

ALL INDIA INSTITUTE OF MEDICAL SCIENCES
ANSARI NAGAR, NEW DELHI - 110029

(M.S.UNIT)

No.F.Misc/MSU/18-19

Dated: 18.06.2018

Sub:- Depreciation Policy for depreciable items in the AIIMS, New Delhi.

In supersession of this office letter of even no. dated 29.05.2018 on the above cited subject, please find enclosed a copy of Depreciation Policy for the AIIMS, New Delhi approved by Director, AIIMS and placed before 214th SFC. You are requested to take necessary steps for its implementation.


Financial Advisor

Distribution:

All Chiefs of the centres
Medical Superintendent
All Head of the Departments
Superintending Engineer
Sr. Store Officer(DO)
All F & CAO/Accounts Officers

Prof. Incharge, CF : with a request to upload the policy and facilitate the Departments for IT solution in this regard.

Copy to:

PPS to Director/DD(A)/Sr. FA
Admn. Officer(G) : for information and action taken on SFC item no.214/13.

Sh. Sanjeev Kumar for n/a please.


19/06/18

Depreciation Policy for the AIIMS, New Delhi.

Based on the ease of procedures and process and guidelines enumerated in the Companies Act, following points are approved for incorporation in the Depreciation Policy of the AIIMS:-

- i) Depreciation will be on the straight line method at the rates specified in the Companies Act, at the end of the each financial year.
- ii) Provide depreciation by dividing 95% of the original cost of each depreciable asset by the specified period of useful life in respect of such asset (as per Companies Act).
- iii) All Fixed Assets other than Land and Buildings, the depreciated value of which at the beginning of the year is Rs. 10000 or less; and all Fixed Assets, other than Land & Buildings purchased in the year for a sum of less than Rs. 10000 each, are depreciated at the rate of 100% retaining a residual value of Rs. 100 each for accounting control.
- iv) Full depreciation is to be provided on additions during the year, while no depreciation would be provided in the year of discard/disposal/buyback, write off or taking assets out of service etc.
- v) No depreciation is to be provided on freehold land (As per accounting Principles and Standards). Depreciation on lease hold land/leased assets would be provided on the basis of duration of lease (As per accounting Principles and Standards).
- vi) Fixed assets are valued at cost of acquisition which would include all expenditure incurred upto the date of commissioning/installation. The cost would include purchase cost, all taxes including custom duty and all related expenditure including freight, forwarding etc. (As per accounting Principles and Standards).

- vii) Fixed assets involving construction or manufacturing in the year of capitalization would include all expenditure incurred to bring that assets into operations including PMC charges and all related expenditure any cost directly attributable to bringing the asset to its working condition for its intended use. The date of commissioning would need to be approved by the Competent Authority (As per accounting Principles and Standards).

Depreciation on fixed assets for the year is to be provided on straight line method as per Companies act and rates of depreciation on some of AIIMS assets would be as under:-

- a) Plant & machinery 15 years
- b) Medical equipment's 13 years
- c) Furniture and fitting 10 years
- d) Computers 5 years (except servers & networks)
- e) Office equipment's 5 years
- f) Other equipment's including air conditioners 15 years
- g) Computers software 3 years
- h) Vehicles 8 years
- i) Building 60 years
- j) Electrical installations 10 years
- k) Depreciation on Leasehold improvements is provided over the primary period of lease.
- l) General laboratory equipment 10 years/5 years

The depreciation rates as per Companies Act, 2013 are given in the Annexure enclosed.

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Annexure

Nature of Assets	Useful Life	Rate [SLM]	Rate [WDV]
(I) Buildings [NESD]			
(a) Building (other than factory buildings) RCC Frame Structure	60	1.58%	4.87%
(b) Building (other than factory buildings) other than RCC Frame Structure	30	3.17%	9.50%
(c) Factory buildings	30	3.17%	9.50%
(d) Fences, wells, tube wells	5	19.00%	45.07%
(e) Other (including temporary structure, etc.)	3	31.67%	63.16%
(II) Bridges, culverts, bunkers, etc. [NESD]	30	3.17%	9.50%
(III) Roads [NESD]			
(a) Carpeted Roads			
(i) Carpeted Roads – RCC	10	9.50%	25.89%
(ii) Carpeted Roads – other than RCC	5	19.00%	45.07%
(b) Non-carpeted roads	3	31.67%	63.16%
(IV) Plant and Machinery			
(a) General rate applicable to Plant and Machinery not covered under Special Plant and Machinery			
(i) Plant and Machinery other than continuous process plant not covered under specific	15	6.33%	18.10%
(ii) Continuous process plant for which no special rate has been prescribed under (ii) below	8	11.88%	31.23%
(b) Special Plant and Machinery			
(i) Plant and Machinery related to production and exhibition of Motion Picture Films			
1 Cinematograph films – Machinery used in the production and exhibition of cinematograph films, recording and reproducing equipments, developing machines, printing machines, editing	13	7.31%	20.58%

