

# **ORACLE APPLICATIONS**

## **WHITE PAPER**

### **Fixed Assets– Depreciation Methods and Calculations**

Written by Oracle Support Services  
Author: Vinod Sadasivan Pillai  
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# *Objective*

The purpose of this document is to provide insight into the various method of depreciation in Oracle Assets. There are numerous situations in which users end up in unexpected amount of depreciation for the period. We are attempting to give an overview of setups, which affects depreciation calculation. This document can also be used for determining the type of set ups required to achieve an expected amount of depreciation for an asset. Also table level details are explained.

## **1.1 Scope**

This document explains how depreciation is calculated in different combinations of setups. Different examples have been explained with detailed calculation.

## **1.2 Topics Out of Scope for this Document**

Following topics are not covered in this document

- Bonus rule
- Group Asset
- Depreciation basis rule

## *2 Basic variables in calculation*

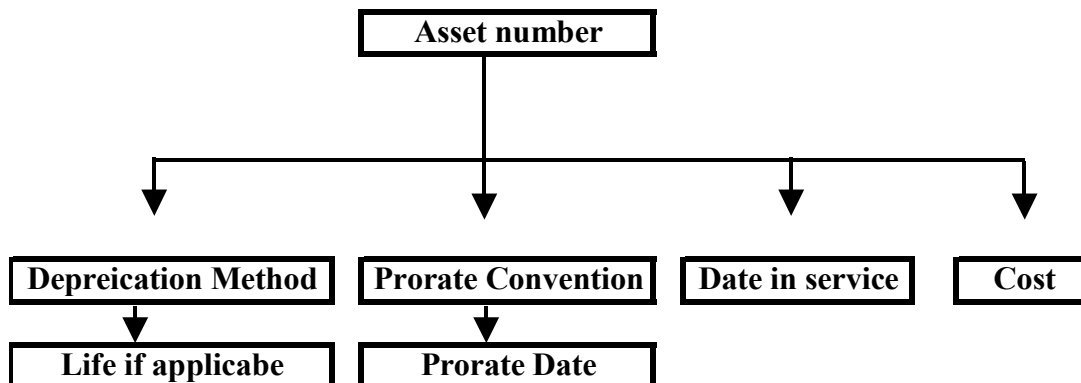
This chapter discusses on basic variables that affects depreciation amount.

Following five values needs to be determined to verify the depreciation amount of an asset.

- 1) Current Cost
- 2) Depreciation method
- 3) Date in Service
- 4) Prorate Convention
- 5) Prorate date

This can be verified from Asset workbench>Find the asset>Books window.

**Figure1**



The above information can be obtained from the table fa\_books with the help of the following query.

```

SELECT
    book_type_code,
    date_placed_in_service,
    deprn_method_code,
    life_in_months,
    cost,
    prorate_convention_code,
    prorate_date
FROM
    fa_books
WHERE
    asset_id=(Select asset_id from fa_additions_b
               where asset_number='&assetnumber') and
    date_ineffective is null;

```

Table field names and their description in the form are as follows;

**Table 6: Books form and fa\_books table**

Field name	Description in the form
book type code	Book name
date placed in service	Date in service
deprn method code	Method
life in months	Life
cost	Current Cost
prorate convention code	Prorate Convention
Prorate date	Prorate date

This table gives the description in the books form (Asset workbench>Book) and field name in the fa\_books table.

**Figure 2**

The screenshot displays the Oracle Assets software interface. At the top, the 'Book' is identified as 'OPS CORP'. The 'Financial Information' section shows 'Current Cost' at 11,270.00, 'Original Cost' at 11,270.00, 'YTD Depreciation' at 0.00, and 'Accumulated Depreciation' at 11,270.00. The 'Salvage Value Percent' is set to 0%. The 'Depreciation Method' section shows 'Method' as 'STL', 'Life Years' as 3, and 'Months' as 0. The 'Date in Service' is '01-AUG-1997', and the 'Prorate Date' is also '01-AUG-1997'. The 'Prorate Convention' is set to 'END-MONTH'. Red callout boxes highlight the following fields: book\_type\_code, Cost, deprn\_method\_code, date\_placed\_in\_service, life\_in\_months, prorate\_convention\_code, and Prorate\_date.

## **2.1 Current Cost**

Current cost is active cost of an asset. During the lifecycle of an asset, it may go through cost adjustments or partial retirement, thus updating it.

## **2.2 Depreciation method**

The depreciation method you choose determines the way in which Oracle Assets spreads the cost of the asset over the time it is in use. You specify default depreciation rules for a category and book in the Asset Categories window. You can use predefined Calculated, Table, Units of Production, Flat-Rate, or Formula type methods, or define your own in the Methods window.

Depending on the type of depreciation method you enter in the Books window, Oracle Assets provides additional fields so you can enter related depreciation information. For example, if you enter a Calculated or Table depreciation method, you must also enter a life for the asset. In contrast, for units of production depreciation method, you must enter a unit of measure and capacity.

The table below illustrates information related to the depreciation types:

**Table 7: Books form and fa\_books table**

<b>Method Type</b>	<b>Related Fields</b>
Calculated or Table	Life in Years and Months
Calculated or Table	Bonus Rule
Flat	Basic Rate
Flat	Adjusted Rate
Flat	Bonus Rule
Production	Unit of Measure
Production	Capacity
Production	Year-to-Date Production – display only
Production	Life-to-Date Production – display only
Formula	Formula-Based Life in Years and Months
Formula	Bonus Rule

This table lists out the related field for each method type.

Calculated and table methods must be set up with the same number of prorate periods per year as the prorate calendar for the book. The depreciation method must already be defined for the life you enter. You cannot choose units of production depreciation method in a tax book if the asset does not use units of production method in the associated corporate book.

## **2.3 Date in Service**

Date in service of an asset can be date of purchase of asset or date when it is started using.

You cannot enter a date placed in service before the oldest date placed in service you specified in the System Controls window.

You can change the date placed in service at any time. If you change the date placed in service after depreciation has been processed for an asset, Oracle Assets treats it as a financial adjustment, and the accumulated depreciation is recalculated accordingly.

If you add an asset with a date placed in service in a prior period and without accumulated depreciation, Oracle Assets automatically calculates catchup depreciation when you run depreciation, and expenses the catchup depreciation in the current period.

## **2.4 Prorate convention and prorate date**

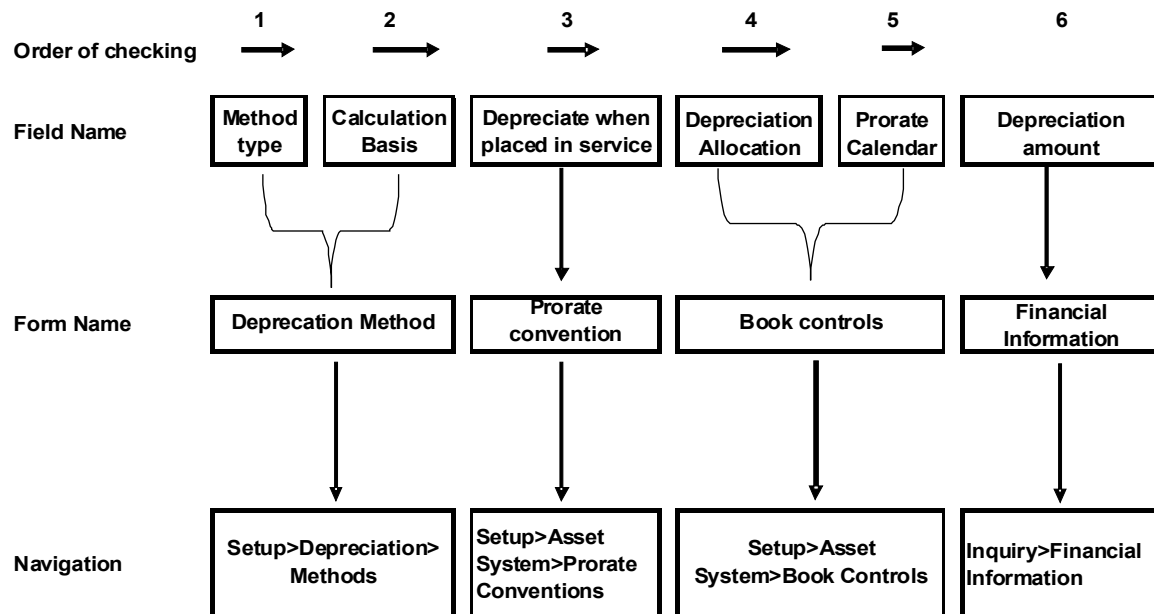
Oracle Assets uses the prorate convention to determine how much depreciation to take in the first year of asset life and the year in which asset is retired. Oracle Assets determines the prorate date from the date placed in service and the prorate convention. Depreciation for an asset is calculated from the prorate date.

# 3 Calculation setup

After determining the basic variables values as discussed in Chapter 2, following five values needs to verified in that order.

- 1) Method type
- 2) Calculation Basis
- 3) Depreciate when placed in service
- 4) Depreciation Allocation
- 5) Prorate Calendar

Figure 2



Description: Figure 2 explains the order of checking the depreciation of an asset.

Eg: First check Depreciation method of the asset, then prorate convention and book controls.

Each of the five values is explained below;

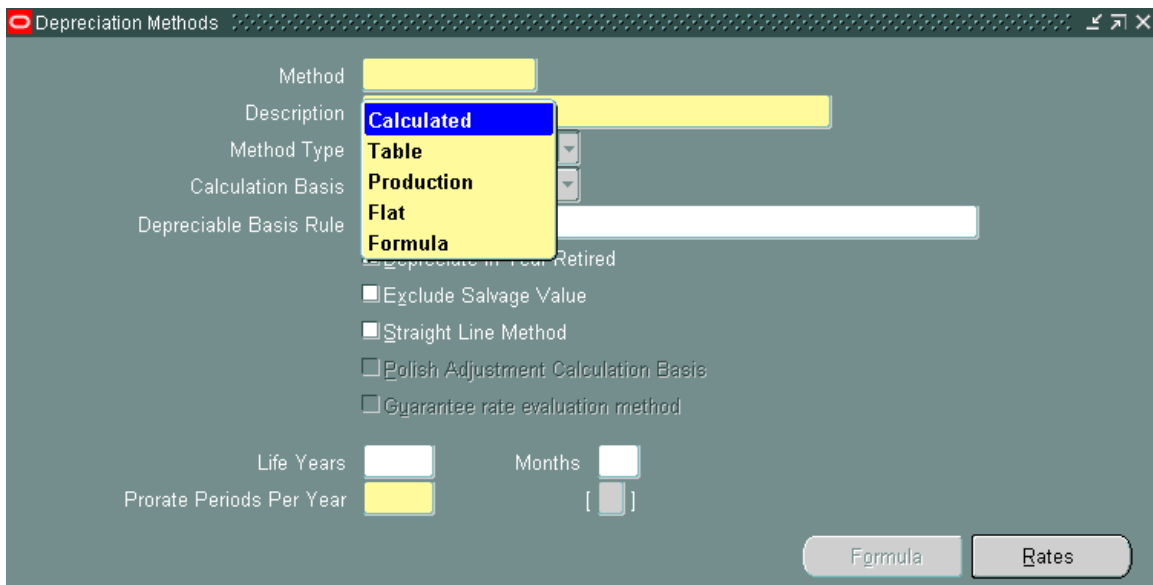
### 3.1 Method type

Navigation: Setup>Depreciation> Methods

There are five method types available while defining a depreciation method. They are given below;

- Calculated
- Flat
- Formula
- Production
- Table

**Figure 3**



The method type of a depreciation method used for an asset can be obtained from the table fa\_methods with the help of following query;

```
SELECT
  distinct rate_source_rule
FROM
  fa_methods
WHERE
  METHOD_CODE=(Select deprn_method_code from fa_books
               Where asset_id=&Assetid and
                   book_type_code='&bookname'and
                   date_ineffective is null);
```

Table field name and its description in the form are as follows;

Field name	Description in the form
rate_source_rule	Method type

### **3.2 Calculation Basis**

Navigation: Setup>Depreciation> Methods

There are two calculation basis available while defining a depreciation method. They are given below;

- Cost
- NBV

## Figure 4

All method types can have these two calculation basis except method type “Calculated”. Method type “Calculated” can have only “Cost” Calculation basis. Application will not allow choosing NBV calculation basis. NBV is not valid for calculated methods.

