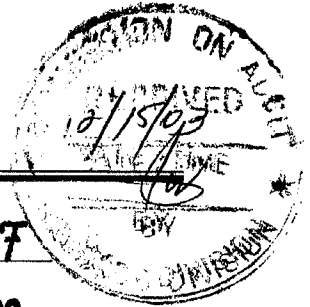




REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines



CIRCULAR

No. 2003-007

Date: DEC 11 2003

TO: All Heads of National, Local and Corporate Government Agencies, Heads of Finance/Comptrollership/Financial Management Services, Chief Accountants/Heads of Accounting Units; COA Directors, Auditors; and All Others Concerned

SUBJECT: **REVISED ESTIMATED USEFUL LIFE IN COMPUTING DEPRECIATION FOR GOVERNMENT PROPERTY, PLANT AND EQUIPMENT**

- 1.0 This Circular is issued to provide policies and guidelines on the computation of depreciation of government property, plant and equipment for allocating the same over their useful life and fair presentation of the financial statements.
- 2.0 The straight-line method of computing the depreciation for government property, plant and equipment shall be adopted.
- 3.0 For uniformity in the application of useful life and simplification in its computation, the Estimated Useful Life of PPE by classification are presented as Annex A of this Circular.
- 4.0 A residual value equivalent to ten percent (10%) of the acquisition cost/appraised value shall be deducted before dividing the same by the Estimated Useful Life.
- 5.0 Any adjustments arising from this revision of useful life shall be charged against "Prior Years' Adjustments" account (Code 684).
- 6.0 This circular shall take effect January 1, 2004.


GUILLERMO N. CARAGUE
Chairman