machines, synchronizers and studio lights			
2 Projecting equipment for exhibition of films			
(ii) Plant and Machinery used in glass	13	7.31%	20.58%
1 Plant and Machinery except direct fire glass melting furnaces – Recuperative and regenerative glass melting furnaces	13	7.31%	20.58%
2 Plant and Machinery except direct fire glass melting furnaces – Moulds [NESD]	8	11.88%	31.23%
3 Float Glass Melting Furnaces [NESD]	10	9.50%	25.89%
(iii) Plant and Machinery used in mines and quarries Portable underground machinery and earth moving machinery used in open cast mining	8	11.88%	31.23%
(iv) Plant and Machinery used in Telecommunications [NESD]			
1 Towers	18	5.28%	15.33%
2 Telecom transceivers, switching centres, transmission and other network equipment	13	7.31%	20.58%
3 Telecom – Ducts, Cables and optical fibre	18	5.28%	15.33%
4 Satellites	18	5.28%	15.33%
(v) Plant and Machinery used in exploration, production and refining oil and gas [NESD]			
1 Refineries	25	3.80%	11.29%
2 Oil and gas assets (including wells), processing plant and facilities	25	3.80%	11.29%
3 Petrochemical Plant	25	3.80%	11.29%
4 Storage tanks and related equipment	25	3.80%	11.29%
5 Pipelines	30	3.17%	9.50%
6 Drilling Rig	30	3.17%	9.50%
7 Field operations (above ground) Portable boilers, drilling tools, well-head tanks, etc.	8	11.88%	31.23%
8 Loggers	8	11.88%	31.23%
(vi) Plant and Machinery used in generation, transmission and distribution of power [NESD]			
1 Thermal / Gas / Combined Cycle Power Generation Plant	40	2.38%	7.22%
2 Hydro Power Generation Plant	40	2.38%	7.22%

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3 Nuclear Power Generation Plant	40	2.38%	7.22%
4 Transmission lines, cables and other network assets	40	2.38%	7.22%
5 Wind Power Generation Plant	22	4.32%	12.73%
6 Electric Distribution Plant	35	2.71%	8.20%
7 Gas Storage and Distribution Plant	30	3.17%	9.50%
8 Water Distribution Plant including pipelines	30	3.17%	9.50%
(vii) Plant and Machinery used in manufacture of			
1 Sinter Plant	20	4.75%	13.91%
2 Blast Furnace	20	4.75%	13.91%
3 Coke Ovens	20	4.75%	13.91%
4 Rolling mill in steel plant	20	4.75%	13.91%
5 Basic Oxygen Furnace Converter	25	3.80%	11.29%
(viii) Plant and Machinery used in manufacture of non ferrous metals			
1 Metal pot line [NESD]	40	2.38%	7.22%
2 Bauxite crushing and grinding section	40	2.38%	7.22%
3 Digester Section [NESD]	40	2.38%	7.22%
4 Turbine [NESD]	40	2.38%	7.22%
5 Equipments for Calcinations [NESD]	40	2.38%	7.22%
6 Copper Smelter [NESD]	40	2.38%	7.22%
7 Roll Grinder	40	2.38%	7.22%
8 Soaking Pit	30	3.17%	9.50%
9 Annealing Furnace	30	3.17%	9.50%
10 Rolling Mills	30	3.17%	9.50%
11 Equipments for Scalping, Slitting, etc. [NESD]	30	3.17%	9.50%
12 Surface Miner, Ripper Dozer, etc. used in mines	25	3.80%	11.29%
13 Copper refining plant [NESD]	25	3.80%	11.29%
(ix) Plant and Machinery used in medical and surgical operations [NESD]			