The calculation basis of a depreciation method used for an asset can be obtained from the table fa\_methods with the help of following query.

```
SELECT
  distinct deprn_basis_rule
FROM
  fa_methods
WHERE
  METHOD_CODE=(Select deprn_method_code from fa_books
               Where asset_id=&Assetid and
                   book_type_code='&bookname' and
                   date_ineffective is null);
```

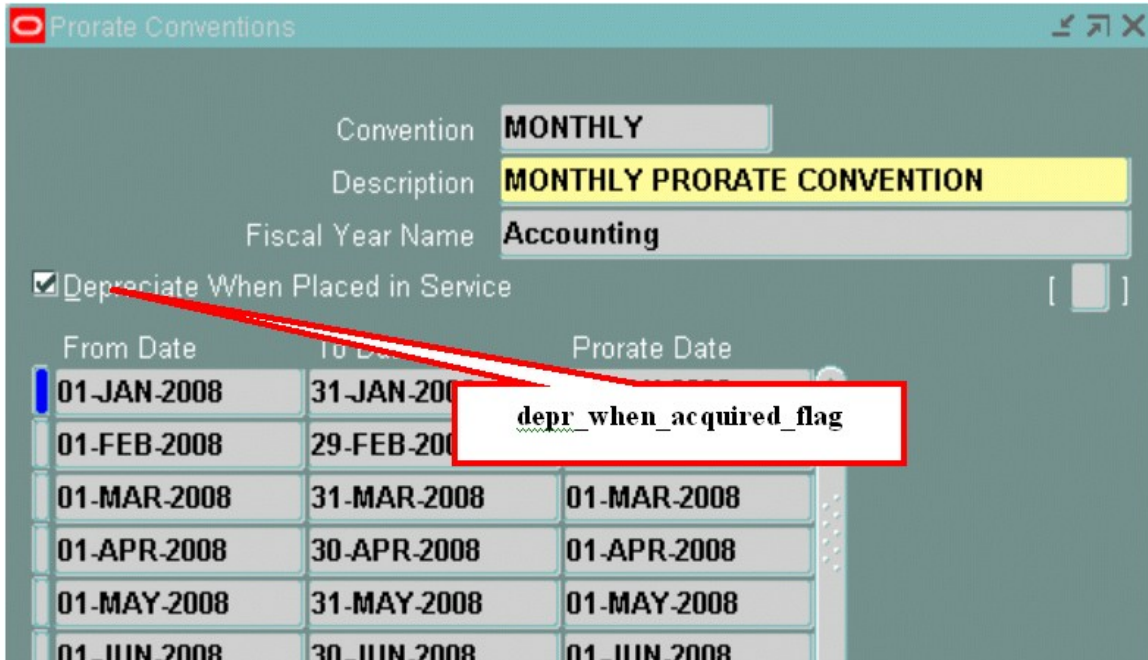
Table field name and its description in the form is as follows;

Field name	Description in the form
deprn_basis_rule	calculation basis

### 3.3 Depreciate when placed in service

Navigation: Setup>Asset System>Prorate Conventions

**Figure 5**



Checkbox Depreciate when placed in service can be checked or unchecked at any point of time. Default is checked.

This check box is relevant only when method types are other than “Calculated”. In other words if method type is calculated this check box has no relevance while calculating depreciation amount.

The value of the checkbox of the prorate convention used for an asset can be obtained from the table fa\_convention\_types with the help of following query.

```
SELECT
  depr_when_acquired_flag
FROM
  fa_convention_types
WHERE
  prorate_convention_code=(Select prorate_convention_code
from fa_books
                           Where asset_id=&Assetid and3
                           book_type_code='&bookname' and
                           date_ineffective is null);
```

Possible values are YES and NO.

Table field name and its description in the form are as follows;

Field name	Description in the form
depr_when_acquired_flag	Depreciate when placed in service

### ***3.4 Depreciation Allocation***

Navigation: Setup>Asset System>Book Controls

Divide depreciation have two values

- Evenly
- Daily

## Figure 6

The screenshot shows the 'Book Controls' window for 'OPS CORP'. The 'Accounting Rules' tab is active. The 'deprn\_allocation\_code' field is highlighted with a red callout box. The 'Last Depreciation Run' section shows a status of 'Error'.

Field	Value
Book	OPS CORP
Class	Corporate
Description	OPERATIONS CORPORATE BOOK.
Associated Corporate Book	OPS CORP
Inactive On	
Allow Purge	<input checked="" type="checkbox"/>
Purged Through	Dec-00
GL Set of Books	Vision Operations
Allow GL Posting	<input checked="" type="checkbox"/>
Depreciation Calendar	Monthly
Fiscal Year Name	ACCOUNTING
Prorate Calendar	Monthly
Current Period	Apr-28
Current Fiscal Year	2028
Divide Depreciation	Evenly
Depreciate if Retired in First	<input checked="" type="checkbox"/>
By Days	<input checked="" type="checkbox"/>
Last Depreciation Run	
Last Run Date	22-FEB-2010 02:08:03
Status	Error
Request Status	
Request Phase	

Evenly: Annual depreciation will be divided evenly over the number of periods in the fiscal year.

Daily: Annual depreciation will be divided based on number of days of periods in the fiscal year. If you want depreciation to be divided based on days, a daily prorate calendar should be attached to the book.

The value of the Depreciation Allocation code for the book can be obtained from the table `fa_book_controls` with the help of following query;

```
SELECT
    deprn_allocation_code
FROM
    fa_book_controls
WHERE
    book_type_code = '&bookname' ;
```

Table field name and its description in the form are as follows;

<b>Field name</b>	<b>Description in the form</b>
deprn allocation code	Divide depreciation

Possible values of the query output are;

E for Evenly

D for Daily

### 3.6 Prorate Calendar

Navigation: Setup>Asset System>Calendars

**Figure 7**

The screenshot shows the 'Book Controls' window for 'OPS CORP'. The 'Prorate Calendar' is set to 'Monthly'. A red box highlights the 'prorate\_calendar' field, with a red arrow pointing to it from a callout box labeled 'prorate\_calendar'.

The prorate calendar determines the number of prorate periods in your fiscal year. It also determines, along with prorate or retirement convention, which depreciation rate to select from the rate table for your table-based depreciation methods. You must specify a prorate calendar for each book.

The name of the prorate calendar for the book can be obtained from the table `fa_book_controls` with the help of following query;

```
SELECT
  prorate_calendar
FROM
  fa_book_controls
WHERE
  book_type_code = '&bookname' ;
```

# 4 Calculation methods

This chapter lists standard examples of depreciation calculation. Examples are grouped based on following depreciation method types;

- Calculated
- Flat
- Formula
- Production
- Table

## 4.1 Calculated Method

Calculated method is one of the life-based methods available in Oracle Assets. Calculated methods spread the asset value evenly over the life.

**Table 1: Calculated method examples**

Calculation Basis	Depreciate when placed in service	Depreciation Allocation	Prorate Calendar	Example No.
Cost	*	Daily	Daily	1
Cost	*	Evenly	Monthly	2
Cost	*	Evenly	Daily	3

\*This flag is not applicable to method type Calculated and production

Depreciation can be allocated to each period based on number of days or evenly. Three examples have been explained in the next section with detailed calculation.

Example 1 to 3 give detailed calculation with different setups.

See section

**5.1 For Method type**

**5.2 For Calculation Basis**

**5.3 For Depreciate when placed in service**

**5.4 For Depreciation Allocation**

**5.5 For Prorate Calendar.**

## 4.2 Table Method

Table method is another life-based method available in Oracle Assets. Oracle Assets gets the annual depreciation rate from a rate table. In Table based depreciation method, rates of depreciation are taken from a table.

**Table 2: Table based method examples**

<b>Calculation Basis</b>	<b>Depreciate when placed in service</b>	<b>Depreciation Allocation</b>	<b>Prorate Calendar</b>	<b>Example No.</b>
Cost	NO	Daily	Daily	4
Cost	YES	Daily	Daily	5
Cost	NO	Evenly	Monthly	6
Cost	YES	Evenly	Monthly	7
NBV	NO	Daily	Daily	8
NBV	YES	Daily	Daily	9
NBV	NO	Evenly	Monthly	10
NBV	YES	Evenly	Monthly	11

Depreciation can be calculated based on cost or NBV as against calculated method where only cost basis is available. Also depreciation can be spread over the periods beginning with the prorate date or the periods beginning with the date placed in service as per check box in prorate convention window.

Example 4 to 11 give detailed calculation with different setups.

See section

**5.1 For Method type**

**5.2 For Calculation Basis**

**5.3 For Depreciate when placed in service**

**5.4 For Depreciation Allocation**

**5.5 For Prorate Calendar.**

## 4.3 Production Method

Units of production methods depreciate the asset cost based on actual use or production each period. First, you enter the units of production depreciation method, production capacity, and unit of measure. You then enter the production for each period to depreciate the asset according to actual use that period.

Production capacity and unit of measure for the asset will be entered at the time of addition.

(N)Asset workbench>Books

Production for each period can be entered for corporate book.

(N) Production>Enter

You can enter unit of production only for open or future periods of the book. Also Production units can be entered only starting from prorate date of the asset.

Once units are entered, you need to upload production units before running depreciation.

(N) Production>Upload

**Table 3: Unit of production method examples**

Calculation Basis	Depreciate when placed in service	Depreciation Allocation	Prorate Calendar	Example No.
Cost	*	Daily	Daily	12
Cost	*	Evenly	Monthly	13

\*This flag is not applicable to method type Calculated and Production.

Depreciation can be calculated based on cost or NBV as against calculated method where only cost basis is available.

Oil and gas companies use the units of production depreciation method based on a depreciation rate defined as Current Period Production over Net Remaining Production Capacity with a NBV depreciable basis, as shown in the following formula;

Net Book Value x (Production for the Period / Net Remaining Production Capacity)  
= Current Period Depreciation Expense.

Net Remaining Production Capacity = Total Capacity – Production used to date.

NBV based examples are not covered in this document.

Example 12 and 13 give detailed calculation with different setups.

See section

***5.1 For Method type***

***5.2 For Calculation Basis***

***5.3 For Depreciate when placed in service***

***5.4 For Depreciation Allocation***

***5.5 For Prorate Calendar.***

## 4.4 Flat rate method

Flat-rate method is used to depreciate the asset over time using a fixed rate.

**Table 4: Flat rate method examples**

<b>Calculation Basis</b>	<b>Depreciate when placed in service</b>	<b>Depreciation Allocation</b>	<b>Prorate Calendar</b>	<b>Example No.</b>
Cost	NO	Daily	Daily	14
Cost	YES	Daily	Daily	15
Cost	NO	Evenly	Monthly	16
Cost	YES	Evenly	Monthly	17
NBV	NO	Daily	Daily	18
NBV	YES	Daily	Daily	19
NBV	NO	Evenly	Monthly	20
NBV	YES	Evenly	Monthly	21

Depreciation can be calculated based on cost or NBV as against calculated method where only cost basis is available. Also depreciation can be spread over the periods beginning with the prorate date or the periods beginning with the date placed in service as per check box in prorate convention window.

Example 14 to 21 give detailed calculation with different setups.

See section

***5.1 For Method type***

***5.2 For Calculation Basis***

***5.3 For Depreciate when placed in service***

***5.4 For Depreciation Allocation***

***5.5 For Prorate Calendar.***

## 4.5 Formula method

Oracle Assets allows you to define depreciation formulas to calculate annual depreciation rates. You use the Depreciation Formula window to define depreciation formulas.

**Table 5: Formula method examples**

<b>Calculation Basis</b>	<b>Depreciate when placed in service</b>	<b>Depreciation Allocation</b>	<b>Prorate Calendar</b>	<b>Example No.</b>
Cost	NO	Daily	Daily	22
Cost	YES	Daily	Daily	23
Cost	NO	Evenly	Monthly	24
Cost	YES	Evenly	Monthly	25
NBV	NO	Daily	Daily	26
NBV	YES	Daily	Daily	27
NBV	NO	Evenly	Monthly	28
NBV	YES	Evenly	Monthly	29

Depreciation can be calculated based on cost or NBV as against calculated method where only cost basis is available. Also depreciation can be spread over the periods beginning with the prorate date or the periods beginning with the date placed in service as per check box in prorate convention window.

Example 22 to 29 give detailed calculation with different setups.

See section

***5.1 For Method type***

***5.2 For Calculation Basis***

***5.3 For Depreciate when placed in service***

***5.4 For Depreciation Allocation***

***5.5 For Prorate Calendar.***

# 5 *Example Explanations*

This chapter explains step-by-step calculation for each example. Also screen shot from the application is given.

Example 1 to 3 uses the following depreciation method.

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: STL
- Description: Straight-Line
- Method Type: Calculated
- Calculation Basis: Cost
- Depreciable Basis Rule: (empty text box)
- Options:
  - Depreciate in Year Retired
  - Exclude Salvage Value
  - Straight Line Method
  - Polish Adjustment Calculation Basis
- Life Years: 5
- Months: 0
- Prorate Periods Per Year: (empty text box)
- Buttons: Formula, Rates

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## Example 1

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar
Calculated	Cost	Daily	Daily

Fiscal Year	Jan to Dec
Depreciation calendar:	Monthly
Cost of the Asset	50,000
Current open period	Mar-09
Date in service	31 <sup>st</sup> Mar-2009
Prorate date	01-Jan-2009
Life in months	60

In this case prorate date is 01-Jan-2009 .So depreciation will be calculated from 01-Jan-2009.

