a recommendation report on the proposed disposal.

This report must include—

- Confirmation that the asset is not needed to provide the minimum level of basic Port St Johns Development Agency services.
- The fair market value of the asset;

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- The economic and community value to be received in exchange; and
- Confirmation that the proposed disposal process will comply with the Port St Johns Development Agency 's Supply Chain Management Policy (fair, equitable, transparent, competitive, and consistent with Section 111 of the MFMA).

The **CEO** shall then submit the recommendation to the Board of Directors (or Port St Johns Development Agency Board, where applicable) for consideration and approval prior to any disposal action being taken.

The Entity shall give fourteen (14) days' notice in the newspaper circulating within its area of an intended auction sale. Notice shall be in English. Such notice shall also be affixed to all notice boards at Port St Johns Development Agency office. Once the fixed assets are fully disposed, the Finance Manager shall derecognise the relevant records from the Fixed asset register.

If the proceeds of the disposal are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the Statement of financial performance of the department or vote concerned. If the proceeds of the asset disposal, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the Statement of financial performance of the department or vote concerned.

All gains realised on the disposal of fixed assets shall be appropriated annually to the Port St Johns Development Agency entity's asset financing reserve (except in the cases outlined below), and all losses on the disposal of fixed assets shall remain as expenses on the Statement of financial performance of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the disposal of the fixed assets of any department, only the net gain (if any) on the disposal of such fixed assets shall be appropriated.

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Donation of any asset to an organisation / individual/local government and other persons within its area of jurisdiction shall be subject to the approval of the Port St Johns Development Agency Board as well as the Port St Johns Port St Johns Development Agency subject to Section 90 of the MFMA.

25. OTHER WRITE-OFFS OF FIXED ASSETS

A fixed asset even though fully depreciated shall be kept at the value of one (1) rand. In the case where assets are fully depreciated with further use, assets' useful lives are reassessed, and assets are depreciated retrospectively using the new useful lives. Where assets do not have further use, assets are de-recognised only on the recommendation of the finance manager controlling or using the asset concerned, and with the recommendation of the CEO and the Board for approval.

Every HOD shall report to the Finance Manager on 31 October and 30 April of each financial year on any fixed assets which such HOD wishes to have written off, Stating in full the reason for such recommendation. The accounting officer shall consolidate all such reports and shall promptly submit a recommendation to the Board on the fixed assets to be written off.

The only reasons for derecognition of fixed assets, other than the disposal of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question.

26. REPLACEMENT NORMS

Assets may be replaced because of being either unserviceable, unsafe, costly to maintain (damaged and/or uneconomical to repair) or redundant (obsolete).

27. INSURANCE OF FIXED ASSETS

The CEO shall ensure that all movable fixed assets are insured at least against fire, theft, and allied perils and that all the entity's buildings are insured at least against fire and allied perils.

The CEO shall recommend to the Board of Directors, after consulting with the Asset Officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Port St Johns Development Agency entity.

The Asset Officer shall also pursue all insurance claims in respect of assets by:

- a) Submitting the claim.
- b) By recording claims on the insurance register.
- c) Review outstanding claims; and
- d) Submit all finalized claims to Finance Management to update the asset register.

28.MANAGEMENT AND OPERATION OF PORT ST JOHNS DEVELOPMENT AGENCY VEHICLE

Who may drive a Port St Johns Development Agency vehicle?

- A Port St Johns Development Agency vehicle may only be driven by a Port St Johns Development Agency employee who possesses the requisite Trip Authority Form, duly approved by the CEO.
- The aforesaid Trip Authority must pertain to a trip that is necessary for the performance of a departmental line function or is undertaken in furtherance of the lawful aims and objectives of the Port St Johns Development Agency
- The authorization for the use of the asset shall be recorded in writing

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- In the event of an emergency, any employee of the Port St Johns Development Agency who holds a valid driver's license may operate a Port St Johns Development Agency vehicle. The Asset Management Officer, in consultation with the relevant Port St Johns Development Agency Manager, must be informed of such an emergency without delay.

VEHICLES SHALL ONLY BE USED FOR OFFICIAL PURPOSES. VEHICLES

- Only an employee of the Port St Johns Development Agency may operate a Port St Johns Development Agency vehicle, and solely for purposes connected with the execution of his or her official duties
- A Board member shall not use a Port St Johns Development Agency vehicle for the performance of his or her duties as a Board member, as Board members receive travel allowances and are therefore required to make their own transport arrangement.
- The driver of a Port St Johns Development Agency vehicle must have an unendorsed driver's license and this license, and this license must be checked for validity by the Port St Johns Development Agency Asset officer on a six-month basis.
- The Port St Johns Development Agency Asset Officer shall maintain a register of employees who are authorized to drive Port St Johns Development Agency vehicle

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DRIVERS

- Only employees of the Port St Johns Development Agency including Section 57 Managers and the person performing duties associated with the activities of the Port St Johns Development Agency may be conveyed in a vehicle of the Board and then subject to the express consent of the Head of Department and upon such conditions as he/she may determine. Such approval shall be endorsed on the trip authority.
- The conveyance of casual or unauthorized passengers in a vehicle of the Port St Johns Development Agency is not permitted under any circumstances.
- Family members of employees of the Port St Johns Development Agency may be conveyed in official transport only with the prior written approval of the Port St Johns Development Agency manager and upon such terms and conditions as he/she may determine and subject to such family members indemnifying the Port St Johns Development Agency against death, injury, loss or damages they may sustain as a result of their conveyance in terms of this paragraph.