1 Electrical Machinery, X-ray and electrotherapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, Cat-scan, Ultrasound Machines, ECG Monitors, etc.	13	7.31%	20.58%
2 Other Equipments	15	6.33%	18.10%
(x) Plant and Machinery used in manufacture of pharmaceuticals and chemicals [NESD]			
1 Reactors	20	4.75%	13.91%
2 Distillation Columns	20	4.75%	13.91%
3 Drying equipments / Centrifuges and Decanters	20	4.75%	13.91%
4 Vessel / Storage tanks	20	4.75%	13.91%
(xi) Plant and Machinery used in civil construction			
1 Concreting, Crushing, Piling Equipments and Road Making Equipments	12	7.92%	22.09%
2 Heavy Lift Equipments –			
– Cranes with capacity more than 100 tons	20	4.75%	13.91%
– Cranes with capacity less than 100 tons	15	6.33%	18.10%
3 Transmission line, Tunnelling Equipments [NESD]	10	9.50%	25.89%
4 Earth-moving equipments	9	10.56%	28.31%
5 Others including Material Handling / Pipeline / Welding Equipments [NESD]	12	7.92%	22.09%
(xii) Plant and Machinery used in salt works [NESD]	15	6.33%	18.10%
(V) Furniture and fittings [NESD]			
(a) General furniture and fittings	10	9.50%	25.89%
(b) Furniture and fittings used in hotels, restaurants and boarding houses, schools, colleges and other education institutions, libraries, welfare centres, meeting halls, cinema houses, theatres and circuses and furniture and fittings let out on hire for used on occasion of marriages and similar functions	8	11.88%	31.23%
(VI) Motor Vehicles [NESD]			
(a) Motor cycles, scooters and other mopeds	10	9.50%	25.89%
(b) Motor buses, motor lorries, motor cars and motor taxis	6	15.83%	39.30%

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used in a business of running them on hire			
(c) Motor buses, motor lorries, motor cars and motor taxies other than those used in a business of running them on	8	11.88%	31.23%
(d) Motor tractors, harvesting combines and heavy vehicles	8	11.88%	31.23%
(e) Electrically operated vehicles	8	11.88%	31.23%
(VII) Ships [NESD]			
(a) Ocean-going ships			
(i) Bulk Carriers and liner vessels	25	3.80%	11.29%
(ii) Crude tankers, product carriers and easy chemical carriers with or without conventional	20	4.75%	13.91%
(iii) Chemicals and Acid Carriers			
1 With Stainless steel tanks	25	3.80%	11.29%
2 With other tanks	20	4.75%	13.91%
(iv) Liquefied gas carriers	30	3.17%	9.50%
(v) Conventional large passenger vessels which are used for cruise purpose also	30	3.17%	9.50%
(vi) Coastal service ships of all categories	30	3.17%	9.50%
(vii) Offshore supply and support vessels	20	4.75%	13.91%
(viii) Catamarans and other high speed passenger for ships or boats	20	4.75%	13.91%
(ix) Drill ships	25	3.80%	11.29%
(x) Hovercrafts	15	6.33%	18.10%
(xi) Fishing vessels with wooden hull	10	9.50%	25.89%
(xii) Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging	14	6.79%	19.26%
(b) Vessels ordinarily operating on inland waters			
(i) Speed boats	13	7.31%	20.58%
(ii) Other vessels	28	3.39%	10.15%
(VIII) Aircrafts or Helicopters [NESD]			
	20	4.75%	13.91%
(IX) Railway siding, locomotives, rolling stocks, tramways and railway used by concerns, excluding railway			
	15	6.33%	18.10%
(X) Ropeway structures [NESD]			
	15	6.33%	18.10%

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(XI) Office equipments [NESD]	5	19.00%	45.07%
(XII) Computers and data processing units [NESD]			
(a) Servers and networks	6	15.83%	39.30%
(b) End user devices, such as, desktops, laptops, etc.	3	31.67%	63.16%
(XIII) Laboratory equipment [NESD]			
(a) General laboratory equipment	10	9.50%	25.89%
(b) Laboratory equipments used in education institutions	5	19.00%	45.07%
(XIV) Electrical Installations and Equipment [NESD]	10	9.50%	25.89%
(XV) Hydraulic works, pipelines and sluices [NESD]	15	6.33%	18.10%

) Tangible fixed assets Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized. (c)