January 31 days +February 28 days= 59 days

i) In Mar-09 period, 59 days catch depreciation will be calculated in addition to 31 days depreciation for the period Mar-09.

Catch up depreciation = $50,000/60 \text{ months} * 12\text{months} = 10000/365\text{days} * 59\text{days} = 1,616.44$ .

ii) Depreciation for 31 days for Mar-09 is calculated and added to the above amount  
 $= 50,000/60 \text{ months} * 12\text{months} = 10000/365\text{days} * 31\text{days} = 849.32$ .

iii) So total depreciation for the period Mar-09 is  $1,616.44 + 849.32 = 2,465.76$ .

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History		
Period	Expense Account	Depreciation Amount	Bonus Depreciation Amount	Revaluation Amortization
Mar-09	01-000-7320-0000-000	2,465.76	0.00	0.00

You can see other calculated method examples in **Table 1: Calculated method examples**.

## Example 2

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar
Calculated	Cost	Evenly	Monthly

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	50,000
Current open period	Mar-09
Date in service	31 <sup>st</sup> Mar-2009
Prorate date	01-Jan-2009
Life in months	60

In this case prorate date is 01-Jan-2009. So depreciation will be calculated from 01-Jan-2009.

January+ February= 2 Months.

i) In Mar-09 period, 2 months catch depreciation will be calculated in addition to one month depreciation for the period Mar-09.

Catch up depreciation =  $50,000/60 \text{ months} * 2 \text{ months} = 1,666.66$ .

ii) Depreciation for 1 month for Mar-09 is calculated and added to the above amount

=  $50,000/60 \text{ months} * 1 \text{ months} = 833.33$ .

iii) So total depreciation for the period Mar-09 is  $1,666.66 + 833.33 = 2,499.99$ .

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History		
Period	Expense Account	Depreciation Amount	Bonus Depreciation Amount	Revaluation Amortization
Mar-09	01-000-7320-0000-000	2,499.99	0.00	0.00

You can see other calculated method examples in **Table 1: Calculated method examples**.

### Example 3

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar
Calculated	Cost	Evenly	Daily

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	50,000
Current open period	Mar-09
Date in service	15 <sup>th</sup> March-2009
Prorate date	15-Mar-2009
Life in months	60

In this case prorate date is 15-Mar-2009. So depreciation will be calculated from 15-Mar-2009.

i) Depreciation from April-09 to Dec-09.

Calculate depreciation expense for the rest of the periods  
 $=50,000/60 \text{ months} * 9 \text{ months} = 7,500$ .

ii) Depreciation for Mar-09 will be only for 17 days.

Calculate annual depreciation for the year  
 $=50,000/5 \text{ years} / 365 \text{ days} * 292 \text{ days} = 8,000$ .

292 days is the number of days from 15-Mar-2009 to 31-Dec-2009.

Depreciation for Mar-09 is annual depreciation less depreciation as per step (i)

$=8,000 - 7,500 = 500$ .

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Mar-09	500.00	500.00	0.00	0.00	0.00	0.00

You can see other calculated method examples in **Table 1: Calculated method examples**.

Example 4 and 5 uses the following depreciation method.

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: TBL COST WP
- Description: my test
- Method Type: Table
- Calculation Basis: Cost
- Depreciable Basis Rule: (empty text box)
- Depreciate in Year Retired
- Exclude Salvage Value
- Straight Line Method
- Polish Adjustment Calculation Basis
- Life Years: 3
- Months: 0
- Prorate Periods Per Year: 365

At the bottom right, there are two buttons: "Formula" and "Rates".

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

### Example 4

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	Cost	Daily	Daily	NO

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-05
Date in service	15-Jun-2005
Prorate date	01-Jun-2005
Life in months	36

In this case prorate date is 01-Jun-2005. 01-Jun is the 62<sup>nd</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 62<sup>nd</sup> period is 0.416438. This information is available in depreciation method definition.

Navigation: Setup > depreciation > methods > Query method > Rates

Year	Period	Annual Rate
1	62	.416438
2	62	.291781
3	62	.291781
4	62	0

i) Depreciation for the this fiscal year is cost\*rate  
 $=30,000*0.416438=12,493.14$ .

ii) Daily depreciation for this fiscal year .

Total depreciation/number of days from the prorate date to the end of fiscal year.

Number of days from probate to end of fiscal year=31-Mar-06 less 1-Jun-05=304 days.

Daily depreciation= $12,493.14/304=41.10$ .

iii) Depreciation for Jun-05.

Number of days from prorate date to end of June\*Daily depreciation

= $30 \text{ days} * 41.10 = 1,232.88$ .

Depreciation will keep calculating based on number of days in each period till Mar-06.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-05	1,232.88	1,232.88	0.00	0.00	0.00	0.00
Oct-05	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Sep-05	1,232.88	1,232.88	0.00	0.00	0.00	0.00
Aug-05	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Jul-05	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Jun-05	1,232.88	1,232.88	0.00	0.00	0.00	0.00

From April-06 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 62<sup>nd</sup> period. In this case 0.291781.This information is picked from depreciation method definition.

April-06 depreciation =  $30,000*0.291781/365\text{days}*30\text{days}=719.46$ .

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jul-06	743.44	743.44	0.00	0.00	0.00	0.00
Jun-06	719.46	719.46	0.00	0.00	0.00	0.00
May-06	743.44	743.44	0.00	0.00	0.00	0.00
Apr-06	719.46	719.46	0.00	0.00	0.00	0.00
Mar-06	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Feb-06	1,150.68	1,150.68	0.00	0.00	0.00	0.00

You can see other table based method examples in **Table 2: Table based method examples.**

### Example 5

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	Cost	Daily	Daily	YES

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-05
Date in service	15-Jun-2005
Prorate date	01-Jun-2005
Life in months	36

In this case prorate date is 01-Jun-2005. 01-Jun is the 62<sup>nd</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 62<sup>nd</sup> period is 0.416438. This information is available in depreciation method definition.

Navigation: Setup>depreciation>methods>Query method>Rates

Year	Period	Annual Rate
1	62	.416438
2	62	.291781
3	62	.291781
4	62	0

i) Depreciation for the this fiscal year is cost\*rate  
 $=30,000*0.416438=12,493.14$ .

ii) Daily depreciation for this fiscal year.

Total depreciation/number of days from the date placed in service to the end of fiscal year. In this case, Depreciate when placed in service flag was checked as against Example 4.

Number of days from date placed in service to end of fiscal year=31-Mar-06 less 15-Jun-05=290 days.

Daily depreciation=12,493.14/290= 43.08.

iii) Depreciation for Jun-05.

Number of days from date placed in service to end of June\*Daily depreciation  
=16 days\*43.08=689.28.

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference as against Example 4.

Depreciation will keep calculating based on number of days in each period till Mar-06.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-05	1,292.39	1,292.39	0.00	0.00	0.00	0.00
Oct-05	1,335.47	1,335.47	0.00	0.00	0.00	0.00
Sep-05	1,292.39	1,292.39	0.00	0.00	0.00	0.00
Aug-05	1,335.47	1,335.47	0.00	0.00	0.00	0.00
Jul-05	1,335.47	1,335.47	0.00	0.00	0.00	0.00
Jun-05	689.28	689.28	0.00	0.00	0.00	0.00

From April-06 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 62<sup>nd</sup> period. In this case 0.291781. This information is picked from depreciation method definition.

April-06 depreciation will be 30,000\*0.291781/365days\*30days=719.46.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jul-06	743.44	743.44	0.00	0.00	0.00	0.00
Jun-06	719.46	719.46	0.00	0.00	0.00	0.00
May-06	743.44	743.44	0.00	0.00	0.00	0.00
Apr-06	719.46	719.46	0.00	0.00	0.00	0.00
Mar-06	1,335.50	1,335.50	0.00	0.00	0.00	0.00
Feb-06	1,206.23	1,206.23	0.00	0.00	0.00	0.00

You can see other table based method examples in **Table 2: Table based method examples**.

Example 6 and 7 uses the following depreciation method.

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: TST-TABLE
- Description: TST-TABLE
- Method Type: Table
- Calculation Basis: Cost
- Depreciable Basis Rule: (empty text box)
- Options:
  - Depreciate in Year Retired
  - Exclude Salvage Value
  - Straight Line Method
  - Polish Adjustment Calculation Basis
- Life Years: 2
- Months: 0
- Prorate Periods Per Year: 12

At the bottom right, there are two buttons: "Formula" and "Rates".

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## Example 6

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	Cost	Evenly	Monthly	NO

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	May-09
Date in service	15-May-2009
Prorate date	01-Jan-2009
Life in months	24

In this case prorate date is 01-Jan-2009. 01-Jan is the 1<sup>ST</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 1<sup>ST</sup> period is 0.2. This information is available in depreciation method definition.

Navigation: Setup>depreciation>methods>Query method>Rates

Year	Period	Annual Rate
1	1	.2
2	1	.3
3	1	.5
1	2	.1
2	2	.2
3	2	.7
4	2	.7

i) Depreciation for the this fiscal year is cost\*rate  
 $=30,000*0.2= 6,000$ .

ii) Monthly depreciation for this fiscal year.

Total depreciation/number of period from the prorate period to the end of fiscal year.

Number of periods from the prorate period, ie Jan-09 to end of fiscal year=12 periods.

Monthly depreciation= $6,000/12= 500$ .

iii) Depreciation for May-09.

Catch up depreciation from Jan to April+May-09 depreciation, ie 5 periods.

$5 * 500 = 2500$ . Catch up depreciation of 2000 is included here.

Depreciation for rest of the periods in the fiscal year is 500.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Oct-09	500.00	500.00	0.00	0.00	0.00	0.00
Sep-09	500.00	500.00	0.00	0.00	0.00	0.00
Aug-09	500.00	500.00	0.00	0.00	0.00	0.00
Jul-09	500.00	500.00	0.00	0.00	0.00	0.00
Jun-09	500.00	500.00	0.00	0.00	0.00	0.00
May-09	2,500.00	500.00	2,000.00	0.00	0.00	0.00

From Jan-10 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 1<sup>st</sup> period. In this case rate is 0.3. This information is picked from depreciation method definition.

Jan-10 depreciation =  $30,000 * 0.3 / 12 = 750$ .

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jan-10	750.00	750.00	0.00	0.00	0.00	0.00
Dec-09	500.00	500.00	0.00	0.00	0.00	0.00
Nov-09	500.00	500.00	0.00	0.00	0.00	0.00
Oct-09	500.00	500.00	0.00	0.00	0.00	0.00
Sep-09	500.00	500.00	0.00	0.00	0.00	0.00
Aug-09	500.00	500.00	0.00	0.00	0.00	0.00

You can see other table based method examples in **Table 2: Table based method examples.**

## Example 7

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	Cost	Evenly	Monthly	YES

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	May-09
Date in service	15-May-2009
Prorate date	01-Jan-2009
Life in months	24

In this case prorate date is 01-Jan-2009. 01-Jan is the 1<sup>ST</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 1<sup>ST</sup> period is 0.2. This information is available in depreciation method definition.

Navigation: Setup>depreciation>methods>Query method>Rates

Year	Period	Annual Rate
1	1	.2
2	1	.3
3	1	.5
1	2	.1
2	2	.2
3	2	.7

i) Depreciation for the this fiscal year is  $\text{cost} \times \text{rate} = 30,000 \times 0.2 = 6,000$ .

ii) Monthly depreciation for this fiscal year.

Total depreciation divided by the number of period from the 'date placed in service period' to the end of fiscal year.

Number of periods from the 'date placed in service period', ie May-09 to end of fiscal year=8 periods.

Monthly depreciation= $6,000/8 = 750$ .

iii) Depreciation for May-09 will be 750.

You can see how **Depreciate when placed in service** check box in prorated convention makes the difference as against Example 6.

Depreciation for rest of the periods in the fiscal year is 750.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Oct-09	750.00	750.00	0.00	0.00	0.00	0.00
Sep-09	750.00	750.00	0.00	0.00	0.00	0.00
Aug-09	750.00	750.00	0.00	0.00	0.00	0.00
Jul-09	750.00	750.00	0.00	0.00	0.00	0.00
Jun-09	750.00	750.00	0.00	0.00	0.00	0.00
May-09	750.00	750.00	0.00	0.00	0.00	0.00

From Jan-10 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 1<sup>st</sup> period. In this case the rate is 0.3. This information is picked from depreciation method definition.

Jan-10 depreciation =  $30,000 * 0.3 / 12 = 750$ .