AUTHORITY TO USE A VEHICLE

- No Port St Johns Development Agency transport shall be moved from a depot without the driver being in possession of a duly authorized trip authority.
- If a vehicle is moved from a depot because of an emergency, then the driver thereof must obtain a trip authority within 24 hours of such movement. This process may only be used in a case of extreme emergency and the Head of Department must be satisfied that the Head of Department grants such a trip authority shall be endorsed on the authority.

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Issuing of vehicle

- All vehicles must be issued on the day of travel unless prior to park the vehicle at the home of the driver has been obtained. Report to the Port St Johns Development Agency Manager and Asset officer or any other HOD with consultation of HOD if not available.
- The original of the trip authority must be carried in the vehicle and a copy thereof shall be retained by the Port St Johns Development Agency Asset officer for accounting and reporting purposes.
- The Port St John's Development Agency Asset officer will issue a vehicle to an authorized driver after complying with the following procedures:
 - The driver will sign the vehicle issue form in the presence of the Port St Johns Development Agency Asset officer.
 - The driver, by signing the vehicle issue form, certifies thereby that the details contained therein are correct and that he/she assumes the responsibility for the vehicle and the issue items of equipment thereon.
 - The vehicle issue form part of the trip authority.
- The Port St John's Development Agency Asset officer will take a receipt of a returned vehicle by following same procedure referred to in 6.5.5 and shall endorse on the vehicle issue form mileage travelled by the driver and condition of the vehicle. The Port St John's Development Agency Asset officer shall, furthermore, require the driver to produce all petrol slips for petrol purchased during an extended trip for the purpose of verifying fuel and costs incurred in connection with the purchase of fuel by a driver who drives a vehicle on an extended trip and is not issued with petrol card.

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1.1 PARKING OF A PORT ST JOHNS DEVELOPMENT AGENCY VEHICLE

- Under normal circumstances vehicles must be parked at the Port St John's Development Agency vehicle depot.
- The Asset officer must allocate an approved parking place for each vehicle.
- Whenever and wherever the vehicle is parked, the driver must lock or use a Steering or gear lock lock or active any anti-theft device on the vehicle.
- The driver of the Port St John's Development Agency vehicle is responsible for ensuring that the vehicle is parked as safely as circumstances permit.
- Permission may be granted for a vehicle to be parked at home of an employee subject to the conditions contained in paragraph

A vehicle may be parked at home of a driver if:

- The location has been reviewed by the Port St Johns Development Agency Asset officer and security is considered safe and adequate e.g. there is a garage or lockable gates, and
- The employee will be leaving early in the morning or returning late at night.
- The actual times applicable for purposes of this clause will be the time when public transport Starts/ Stops and or the sun rises in the opinion of the Port St John's Development Agency Manager, the personal security of an employee necessities such employee to park the allocated vehicle at his/her home.
- The home of the employee is at a place between the Port St Johns Development Agency vehicle depot and the end point of the trip such that it is not economical for an employee to return the allocated vehicle to a Port St Johns Development Agency vehicle depot and collect it the following day

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If the employee works from home:

- The employee is on call and there is no means by which he/she can be transported in official transport in the event of a call out or in the event of the provision of official transport proving in such circumstances not to be cost effective.

SPECIAL CONDITIONS PERTAINING TO VEHICLES PARKED AT THE HOME OF EMPLOYEES:

- Whilst the vehicle is parked at the home of an employee, it may not be used for any non-work or private purposes.
- If an emergency arises whilst a vehicle is parked at the home of an employee necessitating the use of vehicles, then a signed trip authority for the movement of such vehicles must be obtained within 24 hours of the journey.
- The private use of a vehicle while parked at the home of an employee will lead to withdrawal of the privilege and possible disciplinary action against the officer concerned.
- Upon acceptance of this policy by the Board all previously agreed rights granted to employees to park vehicles at their homes are withdrawn and they must reapply for such permission in terms of this policy.
- Applications will be directed to the Asset officer who will pass it to the Port St Johns Development Agency Manager and relevant Steps will be followed until it reaches the Board for resolution.

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30. COMMENCEMENT

This policy takes effect on the date on which it is adopted by the Port St Johns Board of Directors.

Chief Executive Officer



Signature

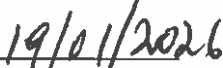


Date

Board Chairperson



Signature



Date