

Capitalization Thresholds and Amortization Rates

Class	Cost Thresholds*	Amortization Rate**
Land	All purchases	n/a
Land Improvements	100,000	20 years
Buildings	100,000	40 years
Portable Classrooms	10,000	25 years
Leasehold Improvements	10,000	Lease Term (SL)
Capital Leases (various classes)	As per related class	Refer to terms of lease
Computer Hardware	10,000	3-5 Years
Computer Software	10,000	3-5 years
Motor Vehicles and Mobile Heavy Equipment	10,000	5 – 15 years
Major Equipment (excludes assets managed by Vehicle Management, DTI)	10,000	5 – 10 years
First Time Equipping of New Buildings	As per limits above	
Assets Under Construction (various classes)	As per related class	n/a
Betterments – Building	100,000	40 years
Betterments – Equipment	10,000	5 – 10 years

* The cost thresholds apply to the initial acquisition or construction costs, that is, the gross cost of the asset before any related cost-sharing recoveries.

** In the year of acquisition, amortization will be calculated on a half year basis.

Leased capital assets are to be amortized over the period of expected use of the asset, on a basis consistent with the amortization period for other similar capital assets. When instances arise that indicate an amortization method other than straight line is appropriate the VP Finance and Administration has the final authority to determine the appropriate amortization method.

It is assumed NBCC will hold a capital asset for an extended period of time and as a result, the residual/salvage value will be immaterial. Where the residual value of a capital asset is expected to be significant, the employee would factor it into the calculation of amortization. Amortization will continue to occur and be charged until the net book value is nil or the capital asset has been disposed of and removed from the accounts of NBCC.