KABALEGA FOUNDATION
A life of Nobility & Purpose..

KABALEGA FOUNDATION CAPITALIZATION POLICY 2020

1. GENERAL

An asset is anything of material value and which provides a current and future potential future economic benefit to the organisation. The Executive Director is responsible for the strategic management of the organisation's assets(property, plant and equipment etc)

organisation’s asset management establish the key elements associated with asset management that is acquisition, use, disposal and investment. For property, plant and equipment it considers a 'whole of life' approach including operational requirements, acquisition, enhancements, and disposal of assets, all of which have an impact on asset valuations and depreciation.

WHAT ARE CAPITAL ASSETS?

Capital assets include: land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, and works of art and historical treasures. A capital asset is to be reported and, with certain exceptions, depreciated.

LAND

Land is capitalized but not depreciated. Land is recorded at historical cost and remains at that cost until disposal.

Land improvements include items such as excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, flagpoles, retaining walls, fencing, outdoor lighting, and other non-building improvements intended to make land ready for its intended purpose.

BUILDINGS

Buildings are recorded at either their acquisition cost or construction cost.

Building improvements that extend the useful life should be capitalized. Examples of building improvements include roofing projects, major energy conservation projects, or remodeling and replacing major building components.

CONSTRUCTION IN PROGRESS

Construction in progress is capitalized and not depreciated.

VEHICLES

Vehicles are capitalized, inventoried and depreciated.

2 CASH ASSETS

Cash assets include funds that are held in petty cash and in the organisation's bank accounts, and other approved financial institution for short term investment purposes. It is essential that particulars of all funds due to the organisation are identified and appropriately recorded so that they may be collected on or before the due date. Employees who collect such monies are responsible for the safe custody of the collections from the time of receipt until deposited into authorized organisation bank accounts. Procedures for management and control of funds are provided in the Financial Management Practice and Procedures Manual.

Bank accounts may only be opened with the approval of the Executive Director and only in the name of Kabalega Foundation. The Executive Director is responsible for authorising officers to operate these accounts.

Procedures for the conduct of organisation bank accounts are provided in the Financial Management Practice and Procedures Manual

3 RECEIVABLES

A receivable is money owed to the organisation for goods or services purchased on credit. Receivables include trade receivables which are sales to regular trade customers that have been completed but not yet paid for, and organisation outstanding invoices.

Credit notes

Credit notes are raised to cancel or amend an invoice raised in error and may only be issued subsequent to approval being given by an officer authorised to commit funds to specific limits, in accordance with the Schedule of Authorities and Delegations.

Write-off of debt

Debts due to the company may only be written off in accordance with the delegated authorities to write off bad debts and assets – see Schedule of Authorities and Delegations.

Detailed procedures dealing with revenue, credit checks, credit notes, debt management and debt write-off are provided in the Financial Management Practice and Procedures Manual.

Property, plant and equipment

A Fixed Assets Register is maintained by the company for all non-current assets with acquisition costs in excess of Shs. 7,000,000. This register records all data necessary to identify and locate assets, together with other relevant information (eg depreciation, life expectancy).

Assets with acquisition costs less than Shs. 7,000,000 but greater than Shs. 4,500,000 (greater than Shs. 1,400,000 for ICT equipment) are also recorded in the Fixed Asset Register as portable and attractive items, where required.

Heads of departments should exercise efficiency and economy in acquiring assets on the organisation's behalf and observe organisation and Government purchasing policies.

INSURANCE OF ASSETS

The Executive Director oversees the appointment of an insurance broker to manage the organisation's insurance requirements.

RENTAL OF ASSETS

When not required for organisation purposes, company assets may be hired to staff and outside bodies on terms and conditions contained in organisations's policy for user charging. Requests for new arrangements must be forwarded to the Executive Director for consideration and endorsed by the board of directors.

LEASING OF ASSETS

The Heads of departments should obtain the approval of the Executive director before entering into commitments for leasing assets.It is essential that particulars of all funds due to the organisation are identified and appropriately recorded so that they may be collected on or before the due date. Employees who collect such monies are responsible for the safe custody of the collections from the time of receipt until deposited into authorized organisation bank accounts. Procedures for management and control of funds are provided in the Financial Management Practice and Procedures Manual.

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LOSS OR DAMAGE OF ASSETS

Heads of departments are responsible for reporting any loss of or damage to assets as soon as possible to the Security officer, who will take action to prevent the loss recurring. Where appropriate, an insurance claim should be completed as per instructed in Finance.

In the event of a possible offence under the Uganda Criminal Code or other act or law, the Security officer is required to advise the police and the managing Director who shall notify the Board of Directors The finance officer is responsible for ensuring that all material losses are recorded in the Record of Material Losses Register (Non-Cash).

WRITE-OFF OF ASSETS

Action to write-off assets must be in accordance with the delegated authority. The Executive Director can authorise the write-off of bad debts and assets which are missing, obsolete, irreparable, at the end of their useful lives or scheduled for replacement.

DEPRECIATION

Assets are depreciated according to accounting standards and policies prescribed by legislation. Depreciation is calculated by applying the straight-line method. Further details are provided in the Financial Management Practice and Procedures Manual

DISPOSAL

Disposal of items can be made when assets are no longer required, have reached the end of their useful life, or are technically or economically redundant. Departments are provided with the flexibility of choosing how to dispose of their assets through methods described in the Procurement and Disposal Guidelines. To be able to make informed asset disposal decisions, a disposal decision tree has been developed. If a department has assets which are surplus to their requirements, but still serviceable, they must canvass other areas of the company to determine whether another department has a need for such assets and would be interested in acquiring those assets. Approval for disposal of assets and write-offs is in accordance with the delegated authority

ASSETS REVIEW

At minimum, an annual review of assets is to be undertaken to verify the existence of assets recorded in the Fixed Assets Register and to assess the serviceability of those assets (remaining life and depreciation rate). Any discrepancies are to be investigated by the responsibility deparments. Detailed procedures are provided in the Financial Management Practice and Procedures Manual.

Heads of departments should also annually review asset usage to determine whether excess capacity exists that may benefit another department by mutual arrangement.

CONTROL OF ASSETS

In addition to the above controls, heads of departments should also: implement procedures ensuring as far as possible the security of assets under their control ensure assets are properly maintained with a view to maximising the period of effective use ensure assets are not exposed to any hazards which may result in the insurance contract being rendered null and void in the event of a loss.

PERSONAL PROPERTY FORM

On occasion, personal property are brought to the work place. When these items are to remain in the company for the duration of the employee's tenure, a "Personal Property Form" should be completed and on file in the Inventory Control office. Where possible, receipt(s) for the property should be attached to the form. This assures that during the Inventory Control 's audit, these properties can be clearly distinguished.

Signed: ……………………………………………………… Date: 04/01/2020

Executive Chairperson