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jan-10	750.00	750.00	0.00	0.00	0.00	0.00
Dec-09	750.00	750.00	0.00	0.00	0.00	0.00
Nov-09	750.00	750.00	0.00	0.00	0.00	0.00
Oct-09	750.00	750.00	0.00	0.00	0.00	0.00
Sep-09	750.00	750.00	0.00	0.00	0.00	0.00
Aug-09	750.00	750.00	0.00	0.00	0.00	0.00

You can see other table based method examples in **Table 2: Table based method examples**.

Example 8 and 9 uses the following depreciation method.

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: TBL NBV WP
- Description: FR Dégressif 3 ans Coeff fiscal 1,5 \* 365 périodes
- Method Type: Table
- Calculation Basis: NBV
- Depreciable Basis Rule: (empty text box)
- Depreciate in Year Retired
- Exclude Salvage Value
- Straight Line Method
- Polish Adjustment Calculation Basis
- Life Years: 3
- Months: 0
- Prorate Periods Per Year: 365

At the bottom right, there are two buttons: "Formula" and "Rates".

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## Example 8

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	NBV	Daily	Daily	NO

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-05
Date in service	15-Jun-2005
Prorate date	01-Jun-2005
Life in months	36

In this case prorate date is 01-Jun-2005. 01-Jun is the 62<sup>nd</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 62<sup>nd</sup> period is 0.416438. This information is available in depreciation method definition.

Navigation: Setup>depreciation>methods>Query method>Rates

Year	Period	Annual Rate
1	62	.416438
2	62	.291781
3	62	.291781
4	62	1

i) Depreciation for the this fiscal year is cost\*rate  
 $=30,000*0.416438=12,493.14$ .

ii) Daily depreciation for this fiscal year.

Total depreciation/number of days from the prorate date to the end of fiscal year.

Number of days from prorate to end of fiscal year=31-Mar-06 less 1-Jun-05=304 days.

Daily depreciation= $12,493.14/304=41.10$ .

iii) Depreciation for Jun-05.

Number of days from prorated date to end of June \* Daily depreciation

$$= 30 \text{ days} * 41.10 = 1232.88.$$

Depreciation will keep calculating based on number of days in each period till Mar-06.

Navigation: Asset workbench > Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-05	1,232.88	1,232.88	0.00	0.00	0.00	0.00
Oct-05	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Sep-05	1,232.88	1,232.88	0.00	0.00	0.00	0.00
Aug-05	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Jul-05	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Jun-05	1,232.88	1,232.88	0.00	0.00	0.00	0.00

From April-06 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 62<sup>nd</sup> period. In this case 0.291781. This information is picked from depreciation method definition.

iv) Depreciation for Apr-06.

This is an NBV based method. So NBV at the end of Mar-06 will be calculated.

$$\text{Cost less Accumulated depreciation at the end of Mar-06} = 30000 - 12,493.14 = 17,506.86.$$

Depreciation = NBV \* rate applicable to second year / 365 days \* 30 days

$$= 17,506.86 * 0.291781 / 365 * 30 = 419.85.$$

Navigation: Asset workbench > Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jul-06	433.84	433.84	0.00	0.00	0.00	0.00
Jun-06	419.85	419.85	0.00	0.00	0.00	0.00
May-06	433.84	433.84	0.00	0.00	0.00	0.00
Apr-06	419.85	419.85	0.00	0.00	0.00	0.00
Mar-06	1,273.97	1,273.97	0.00	0.00	0.00	0.00
Feb-06	1,150.68	1,150.68	0.00	0.00	0.00	0.00

You can see other table based method examples in **Table 2: Table based method examples.**

## Example 9

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	NBV	Daily	Daily	YES

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-05
Date in service	15-Jun-2005
Prorate date	01-Jun-2005
Life in months	36

In this case prorate date is 01-Jun-2005. 01-Jun is the 62<sup>nd</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 62<sup>nd</sup> period is 0.416438. This information is available in depreciation method definition.

Navigation: Setup>depreciation>methods>Query method>Rates

Year	Period	Annual Rate
1	62	.416438
2	62	.291781
3	62	.291781
4	62	1

i) Depreciation for the this fiscal year is  $\text{cost} \times \text{rate} = 30,000 \times 0.416438 = 12,493.14$ .

ii) Daily depreciation for this fiscal year .

Total depreciation/number of days from the date placed in service to the end of fiscal year.

Number of days from date placed in service to end of fiscal year = 31-Mar-06 less 15-Jun-05 = 290 days.

Daily depreciation =  $12,493.14 / 290 = 43.08$ .

iii) Depreciation for Jun-05.

Number of days from date placed in service to end of June\*Daily depreciation  
 =16 days\*43.08=689.28.

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference as against Example 8.

Depreciation will keep calculating based on number of days in each period till Mar-06.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-05	1,292.39	1,292.39	0.00	0.00	0.00	0.00
Oct-05	1,335.47	1,335.47	0.00	0.00	0.00	0.00
Sep-05	1,292.39	1,292.39	0.00	0.00	0.00	0.00
Aug-05	1,335.47	1,335.47	0.00	0.00	0.00	0.00
Jul-05	1,335.47	1,335.47	0.00	0.00	0.00	0.00
Jun-05	689.28	689.28	0.00	0.00	0.00	0.00

From April-06 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 62<sup>nd</sup> period. In this case rate is 0.291781. This information is picked from depreciation method definition.

iv) Depreciation for Apr-06.

This is an NBV based method. So NBV at the end of Mar-06 will be calculated.

Cost less Accumulated depreciation at the end of Mar-06

=30000-12,493.14=17,506.86.

Depreciation=NBV\*rate applicable to second year/365days\*30 days

=17,506.86\*0.291781/365\*30=419.85.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jul-06	433.84	433.84	0.00	0.00	0.00	0.00
Jun-06	419.85	419.85	0.00	0.00	0.00	0.00
May-06	433.84	433.84	0.00	0.00	0.00	0.00
Apr-06	419.85	419.85	0.00	0.00	0.00	0.00
Mar-06	1,335.50	1,335.50	0.00	0.00	0.00	0.00
Feb-06	1,206.23	1,206.23	0.00	0.00	0.00	0.00

You can see other table based method examples in **Table 2: Table based method examples.**

Example 10 and 11 uses the following depreciation method.

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: TST-TABLENBV
- Description: TST-TABLENBV
- Method Type: Table
- Calculation Basis: NBV
- Depreciable Basis Rule: (empty text box)
- Depreciate in Year Retired
- Exclude Salvage Value
- Straight Line Method
- Polish Adjustment Calculation Basis
- Life Years: 2
- Months: 0
- Prorate Periods Per Year: 12

At the bottom right, there are two buttons: "Formula" and "Rates".

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## Example 10

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	NBV	Evenly	Monthly	NO

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	May-09
Date in service	15-May-2009
Prorate date	01-Jan-2009
Life in months	24

In this case prorate date is 01-Jan-2009. 01-Jan is the 1<sup>ST</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 1<sup>ST</sup> period is 0.2. This information is available in depreciation method definition.

Navigation: Setup>depreciation>methods>Query method>Rates

Year	Period	Annual Rate
1	1	.2
2	1	.9
3	1	1
1	2	.4
2	2	.5
3	2	1

i) Depreciation for the this fiscal year is  $\text{cost} \times \text{rate} = 30,000 \times 0.2 = 6,000$ .

ii) Monthly depreciation for this fiscal year .

Total depreciation/number of period from the prorate period to the end of fiscal year.

Number of periods from the prorate period, ie Jan-09 to end of fiscal year=12 periods.

Monthly depreciation= $6,000/12 = 500$ .

iii) Depreciation for May-09.

Catch up depreciation from Jan to April+May-09 depreciation ,ie 5 periods

=5\*500=2500.Catch up depreciation of 2000 is included here.

Depreciation for rest of the periods in the fiscal year is 500.

Navigation: Asset workbench>Financial inquiry

Period	Expense Account	Depreciation Amount	Bonus Depreciation Amount	Revaluation Amortization
Oct-09	01-000-7320-0000-000	500.00	0.00	0.00
Sep-09	01-000-7320-0000-000	500.00	0.00	0.00
Aug-09	01-000-7320-0000-000	500.00	0.00	0.00
Jul-09	01-000-7320-0000-000	500.00	0.00	0.00
Jun-09	01-000-7320-0000-000	500.00	0.00	0.00
May-09	01-000-7320-0000-000	2,500.00	0.00	0.00

From Jan-10 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 1<sup>st</sup> period. In this case rate is 0.9.This information is picked from depreciation method definition.

iv) Depreciation for Jan-10.

This is an NBV based method. So NBV at the end of Dec-09 will be calculated.

Cost less Accumulated depreciation at the end of Dec-09.

=30000-6,000=24,000.

Depreciation=NBV\*rate applicable to second year/12 periods

=24,000\*0.9/12=1,800.

You can see other table based method examples in **Table 2: Table based method examples.**

## Example 11

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Table	NBV	Evenly	Monthly	YES

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	May-09
Date in service	15-May-2009
Prorate date	01-Jan-2009
Life in months	24

In this case prorate date is 01-Jan-2009. 01-Jan is the 1<sup>ST</sup> period in the prorate calendar. Depreciation rate for the 1<sup>st</sup> year 1<sup>ST</sup> period is 0.2. This information is available in depreciation method definition.

Navigation: Setup>depreciation>methods>Query method>Rates

Year	Period	Annual Rate
1	1	.2
2	1	.9
3	1	1
1	2	.4
2	2	.5
3	2	1

i) Depreciation for the this fiscal year is  $\text{cost} \times \text{rate} = 30,000 \times 0.2 = 6,000$ .

ii) Monthly depreciation for this fiscal year.

Total depreciation divided by the number of period from the 'date placed in service period' to the end of fiscal year. In this case, Depreciate when placed in service flag was checked as against Example 10.

Number of periods from the 'date placed in service period', ie May-09 to end of fiscal year=8 periods.

Monthly depreciation= $6,000/8 = 750$ .

iii) Depreciation for May-09 will be 750.

You can see how **Depreciate when placed in service** check box in prorated convention makes the difference as against Example 10.

Depreciation for rest of the periods in the fiscal year is 750.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Oct-09	750.00	750.00	0.00	0.00	0.00	0.00
Sep-09	750.00	750.00	0.00	0.00	0.00	0.00
Aug-09	750.00	750.00	0.00	0.00	0.00	0.00
Jul-09	750.00	750.00	0.00	0.00	0.00	0.00
Jun-09	750.00	750.00	0.00	0.00	0.00	0.00
May-09	750.00	750.00	0.00	0.00	0.00	0.00

From Jan-10 new depreciation rate will be applicable. Applicable rate will be Depreciation rate for the 2<sup>nd</sup> year 1<sup>st</sup> period. In this case rate is 0.9. This information is picked from depreciation method definition.

iv) Depreciation for Jan-10.

This is an NBV based method. So NBV at the end of Dec-09 will be calculated.

Cost less Accumulated depreciation at the end of Dec-09=30000-6,000=24,000.

Depreciation=NBV\*rate applicable to second year/12 periods

=24,000\*0.9/12=1,800.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jan-10	1,800.00	1,800.00	0.00	0.00	0.00	0.00
Dec-09	750.00	750.00	0.00	0.00	0.00	0.00
Nov-09	750.00	750.00	0.00	0.00	0.00	0.00
Oct-09	750.00	750.00	0.00	0.00	0.00	0.00
Sep-09	750.00	750.00	0.00	0.00	0.00	0.00
Aug-09	750.00	750.00	0.00	0.00	0.00	0.00

You can see other table based method examples in **Table 2: Table based method examples.**

Example 12 and 13 uses the following depreciation method.

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: PROD WP
- Description: Cost based Production method
- Method Type: Production
- Calculation Basis: Cost
- Depreciable Basis Rule: (empty text box)
- Depreciate in Year Retired
- Exclude Salvage Value
- Straight Line Method
- Polish Adjustment Calculation Basis
- Life Years: (empty text box)
- Months: (empty text box)
- Prorate Periods Per Year: (empty text box)
- [ (empty text box) ]
- Buttons: Formula, Rates

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## Example 12

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar
Production	Cost	Daily	Daily

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-06
Date in service	15-Jun-2006
Prorate date	01-Jul-2006
UOM	Kilogram
Capacity	3,000

The information in the asset workbench as follows;

Navigation: Asset>Asset workbench>Books

The screenshot shows the SAP Asset Workbench Books form. The Asset Number is EXAMPLE 12 and the Book is BAJAJ. The Reference Number and Comments fields are empty. The Financial Information section shows Current Cost, Original Cost, Salvage Value Type (Amount), Salvage Value, Recoverable Cost, and Net Book Value, all with values of 30,000.00 or 0.00. The Depreciation section is active, showing Method (PROD WP), UOM (Production), Capacity (3000), Year-to-Date (KILO 0), and Life-to-Date (KILO 0). The Depreciate checkbox is checked, and the Date in Service is 15-JUN-2006. The Prorate Convention is HCL FOL MT and the Prorate Date is 01-JUL-2006. The Amortization Start Date is empty. The Amortize NEV over Remaining Life checkbox is unchecked, and the Ceiling is empty. The Depreciation Limit section is also empty. The form has Continue and Cancel buttons at the bottom right.

