



Asset Management

Assessing life span, value & depreciation

Checklist for assessing the life span, value & depreciation

After assessing the life span, value and depreciation of an asset, tick off the following checklist:

Have you:

- Established a plan and provided for resources, such as people, equipment and funding to determine:
 - What each asset is worth?
 - The useful or economic life of each asset?

The **economic or useful** life of an asset is how long an asset is the cheapest way of providing a service. At the end of an asset's economic/useful life, it may still be able to provide a service, but it will be more expensive, rendering it fit for replacement.

- The depreciation charge for each asset?

Depreciation is the wear and tear and/or the general obsolescence of an asset that reduces its ability to provide a service¹.

- Determined the value of the assets, using:
 - Municipal records?
 - Information from manufacturers?
 - Information from organisations with similar assets?
 - Physical quotes for each part of the asset?
- Determined the useful life of each asset, using:
 - Experience gained from using the asset in the community?
 - Information from other municipalities concerning similar assets?
 - Information about similar assets from other provinces in South Africa?
 - Information about similar assets from other countries?
 - Literature on useful lives?
- Determined the age of a used asset.
- Determine the residual value of assets at the end of their useful/economic lives
- Determined the depreciation of each asset?
- Recorded the financial information in the asset register and financial records?

Reference:

Hope, D. & Rimmington, G. (2005). Community asset management. Brisbane City Enterprises, Australia, p. 24.

