



KARIBIB TOWN COUNCIL

DEPRECIATION POLICY FOR COUNCIL'S ASSETS

GENERAL STATEMENT

Property, Plant & Equipment with loan funds are stated at cost and no depreciation is provided thereon until the loan is fully redeemed.

All other items of Property, Plant & Equipment are stated at cost or valuation, and except fixed property, the cost or valuation of these items of Property, Plant & Equipment is depreciated on the reducing-balance basis over their expected useful lives.

ASSET VALUE

No item with a value less than N\$1 000-00 should be regarded as an asset to be reflected on the Asset register and must only be reflected on the Inventory List.

These items will also not form part of the Capital Budget in future.

1. BUILDINGS & STRUCTURES

- a) No depreciation will be applicable to Buildings & Structures financed from loans. The redemption period will be based on the expected life span of the relevant asset. (20-25 years)
- b) Once the loans are redeemed, the relevant assets will be reflected on the Asset Register at the same value as originally bought for or as adjusted according to Council's Valuation Roll or additional upgrading;
- c) The value of Buildings & Structures must be adjusted every 5 years in accordance with Council's latest Valuation Roll.

2. NETWORK & STREETS

- a) No depreciation will be applicable to Network and Streets financed from loans. The redemption period will be based on the expected life span of the relevant asset. (15-20 years)
- b) Once the loans are redeemed the relevant assets will be reflected on the Asset Register at the same value as originally bought for or adjusted where upgrading is involved.
- c) The reason for no depreciation is due the fact that network and streets must be maintained in order to ensure that quality service will be rendered to the community.

3 VEHICLES & IMPLEMENTS.

- a) No depreciation will be applicable to Vehicles & Implements financed from loans. The redemption period of the loans will be based on the expected life span of the relevant asset. (5 – 10 Years)
- b) Once the loan is redeemed in full the asset must be written-off, where the relevant asset, however, still serves the purpose it has been bought for, it must be kept on the Asset Register at a nominal value of not less than N\$1 000-00.
- c) Vehicles and Implements financed from appropriations or revenue must be depreciated at an annual rate of 20% for small vehicles and 10% Heavy Duty vehicles or depreciated through straight line method over the life span period.
- d) Where vehicles or Implements financed from appropriations or revenue have been depreciated to a zero value, but still serves the purpose it has been bought for, it must be kept on the Asset Register at a nominal value of N\$1 000-00.
- e) Where a vehicle or an implement has been partially financed from a loan and an appropriation or revenue, the full amount must be depreciated at an annual rate based on the term of the loan.

4. OFFICE FURNITURE & EQUIPMENT

- a) No depreciation will be applicable to Office Furniture or Equipment financed from loans. The redemption period of the loans will be based on the expected life span of the relevant asset; (Furniture 10 years and Equipment 5 years)
- b) Once the loans are redeemed a nominal value be allocated to the assets not exceeding N\$1,000-00. No further depreciation be applicable until the asset is written-off.
- c) That assets with a nominal value less than N\$1000-00, but still in use, be written-off and be reflected on the Inventory List.
- d) That Furniture and Equipment financed from appropriations or Revenue be written-off at an annual rate of 10% for Furniture and 20% for Equipment or through life span period.

- e) That where an asset has been depreciated to a zero value and it is still in use, a nominal value of not more than N\$1,000-00 be allocated to it, providing that where the amount is less than N\$1,000-00, it be written-off and transferred to the Inventory List.

5. TOURISM: BEDDING & CURTAINS

- a) All these items financed from loans be redeemed over a period of 3 years.
b) That all of these items financed from appropriations or revenue be written-off at an annual rate 33% or through life span period.
c) Pots and Pans, Crockery and Cutlery - These items be depreciated at an annual rate of 50% or life span period provision.

6. PLANT & EQUIPMENT

- a) No depreciation will be applicable to plant and equipment financed from loans. The redemption of the loan will be based on the expected lifespan of the relevant asset; 10-15 years.
b) Once the loans are redeemed a nominal value be allocated to the assets not exceeding N\$1,000-00. No further depreciation be applicable until the asset is written-off.
c) That assets with a nominal value less than N\$1000-00, but still in use, be written-off and be reflected on the Inventory List.
d) That Plants and Equipment financed from appropriations or Revenue be written-off at an annual rate of 10% or through the life span period provisions;
e) That where an asset has been depreciated to a zero value and it is still in use, a nominal value of not more than N\$1,000-00 be allocated to it, providing that where the amount is less than N\$1,000-00, it be written-off and transferred to the Inventory List.

7. REVIEW

This policy to be reviewed annually or as per the discretion of Council.

8. APPROVAL

Approval of the policy is granted by the following
Council Resolution: SMC/0009/24/09/2018