Now enter the production for the period.

Navigation: Production>Enter

Asset Number	Description	From Date	To Date	UOM	Production	[ ]
EXAMPLE 12	tt	01-JUL-2006	31-JUL-2006	Kilogr	50	

From date must be greater than or equal to prorate date. So you will not be able to enter production for Jun-06.

After entering production, upload the same.

Navigation: Production>Upload

Submit Request

Run this Request...

Copy...

Name: Upload Production

Operating Unit:

Parameters:

Language: American English

Language Settings... Debug Options

At these Times

Parameters

Book: BAJAJ TEST

OK Cancel Clear Help

Options...

Print to: noprint

Help (C) Submit Cancel

Once depreciation is run, depreciation will be calculated based on units of production.

Depreciation for Jul-06 will be Cost/Production capacity\*units of production for Jul-06

$$=30,000/3,000*50=500.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jul-06	500.00	500.00	0.00	0.00	0.00	0.00

In the next financial year also depreciation will be calculated based on cost.

In Apr-07 units of production entered is 250.

So depreciation for Apr-07

$$=30,000/3,000*250=2,500.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Apr-07	2,500.00	2,500.00	0.00	0.00	0.00	0.00
Mar-07	1,000.00	1,000.00	0.00	0.00	0.00	0.00
Feb-07	750.00	750.00	0.00	0.00	0.00	0.00
Jan-07	750.00	750.00	0.00	0.00	0.00	0.00
Dec-06	300.00	300.00	0.00	0.00	0.00	0.00
Nov-06	400.00	400.00	0.00	0.00	0.00	0.00

You can see other production based method examples in ***Table 3: Unit of production method examples.***

### Example 13

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar
Production	Cost	Evenly	Monthly

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Apr-10
Date in service	15-Apr-2010
Prorate date	01-Apr-2010
UOM	Kilogram
Capacity	3,000

The information in the asset workbench is as follows:

Navigation: Asset>Asset workbench>Books

The screenshot displays the SAP Asset Workbench 'Books' form. The 'Financial Information' section includes fields for Asset Number (EXAMPLE 13), Book (VN CORP), Current Cost (30,000.00), Original Cost (30,000.00), Salvage Value Type (Amount), Salvage Value (0.00), Recoverable Cost (30,000.00), and Net Book Value (30,000.00). The 'Depreciation' section shows Method (PROD WP), UOM (Production), Capacity (KILO 3000), Year-to-Date (KILO 0), and Life-to-Date (KILO 0). The 'Prorate' section includes Date in Service (15-APR-2010), Prorate Convention (MONTH), Prorate Date (01-APR-2010), and Amortization Start Date. The 'Depreciation Limit' section has Type, Limit Amount, and Percent fields. The 'Depreciate' checkbox is checked, and the 'Amortize NBV over Remaining Life' checkbox is unchecked. The 'Reference Number' and 'Comments' fields are empty. The 'YTD Depreciation' and 'Accumulated Depreciation' are both 0.00. The 'Salvage Value Percent' is set to 0%. The 'Revaluation Ceiling' and 'Revaluation Reserve' fields are empty. The 'Continue' and 'Cancel' buttons are at the bottom right.

Now enter the production for the period.

Navigation: Production>Enter

Asset Number	Description	From Date	To Date	UOM	Production	[ ]
EXAMPLE 13	tt	01-APR-2010	30-APR-2010	Kilogr	50	

From date must be greater than or equal to prorate date. Also production can be entered only for open or future periods.

After entering production, upload the same.

Navigation: Production>Upload

Submit Request

Run this Request... Copy...

Name: Upload Production

Operating Unit:

Parameters: VN CORP

Language: American English

Language Settings... Debug Options

Parameters

Book: VN CORP

OK Cancel Clear Help

Notify:

Print to: noprint Options...

Help (C) Submit Cancel

Once depreciation is run, depreciation will be calculated based on units of production.

Depreciation for Apr-10 will be  $\text{Cost}/\text{Production capacity} \times \text{units of production for Apr-10}$   
 $= 30,000/3,000 \times 50 = 500$ .

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History				
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Apr-10	500.00	500.00	0.00	0.00	0.00	0.00

In the next financial year also depreciation will be calculated based on cost.

In Jan-11 units of production entered is 250.

So depreciation for Jan-11  $= 30,000 / 3,000 * 250 = 2,500$ .

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History				
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jan-11	2,500.00	2,500.00	0.00	0.00	0.00	0.00
Dec-10	1,000.00	1,000.00	0.00	0.00	0.00	0.00
Nov-10	500.00	500.00	0.00	0.00	0.00	0.00
Oct-10	500.00	500.00	0.00	0.00	0.00	0.00
Sep-10	500.00	500.00	0.00	0.00	0.00	0.00
Aug-10	500.00	500.00	0.00	0.00	0.00	0.00

You can see other production based method examples in *Table 3: Unit of production method examples*.

Example 14 to 17 uses the following depreciation method.

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: FLAT
- Description: Flat Rate, Cost Basis
- Method Type: Flat
- Calculation Basis: Cost
- Depreciable Basis Rule: USE RECOVERABLE COST
- Depreciate in Year Retired
- Exclude Salvage Value
- Straight Line Method
- Polish Adjustment Calculation Basis

At the bottom, there are input fields for "Life Years", "Months", and "Prorate Periods Per Year". There are also two buttons labeled "Formula" and "Rates".

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## Example 14

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	Cost	Daily	Daily	NO

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-07
Date in service	15-Jun-2007
Prorate date	01-Jun-2007
Rate	10%

In this case prorate date is 01-Jun-2007 since prorate convention is Beginning of the month.

i) Depreciation for the fiscal year.

$\text{Cost} \times \text{Rate} / \text{Number of days in the fiscal year} \times \text{Days from prorate date to end of fiscal year}$   
 $= 30,000 \times 10\% / 366 \text{Days} \times 305 = 2,500.$

ii) Depreciation for Jun-07.

$\text{Depreciation for the year} / \text{Days from prorate date to end of fiscal year} \times \text{Days from prorate date to end of Jun-07}$   
 $= 2,500 / 305 \text{Days} \times 30 \text{Days} = 245.90.$

Depreciation will keep calculating based on number of days in each period till Mar-08.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jun-07	245.90	245.90	0.00	0.00	0.00	0.00

You can see other flat rate method examples in *Table 4: Flat rate method examples*.

## Example 15

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	Cost	Daily	Daily	YES

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-07
Date in service	15-Jun-2007
Prorate date	01-Jun-2007
Rate	10%

In this case prorate date is 01-Jun-2007 since prorate convention is Beginning of the month.

i) Depreciation for the fiscal year.

$\text{Cost} * \text{Rate} / \text{Number of days in the fiscal year} * \text{Days from prorate date to end of fiscal year}$   
 $= 30,000 * 10\% / 366 \text{Days} * 305 = 2,500.$

ii) Depreciation for Jun-07.

$\text{Depreciation for the year} / \text{Days from Date Placed in service to end of fiscal year} * \text{Days from Date Placed in service to end of Jun-07}$   
 $= 2,500 / 291 \text{Days} * 16 \text{Days} = 137.46.$

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference as against Example 14.

Depreciation will keep calculating based on number of days in each period till Mar-08.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jun-07	137.46	137.46	0.00	0.00	0.00	0.00

You can see other flat rate method examples in *Table 4: Flat rate method examples.*

## Example 16

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	Cost	Evenly	Monthly	NO

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Apr-11
Date in service	15-Apr-2011
Prorate date	01-Jan-2011
Rate	10%

In this case prorate date is 01-Jan-2011 since prorate convention is Beginning of the year.

i) Depreciation for the fiscal year.

$\text{Cost} \times \text{Rate} / \text{Number of periods in the fiscal year} \times \text{Number of periods from prorate period to end of fiscal year} = 30,000 \times 10\% / 12 \times 12 = 3,000$ .

ii) Monthly depreciation.

$\text{Depreciation for the year} / \text{Number of periods from prorate period to end of fiscal year} = 3000 / 12 = 250$ .

iii) Depreciation for Apr-11.

Catch up depreciation from Jan to April + Apr-11 depreciation, i.e. 4 periods

$= 4 \times 250 = 1,000$ . Catch up depreciation of 750 is included here.

Depreciation for rest of the periods in the fiscal year will be 250.

Navigation: Asset workbench > Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Apr-11	1,000.00	250.00	750.00	0.00	0.00	0.00

You can see other flat rate method examples in *Table 4: Flat rate method examples*.

## Example 17

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	Cost	Evenly	Monthly	YES

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Apr-11
Date in service	15-Apr-2011
Prorate date	01-Jan-2011
Rate	10%

i) Depreciation for the fiscal year.

$\text{Cost} \times \text{Rate} / \text{Number of periods in the fiscal year} \times \text{Number of periods from prorate period to end of fiscal year} = 30,000 \times 10\% / 12 \times 12 = 3,000.$

ii) Monthly depreciation.

Depreciation for the year/ Number of periods from the 'period of date placed in service' to end of fiscal year  
 $= 3000 / 9 = 333.33.$

iii) Depreciation for Apr-11 will be 333.33

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference against previous Example 16.

Depreciation for rest of the periods in the fiscal year will be 333.33.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Apr-11	333.33	333.33	0.00	0.00	0.00	0.00

You can see other flat rate method examples in *Table 4: Flat rate method examples.*

Example 18 to 21 uses the following depreciation method

Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: NEV 20
- Description: NEV
- Method Type: Flat
- Calculation Basis: NEV
- Depreciable Basis Rule: USE FISCAL YEAR BEGINNING BASIS
- Depreciate in Year Retired
- Exclude Salvage Value
- Straight Line Method
- Polish Adjustment Calculation Basis

At the bottom, there are input fields for "Life Years", "Months", and "Prorate Periods Per Year". There are also two buttons labeled "Formula" and "Rates".

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## Example 18

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	NBV	Daily	Daily	NO

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-07
Date in service	15-Jun-2007
Prorate date	01-Jun-2007
Rate	10%

i) Depreciation for the fiscal year

$\text{Cost} * \text{Rate} / \text{Number of days in the fiscal year} * \text{Days from prorate date to end of fiscal year}$   
 $= 30,000 * 10\% / 366 \text{Days} * 305 = 2,500.$

ii) Depreciation for Jun-07.

$\text{Depreciation for the year} / \text{Days from prorate date to end of fiscal year} * \text{Days from prorate date to end of Jun-07}$   
 $= 2,500 / 305 \text{Days} * 30 \text{Days} = 245.90.$

Depreciation will keep calculating based on number of days in each period till Mar-08.

Navigation: Asset workbench > Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-07	245.90	245.90	0.00	0.00	0.00	0.00
Oct-07	254.10	254.10	0.00	0.00	0.00	0.00
Sep-07	245.90	245.90	0.00	0.00	0.00	0.00
Aug-07	254.10	254.10	0.00	0.00	0.00	0.00
Jul-07	254.10	254.10	0.00	0.00	0.00	0.00
Jun-07	245.90	245.90	0.00	0.00	0.00	0.00

From April-08 depreciation will be based on NBV at the beginning of the fiscal year.

iii) Depreciation for Apr-08.

This is an NBV based method. So NBV at the end of Mar-08 will be calculated

Cost less Accumulated depreciation at the end of Mar-08

$$=30,000-2,500=27,500.$$

$$\text{Depreciation} = \text{NBV} * 10\% / 365 \text{ days} * 30 \text{ days}$$
$$= 27500 * 10\% / 365 * 30 = 226.03.$$

Navigation: Asset workbench > Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
Apr-08	226.03	226.03	0.00	0.00	0.00	0.00	
Mar-08	254.10	254.10	0.00	0.00	0.00	0.00	
Feb-08	237.70	237.70	0.00	0.00	0.00	0.00	
Jan-08	254.10	254.10	0.00	0.00	0.00	0.00	
Dec-07	254.10	254.10	0.00	0.00	0.00	0.00	
Nov-07	245.90	245.90	0.00	0.00	0.00	0.00	

You can see other flat rate method examples in *Table 4: Flat rate method examples*.

## Example 19

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	NBV	Daily	Daily	YES

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-07
Date in service	15-Jun-2007
Prorate date	01-Jun-2007
Rate	10%

In this case prorate date is 01-Jun-2007 since prorate convention is Beginning of the month.

i) Depreciation for the fiscal year.

$\text{Cost} \times \text{Rate} / \text{Number of days in the fiscal year} \times \text{Days from prorate date to end of fiscal year}$   
 $= 30,000 \times 10\% / 366 \text{Days} \times 305 = 2,500.$

ii) Depreciation for Jun-07.

$\text{Depreciation for the year} / \text{Days from Date Placed in service to end of fiscal year} \times \text{Days from Date Placed in service to end of Jun-07}$   
 $= 2,500 / 291 \text{Days} \times 16 \text{Days} = 137.46.$

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference as against Example 18.

Depreciation will keep calculating based on number of days in each period till Mar-08.

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
Nov-07	257.73	257.73	0.00	0.00	0.00	0.00	
Oct-07	266.32	266.32	0.00	0.00	0.00	0.00	
Sep-07	257.73	257.73	0.00	0.00	0.00	0.00	
Aug-07	266.32	266.32	0.00	0.00	0.00	0.00	
Jul-07	266.32	266.32	0.00	0.00	0.00	0.00	
Jun-07	137.46	137.46	0.00	0.00	0.00	0.00	

From April-08 depreciation will be based on NBV at the beginning of the fiscal year.

iii) Depreciation for Apr-08.

This is an NBV based method. So NBV at the end of Mar-08 will be calculated.

Cost less Accumulated depreciation at the end of Mar-08

$$=30,000-2,500=27,500.$$

$$\text{Depreciation}=\text{NBV} \times 10\% / 365 \text{ days} \times 30 \text{ days}$$

$$=27,500 \times 10\% / 365 \times 30 = 226.03.$$

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
Apr-08	226.03	226.03	0.00	0.00	0.00	0.00	
Mar-08	266.34	266.34	0.00	0.00	0.00	0.00	
Feb-08	249.14	249.14	0.00	0.00	0.00	0.00	
Jan-08	266.32	266.32	0.00	0.00	0.00	0.00	
Dec-07	266.32	266.32	0.00	0.00	0.00	0.00	
Nov-07	257.73	257.73	0.00	0.00	0.00	0.00	

You can see other flat rate method examples in *Table 4: Flat rate method examples*.

## Example 20

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	NBV	Evenly	Monthly	NO

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-11
Date in service	15-Jun-2011
Prorate date	01-Jan-2011
Rate	10%

i) Depreciation for the fiscal year.

Cost\*Rate/Number of periods in the fiscal year\*Number of periods from prorate period to end of fiscal year  
 $=30,000*10\%/12*12=3,000$ .

ii) Monthly depreciation.

Depreciation for the year/ Number of periods from prorate period to end of fiscal year  
 $=3,000/12=250$ .

iii) Depreciation for Jun-11.

Catch up depreciation from Jan to May+Apr-11 depreciation, ie 6 periods

$=6*250=1,500$ . Catch up depreciation of 1,250 is included here.

Depreciation for rest of the periods in the fiscal year will be 250.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-11	250.00	250.00	0.00	0.00	0.00	0.00
Oct-11	250.00	250.00	0.00	0.00	0.00	0.00
Sep-11	250.00	250.00	0.00	0.00	0.00	0.00
Aug-11	250.00	250.00	0.00	0.00	0.00	0.00
Jul-11	250.00	250.00	0.00	0.00	0.00	0.00
Jun-11	1,500.00	250.00	1,250.00	0.00	0.00	0.00

iv) Depreciation for Jan-12.

This is an NBV based method. So NBV at the end of Dec-11 will be calculated as Cost less Accumulated depreciation at the end of Dec-11.

$$=30,000-3,000=27,000.$$

$$\text{Depreciation} = \text{NBV} * 10\% / 12 \text{ Periods}$$

$$=27,000 * 10\% / 12 = 225.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Jan-12	225.00	225.00	0.00	0.00	0.00	0.00
Dec-11	250.00	250.00	0.00	0.00	0.00	0.00
Nov-11	250.00	250.00	0.00	0.00	0.00	0.00
Oct-11	250.00	250.00	0.00	0.00	0.00	0.00
Sep-11	250.00	250.00	0.00	0.00	0.00	0.00
Aug-11	250.00	250.00	0.00	0.00	0.00	0.00

You can see other flat rate method examples in *Table 4: Flat rate method examples*.

## Example 21

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Flat	NBV	Evenly	Monthly	YES

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-11
Date in service	15-Jun-2011
Prorate date	01-Jan-2011
Rate	10%

i) Depreciation for the fiscal year.

Cost\*Rate/Number of periods in the fiscal year\*Number of periods from prorate period to end of fiscal year  
 $=30,000*10\%/12*12=3,000$ .

ii) Monthly depreciation.

Depreciation for the year/ Number of periods from the ‘period of date placed in service’ to end of fiscal year  
 $=3000/7= 428.57$ .

iii) Depreciation for Jun-11 will be 428.57.

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference against previous Example 20.

Depreciation for rest of the periods in the fiscal year will be 428.57.

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
Nov-11	428.57	428.57	0.00	0.00	0.00	0.00	
Oct-11	428.57	428.57	0.00	0.00	0.00	0.00	
Sep-11	428.57	428.57	0.00	0.00	0.00	0.00	
Aug-11	428.57	428.57	0.00	0.00	0.00	0.00	
Jul-11	428.57	428.57	0.00	0.00	0.00	0.00	
Jun-11	428.57	428.57	0.00	0.00	0.00	0.00	

iv) Depreciation for Jan-12.

This is an NBV based method. So NBV at the end of Dec-11 will be calculated as Cost less Accumulated depreciation at the end of Dec-11

$$=30,000-3,000=27,000.$$

$$\text{Depreciation} = \text{NBV} * 10\% / 12 \text{ Periods}$$

$$=27,000 * 10\% / 12 = 225.$$

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
Jan-12	225.00	225.00	0.00	0.00	0.00	0.00	
Dec-11	428.58	428.58	0.00	0.00	0.00	0.00	
Nov-11	428.57	428.57	0.00	0.00	0.00	0.00	
Oct-11	428.57	428.57	0.00	0.00	0.00	0.00	
Sep-11	428.57	428.57	0.00	0.00	0.00	0.00	
Aug-11	428.57	428.57	0.00	0.00	0.00	0.00	

You can see other flat rate method examples in *Table 4: Flat rate method examples*.

Example 22 to 25 uses the following depreciation method

Navigation: Setup>depreciation>methods

Depreciation Methods

Method: 3 YEAR

Description: 3 Year life with different rates

Method Type: Formula

Calculation Basis: Cost

Depreciable Basis Rule:

Depreciate in Year Retired

Exclude Salvage Value

Straight Line Method

Polish Adjustment Calculation Basis

Life Years: 3      Months: 0

Prorate Periods Per Year: [ ]

Formula      Rates

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## (B) Formula

The screenshot shows a software window titled "Depreciation Formula" with two tabs: "Define Formula" (selected) and "Test Formula". The main area contains a text input field with the following formula: `DECODE ( SIGN ( <Remaining Life 2> - 2 ) , 1 , .05 , 0 , .1 , - 1 , .15 )`. Below the text field are three dropdown menus labeled "Variables", "Functions", and "Formulas". At the bottom is a numeric keypad with buttons for digits 0-9, a decimal point, a comma, a plus/minus sign, and parentheses. There are also buttons for "/", "\*", ":", and "Back".

When the asset has a remaining life of 2 years, you want the asset to depreciate at 0.1. When the remaining life of the asset is less than 2 years, you want the asset to depreciate at a rate of 0.15. When the remaining life is greater than 2 year, you want to depreciation asset at a rate .05.

Remaining life in this formula will calculated at the beginning of the fiscal year. In other words, to determine the rate of depreciation, system will check remaining life in the first period of the fiscal year.

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

To accomplish this, you would enter the following formula in the Depreciation Formula window:

`DECODE(SIGN(<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)`

## Example 22

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	Cost	Daily	Daily	NO

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-08
Date in service	15-Jun-2008
Prorate date	01-Jun-2008
Life	3 Years

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15).

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year.

Remaining life is greater than 2 year at the beginning of the fiscal year, so the rate applicable to the first fiscal year is .05.

Cost\*Rate/Number of days in the fiscal year\*Days from prorate date to end of fiscal year  
 $=30,000*0.05/365\text{Days}*304= 1,249.32.$

ii) Depreciation for Jun-08.

Depreciation for the year/ Days from prorate date to end of fiscal year \*Days from prorate date to end of Jun-08  
 $=1,249.32/304\text{Days}*30\text{Days}=123.29.$

Depreciation will keep calculating based on number of days in each period till Mar-09.

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
Nov-08	123.29	123.29	0.00	0.00	0.00	0.00	
Oct-08	127.40	127.40	0.00	0.00	0.00	0.00	
Sep-08	123.29	123.29	0.00	0.00	0.00	0.00	
Aug-08	127.40	127.40	0.00	0.00	0.00	0.00	
Jul-08	127.40	127.40	0.00	0.00	0.00	0.00	
Jun-08	123.29	123.29	0.00	0.00	0.00	0.00	

iii) Depreciation for Apr-09, ie beginning of the next fiscal year.

Asset life will be completed on May-11.

The remaining life as on Apr-09 will be 2 year 2 months. So the rate applicable for this fiscal year also is 0.05.

$$=30,000*0.05/365*30=123.29.$$

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
Sep-09	123.29	123.29	0.00	0.00	0.00	0.00	
Aug-09	127.40	127.40	0.00	0.00	0.00	0.00	
Jul-09	127.40	127.40	0.00	0.00	0.00	0.00	
Jun-09	123.29	123.29	0.00	0.00	0.00	0.00	
May-09	127.40	127.40	0.00	0.00	0.00	0.00	
Apr-09	123.29	123.29	0.00	0.00	0.00	0.00	

Depreciation will keep calculating based on number of days in each period till Mar-10.

iv) Depreciation for Apr-10, ie beginning of the next fiscal year

Asset life will be completed on May-11.

The remaining life as on Apr-10 will be 1 year 2 months. So the rate applicable for this fiscal year is 0.15

$$=30,000*0.15/365*30=369.86.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
May-10	382.19	382.19	0.00	0.00	0.00	0.00
Apr-10	369.86	369.86	0.00	0.00	0.00	0.00
Mar-10	127.37	127.37	0.00	0.00	0.00	0.00
Feb-10	115.07	115.07	0.00	0.00	0.00	0.00
Jan-10	127.40	127.40	0.00	0.00	0.00	0.00
Dec-09	127.40	127.40	0.00	0.00	0.00	0.00

Asset will continue to depreciate at this rate until the end of the life.

You can see other formula method examples in *Table 5: Formula method examples*.

### Example 23

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	Cost	Daily	Daily	YES

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-08
Date in service	15-Jun-2008
Prorate date	01-Jun-2008
Life	3 Years

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year.

Remaining life is greater than 2 year at the beginning of the fiscal year, so the rate applicable to the first fiscal year is .05.

$\text{Cost} \times \text{Rate} / \text{Number of days in the fiscal year} \times \text{Days from prorate date to end of fiscal year}$   
 $= 30,000 \times 0.05 / 365 \text{Days} \times 304 = 1,249.32.$

ii) Depreciation for Jun-08.

$\text{Depreciation for the year} / \text{Days from Date Placed in service to end of fiscal year} \times \text{Days from Date Placed in service to end of Jun-08}$   
 $= 1,249.32 / 290 \text{Days} \times 16 \text{Days} = 68.93.$

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference as against Example 22.

Depreciation will keep calculating based on number of days in each period till Mar-09.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-08	129.24	129.24	0.00	0.00	0.00	0.00
Oct-08	133.55	133.55	0.00	0.00	0.00	0.00
Sep-08	129.24	129.24	0.00	0.00	0.00	0.00
Aug-08	133.55	133.55	0.00	0.00	0.00	0.00
Jul-08	133.55	133.55	0.00	0.00	0.00	0.00
Jun-08	68.93	68.93	0.00	0.00	0.00	0.00

iii) Depreciation for Apr-09, ie beginning of the next fiscal year.

Asset life will be completed on May-11.

The remaining life as on Apr-09 will be 2 year 2 months. So the rate applicable for this fiscal year also is 0.05

$$=30,000*0.05/365*30=123.29.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Aug-09	127.40	127.40	0.00	0.00	0.00	0.00
Jul-09	127.40	127.40	0.00	0.00	0.00	0.00
Jun-09	123.29	123.29	0.00	0.00	0.00	0.00
May-09	127.40	127.40	0.00	0.00	0.00	0.00
Apr-09	123.29	123.29	0.00	0.00	0.00	0.00
Mar-09	133.53	133.53	0.00	0.00	0.00	0.00

iv) Depreciation for Apr-10, ie beginning of the next fiscal year.

Asset life will be completed on May-11.

The remaining life as on Apr-10 will be 1 year 2 months. So the rate applicable for this fiscal year is 0.15

$$=30,000*0.15/365*30=369.86.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
May-10	382.19	382.19	0.00	0.00	0.00	0.00
Apr-10	369.86	369.86	0.00	0.00	0.00	0.00
Mar-10	127.37	127.37	0.00	0.00	0.00	0.00
Feb-10	115.07	115.07	0.00	0.00	0.00	0.00
Jan-10	127.40	127.40	0.00	0.00	0.00	0.00
Dec-09	127.40	127.40	0.00	0.00	0.00	0.00

Asset will continue to depreciate at this rate until the end of the life.

You can see other formula method examples in **Table 5: Formula method examples**.

## Example 24

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	Cost	Evenly	Monthly	NO

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Apr-12
Date in service	15-Apr-2012
Prorate date	01-Jan-2012
Life	3 Years

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year.

In the first year of the asset life is remaining life greater than 2 year, so the rate applicable to the first fiscal year is .05.

Cost\*Rate/Number of periods in the fiscal year\*Number of periods from prorate period to end of fiscal year  
 $=30,000*.05/12*12=1,500.$

ii) Monthly depreciation.

Depreciation for the year/ Number of periods from prorate period to end of fiscal year  
 $=1,500/12=125.$

iii) Depreciation for Apr-12.

Catch up depreciation from Jan to March+Apr-12 depreciation, i.e. 4 periods

=4\*125=500. Catch up depreciation of 375 is included here.

Depreciation for rest of the periods in the fiscal year will be 125.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Sep-12	125.00	125.00	0.00	0.00	0.00	0.00
Aug-12	125.00	125.00	0.00	0.00	0.00	0.00
Jul-12	125.00	125.00	0.00	0.00	0.00	0.00
Jun-12	125.00	125.00	0.00	0.00	0.00	0.00
May-12	125.00	125.00	0.00	0.00	0.00	0.00
Apr-12	500.00	125.00	375.00	0.00	0.00	0.00

iv) Depreciation for Jan-13, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 2 year 0 months. So the rate applicable for this fiscal year is 0.10

=30,000\*0.10/12=250.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
May-13	250.00	250.00	0.00	0.00	0.00	0.00
Apr-13	250.00	250.00	0.00	0.00	0.00	0.00
Mar-13	250.00	250.00	0.00	0.00	0.00	0.00
Feb-13	250.00	250.00	0.00	0.00	0.00	0.00
Jan-13	250.00	250.00	0.00	0.00	0.00	0.00
Dec-12	125.00	125.00	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 250.

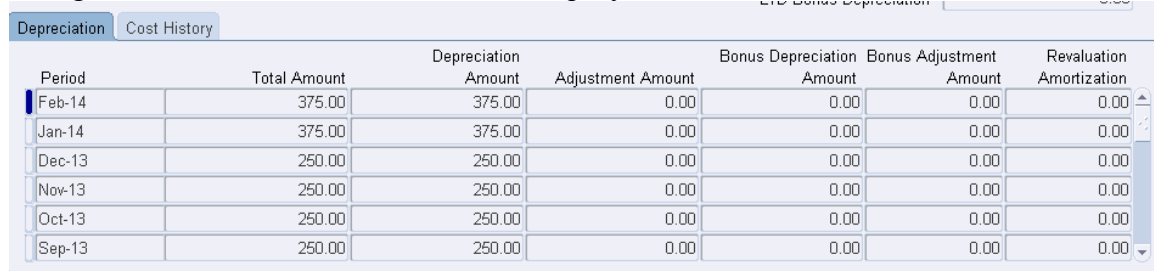
v) Depreciation for Jan-14, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 1 year 0 months. So the rate applicable for this fiscal year is 0.15

$$=30,000*0.15/12= 375.$$

Navigation: Asset workbench>Financial inquiry



The screenshot shows a table with two tabs: 'Depreciation' (selected) and 'Cost History'. The table has the following columns: Period, Total Amount, Depreciation Amount, Adjustment Amount, Bonus Depreciation Amount, Bonus Adjustment Amount, and Revaluation Amortization. The data rows are as follows:

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Feb-14	375.00	375.00	0.00	0.00	0.00	0.00
Jan-14	375.00	375.00	0.00	0.00	0.00	0.00
Dec-13	250.00	250.00	0.00	0.00	0.00	0.00
Nov-13	250.00	250.00	0.00	0.00	0.00	0.00
Oct-13	250.00	250.00	0.00	0.00	0.00	0.00
Sep-13	250.00	250.00	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 375.

You can see other formula method examples in *Table 5: Formula method examples*.

## Example 25

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	Cost	Evenly	Monthly	YES

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Apr-12
Date in service	15-Apr-2012
Prorate date	01-Jan-2012
Life	3 Years

In this case prorate date is 01-Jan-2012 since prorate convention is Beginning of the year.

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year

In the first year of the asset life is remaining life greater than 2 year, so the rate applicable to the first fiscal year is .05.

Cost\*Rate/Number of periods in the fiscal year\*Number of periods from prorate period to end of fiscal year  
 $=30,000*.05/12*12=1,500.$

ii) Monthly depreciation.

Depreciation for the year/ Number of periods from the 'period of date placed in service' to end of fiscal year  
 $=1,500/9= 166.67.$

iii) Depreciation for Apr-12 will be 166.67

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference against previous Example 24.

Depreciation for rest of the periods in the fiscal year will also be 166.67.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Sep-12	166.67	166.67	0.00	0.00	0.00	0.00
Aug-12	166.67	166.67	0.00	0.00	0.00	0.00
Jul-12	166.67	166.67	0.00	0.00	0.00	0.00
Jun-12	166.67	166.67	0.00	0.00	0.00	0.00
May-12	166.67	166.67	0.00	0.00	0.00	0.00
Apr-12	166.67	166.67	0.00	0.00	0.00	0.00

iv) Depreciation for Jan-13, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 2 year 0 months. So the rate applicable for this fiscal year is 0.10

$$=30,000*0.10/12=250.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
May-13	250.00	250.00	0.00	0.00	0.00	0.00
Apr-13	250.00	250.00	0.00	0.00	0.00	0.00
Mar-13	250.00	250.00	0.00	0.00	0.00	0.00
Feb-13	250.00	250.00	0.00	0.00	0.00	0.00
Jan-13	250.00	250.00	0.00	0.00	0.00	0.00
Dec-12	166.64	166.64	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 250.

v) Depreciation for Jan-14, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 1 year 0 months. So the rate applicable for this fiscal year is 0.15.

$$=30,000*0.15/12= 375.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Feb-14	375.00	375.00	0.00	0.00	0.00	0.00
Jan-14	375.00	375.00	0.00	0.00	0.00	0.00
Dec-13	250.00	250.00	0.00	0.00	0.00	0.00
Nov-13	250.00	250.00	0.00	0.00	0.00	0.00
Oct-13	250.00	250.00	0.00	0.00	0.00	0.00
Sep-13	250.00	250.00	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 375.

You can see other formula method examples in **Table 5: Formula method examples.**

Example 26 to 29 uses the following depreciation method

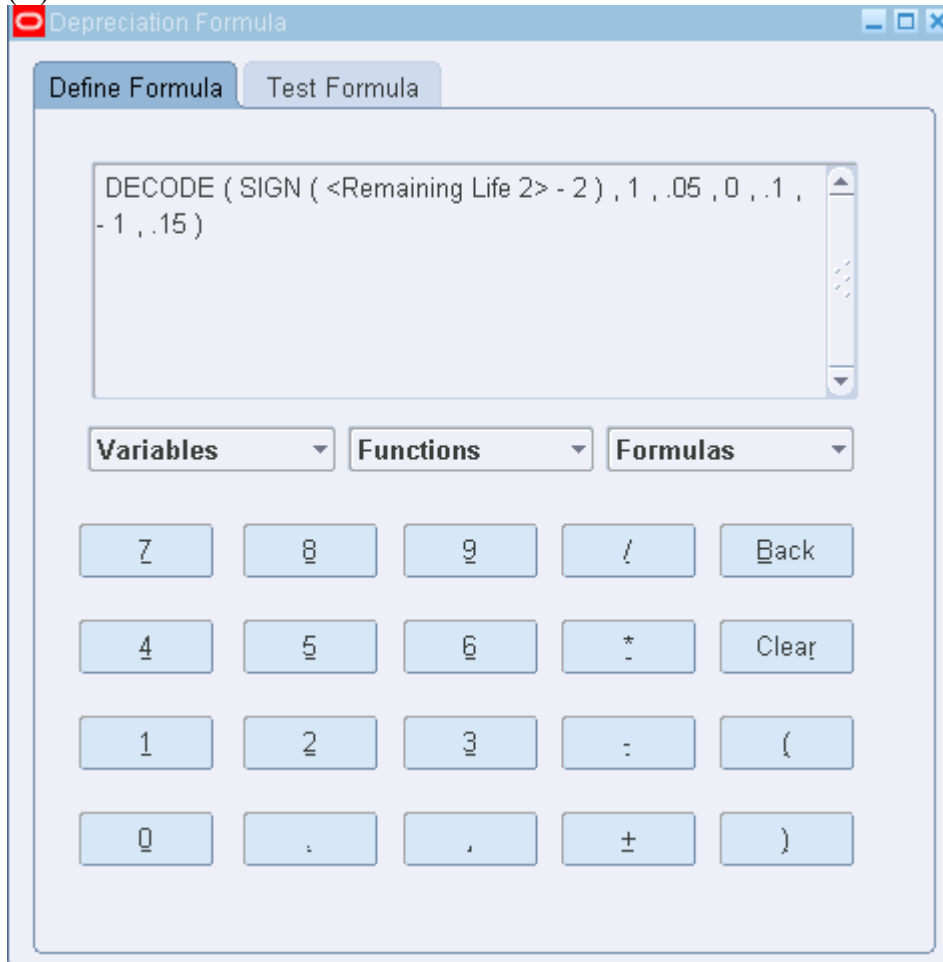
Navigation: Setup>depreciation>methods

The screenshot shows a software window titled "Depreciation Methods". The configuration is as follows:

- Method: 3 YEAR LIFE
- Description: 3 YEAR LIFE NBV BASED
- Method Type: Formula
- Calculation Basis: NBV
- Depreciable Basis Rule: (empty text box)
- Depreciate in Year Retired
- Exclude Salvage Value
- Straight Line Method
- Polish Adjustment Calculation Basis
- Life Years: 3
- Months: 0
- Prorate Periods Per Year: (empty text box)
- Buttons: Formula, Rates

Exclude salvage value and straight line method checkbox functionality is not covered in this document.

## (B) Formula



When the asset has a remaining life of 2 years, you want the asset to depreciate at 0.1. When the remaining life of the asset is less than 2 years, you want the asset to depreciate at a rate of 0.15. When the remaining life is greater than 2 year, you want to depreciation asset at a rate .05.

Remaining life in this formula will calculated at the beginning of the fiscal year. In other words, to determine the rate of depreciation, system will check remaining life in the first period of the fiscal year.

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

To accomplish this, you would enter the following formula in the Depreciation Formula window:

`DECODE(SIGN(<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)`

## Example 26

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	NBV	Daily	Daily	NO

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-08
Date in service	15-Jun-2008
Prorate date	01-Jun-2008
Life	3 Years

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year.

Remaining life is greater than 2 year at the beginning of the fiscal year, so the rate applicable to the first fiscal year is .05.

$\text{Cost} \times \text{Rate} / \text{Number of days in the fiscal year} \times \text{Days from prorate date to end of fiscal year}$   
 $= 30,000 \times 0.05 / 365 \text{Days} \times 304 = 1,249.32.$

ii) Depreciation for Jun-08.

Depreciation for the year/ Days from prorate date to end of fiscal year \*Days from prorate date to end of Jun-08  
 $= 1,249.32 / 304 \text{Days} \times 30 \text{Days} = 123.29.$

Depreciation will keep calculating based on number of days in each period till Mar-10.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-08	123.29	123.29	0.00	0.00	0.00	0.00
Oct-08	127.40	127.40	0.00	0.00	0.00	0.00
Sep-08	123.29	123.29	0.00	0.00	0.00	0.00
Aug-08	127.40	127.40	0.00	0.00	0.00	0.00
Jul-08	127.40	127.40	0.00	0.00	0.00	0.00
Jun-08	123.29	123.29	0.00	0.00	0.00	0.00

iii) Depreciation for Apr-09, ie beginning of the next fiscal year.

Asset life is supposed to complete on May-11.

The remaining life as on Apr-09 will be 2 year 2 months. So the rate applicable for this fiscal year also is 0.05.

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year.

$$\text{NBV} = 30,000 - 1,249.32 = 28,750.68.$$

$$\text{Depreciation for the fiscal year 09-10} = 28,750.68 * .05 = 1,437.53.$$

$$\text{April-09 Depreciation} = 28,750.68 * .05 / 365 * 30 = 118.15.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Sep-09	118.15	118.15	0.00	0.00	0.00	0.00
Aug-09	122.09	122.09	0.00	0.00	0.00	0.00
Jul-09	122.09	122.09	0.00	0.00	0.00	0.00
Jun-09	118.15	118.15	0.00	0.00	0.00	0.00
May-09	122.09	122.09	0.00	0.00	0.00	0.00
Apr-09	118.15	118.15	0.00	0.00	0.00	0.00

iv) Depreciation for Apr-10, ie beginning of the next fiscal year

Asset life will be completed on May-11

The remaining life as on Apr-10 will be 1 year 2 months. So the rate applicable for this fiscal year is 0.15

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year

$$\text{NBV} = \text{Cost less accumulated depreciation upto last fiscal year} \\ = 30,000 - 1,249.32 - 1,437.53 = 27,313.15.$$

$$\text{April-10 Depreciation} = 27,313.15 * .15 / 365 * 30 = 336.74.$$

Navigation: Asset workbench > Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
May-10	347.96	347.96	0.00	0.00	0.00	0.00
Apr-10	336.74	336.74	0.00	0.00	0.00	0.00
Mar-10	122.11	122.11	0.00	0.00	0.00	0.00
Feb-10	110.28	110.28	0.00	0.00	0.00	0.00
Jan-10	122.09	122.09	0.00	0.00	0.00	0.00
Dec-09	122.09	122.09	0.00	0.00	0.00	0.00

Asset will continue to depreciate at this rate until the end of the life. In April-11 new NBV will be calculated and depreciation is calculated based on that.

You can see other formula method examples in **Table 5: Formula method examples.**

## Example 27

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	NBV	Daily	Daily	YES

Fiscal Year	Apr to Mar
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Jun-08
Date in service	15-Jun-2008
Prorate date	01-Jun-2008
Life	3 Years

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year.

Remaining life is greater than 2 year at the beginning of the fiscal year, so the rate applicable to the first fiscal year is .05.

Cost\*Rate/Number of days in the fiscal year\*Days from prorate date to end of fiscal year  
 $=30,000*0.05/365\text{Days}*304= 1,249.32.$

ii) Depreciation for Jun-08.

Depreciation for the year/ Days from Date Placed in service to end of fiscal year \*Days from Date Placed in service to end of Jun-07  
 $=1,249.32/290\text{Days}*16\text{Days}= 68.93.$

You can see how **Depreciate when placed in service** check box in prorate convention makes the difference as against Example 26.

Depreciation will keep calculating based on number of days in each period till Mar-10.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Nov-08	129.24	129.24	0.00	0.00	0.00	0.00
Oct-08	133.55	133.55	0.00	0.00	0.00	0.00
Sep-08	129.24	129.24	0.00	0.00	0.00	0.00
Aug-08	133.55	133.55	0.00	0.00	0.00	0.00
Jul-08	133.55	133.55	0.00	0.00	0.00	0.00
Jun-08	68.93	68.93	0.00	0.00	0.00	0.00

iii) Depreciation for Apr-09, ie beginning of the next fiscal year.

Asset life is supposed to complete on May-11.

The remaining life as on Apr-09 will be 2 year 2 months. So the rate applicable for this fiscal year also is 0.05.

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year.

$$NBV = 30,000 - 1,249.32 = 28,750.68.$$

$$\text{Depreciation for the fiscal year 09-10} = 28,750.68 * .05 = 1,437.53.$$

$$\text{April-09 Depreciation} = 28,750.68 * .05 / 365 * 30 = 118.15.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Sep-09	118.15	118.15	0.00	0.00	0.00	0.00
Aug-09	122.09	122.09	0.00	0.00	0.00	0.00
Jul-09	122.09	122.09	0.00	0.00	0.00	0.00
Jun-09	118.15	118.15	0.00	0.00	0.00	0.00
May-09	122.09	122.09	0.00	0.00	0.00	0.00
Apr-09	118.15	118.15	0.00	0.00	0.00	0.00

iv) Depreciation for Apr-10, ie beginning of the next fiscal year.

Asset life will be completed on May-11.

The remaining life as on Apr-10 will be 1 year 2 months. So the rate applicable for this fiscal year is 0.15.

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year.

NBV=Cost less accumulated depreciation upto last fiscal year  
 =30,000-1,249.32-1,437.53= 27,313.15.

April-10 Depreciation= 27,313.15\*.15/365\*30= 336.74.

Navigation: Asset workbench>Financial inquiry

Depreciation		Cost History					
Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization	
May-10	347.96	347.96	0.00	0.00	0.00	0.00	
Apr-10	336.74	336.74	0.00	0.00	0.00	0.00	
Mar-10	122.11	122.11	0.00	0.00	0.00	0.00	
Feb-10	110.28	110.28	0.00	0.00	0.00	0.00	
Jan-10	122.09	122.09	0.00	0.00	0.00	0.00	
Dec-09	122.09	122.09	0.00	0.00	0.00	0.00	

Asset will continue to depreciate at this rate until the end of the life. In April-11 new NBV will be calculated and depreciation is calculated based on that.

You can see other formula method examples in **Table 5: Formula method examples.**

## Example 28

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	NBV	Evenly	Monthly	NO

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Apr-12
Date in service	15-Apr-2012
Prorate date	01-Jan-2012
Life	3 Years

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year.

In the first year of the asset life is remaining life greater than 2 year, so the rate applicable to the first fiscal year is .05.

Cost\*Rate/Number of periods in the fiscal year\*Number of periods from prorate period to end of fiscal year  
 $=30,000*.05/12*12=1,500$ .

Depreciation for the year/ Number of periods from prorate period to end of fiscal year  
 $=1,500/12=125$ .

iii) Depreciation for Apr-12.

Catch up depreciation from Jan to Mar+Apr-12 depreciation, ie 4 periods

=4\*125=500. Catch up depreciation of 375 is included here.

Depreciation for rest of the periods in the fiscal year will be 125.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Sep-12	125.00	125.00	0.00	0.00	0.00	0.00
Aug-12	125.00	125.00	0.00	0.00	0.00	0.00
Jul-12	125.00	125.00	0.00	0.00	0.00	0.00
Jun-12	125.00	125.00	0.00	0.00	0.00	0.00
May-12	125.00	125.00	0.00	0.00	0.00	0.00
Apr-12	500.00	125.00	375.00	0.00	0.00	0.00

iv) Depreciation for Jan-13, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 2 year 0 months. So the rate applicable for this fiscal year is 0.10.

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year.

NBV=30,000-1,500=28,500.

=28,500\*0.10/12=237.50.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
May-13	237.50	237.50	0.00	0.00	0.00	0.00
Apr-13	237.50	237.50	0.00	0.00	0.00	0.00
Mar-13	237.50	237.50	0.00	0.00	0.00	0.00
Feb-13	237.50	237.50	0.00	0.00	0.00	0.00
Jan-13	237.50	237.50	0.00	0.00	0.00	0.00
Dec-12	125.00	125.00	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 237.50.

v) Depreciation for Jan-14, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 1 year 0 months. So the rate applicable for this fiscal year is 0.15.

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year.

NBV=Cost less accumulated depreciation upto last fiscal year.

$$=30,000-1,500-2,850=25,650.$$

$$\text{Jan-14 Depreciation}=25,650*0.15//12=320.63.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Feb-14	320.63	320.63	0.00	0.00	0.00	0.00
Jan-14	320.63	320.63	0.00	0.00	0.00	0.00
Dec-13	237.50	237.50	0.00	0.00	0.00	0.00
Nov-13	237.50	237.50	0.00	0.00	0.00	0.00
Oct-13	237.50	237.50	0.00	0.00	0.00	0.00
Sep-13	237.50	237.50	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 320.63.

You can see other formula method examples in **Table 5: Formula method examples.**

## Example 29

Method type	Calculation Basis	Depreciation Allocation	Prorate Calendar	Depreciate when placed in service
Formula	NBV	Evenly	Monthly	YES

Fiscal Year	Jan to Dec
Depreciation calendar	Monthly
Cost of the Asset	30,000
Current open period	Apr-12
Date in service	15-Apr-2012
Prorate date	01-Jan-2012
Life	3 Years

Depreciation formula is DECODE (SIGN (<Remaining Life2> - 2), 1, 0.05, 0, 0.1, -1, 0.15)

If remaining life is greater than 2 year at the beginning of the fiscal year, depreciation rate will be .05.

If remaining life is equal to 2 year at the beginning of the fiscal year, depreciation rate will be .10.

If remaining life is less than 2 year at the beginning of the fiscal year, depreciation rate will be .15.

i) Depreciation for the fiscal year.

In the first year of the asset life is remaining life greater than 2 year, so the rate applicable to the first fiscal year is .05.

Cost\*Rate/Number of periods in the fiscal year\*Number of periods from prorate period to end of fiscal year  
 $=30,000*.05/12*12=1,500.$

ii) Monthly depreciation.

Depreciation for the year/ Number of periods from the 'period of date placed in service' to end of fiscal year  
 $=1,500/9= 166.67.$

iii) Depreciation for Apr-12 will be 166.67.

You can see how **Depreciate when placed in service** check box in proate convention makes the difference against previous Example 28.

Depreciation for rest of the periods in the fiscal year will be 166.67.

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Sep-12	166.67	166.67	0.00	0.00	0.00	0.00
Aug-12	166.67	166.67	0.00	0.00	0.00	0.00
Jul-12	166.67	166.67	0.00	0.00	0.00	0.00
Jun-12	166.67	166.67	0.00	0.00	0.00	0.00
May-12	166.67	166.67	0.00	0.00	0.00	0.00
Apr-12	166.67	166.67	0.00	0.00	0.00	0.00

iv) Depreciation for Jan-13, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 2 year 0 months. So the rate applicable for this fiscal year is 0.10.

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year.

$$NBV=30,000-1,500=28,500.$$

$$\text{Depreciation for Jan-13}=28,500*0.10/12=237.50.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
May-13	237.50	237.50	0.00	0.00	0.00	0.00
Apr-13	237.50	237.50	0.00	0.00	0.00	0.00
Mar-13	237.50	237.50	0.00	0.00	0.00	0.00
Feb-13	237.50	237.50	0.00	0.00	0.00	0.00
Jan-13	237.50	237.50	0.00	0.00	0.00	0.00
Dec-12	166.64	166.64	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 237.50.

v) Depreciation for Jan-14, ie beginning of the next fiscal year.

Asset life will be completed on Dec-14.

The remaining life as on Jan-13 will be 1 year 0 months. So the rate applicable for this fiscal year is 0.15.

Since depreciation method is NBV based, NBV is calculated at the beginning of the fiscal year.

NBV=Cost less accumulated depreciation upto last fiscal year

$$=30,000-1,500-2,850=25,650.$$

$$\text{Jan-14 Depreciation} = 25,650 * .15 // 12 = 320.63.$$

Navigation: Asset workbench>Financial inquiry

Period	Total Amount	Depreciation Amount	Adjustment Amount	Bonus Depreciation Amount	Bonus Adjustment Amount	Revaluation Amortization
Feb-14	320.63	320.63	0.00	0.00	0.00	0.00
Jan-14	320.63	320.63	0.00	0.00	0.00	0.00
Dec-13	237.50	237.50	0.00	0.00	0.00	0.00
Nov-13	237.50	237.50	0.00	0.00	0.00	0.00
Oct-13	237.50	237.50	0.00	0.00	0.00	0.00
Sep-13	237.50	237.50	0.00	0.00	0.00	0.00

Depreciation for the rest of the fiscal year is also 320.63

You can see other formula method examples in **Table 5: Formula method examples.**

# 6 *Definitions*

This chapter explains important terms used for depreciation in Oracle Assets

Following terms are explained with reference to depreciation;

- 1) Depreciation
- 2) Catch up depreciation
- 3) Year to date depreciation
- 4) Accumulated depreciation

## 6.1 Depreciation

Depreciation is the periodic charge of the cost over the useful life of an asset. The amount of depreciation calculated is stored in two tables.

### **fa\_deprn\_summary table**

This table contains one row for each period per asset. You can get the details of depreciation amount by following query;

```
SELECT
    deprn_amount ,
    ytd_deprn ,
    deprn_reserve
FROM
    fa_deprn_summary ds
WHERE
    asset_id=&Assetid and
    ds.book_type_code='&bookname' and
    period_counter=(select period_counter from
fa_deprn_periods dp
                    Where period_name='&periodname' and
                    dp.book_type_code=ds.book_type_code);
```

## fa\_deprn\_detail table

For each depreciable asset, Oracle Assets inserts one row per distribution line that was active at any time during the current period.. If you make a transfer or you have more than one assignment line in assignment form (Asset workbench>Find asset>Assignment), there will be more than one row for each period.

You can get the details of depreciation amount by following query;

```
SELECT
    deprn_amount ,
    ytd_deprn ,
    deprn_reserve
FROM
    fa_deprn_detail dd
WHERE
    asset_id=&Assetid and
    dd.book_type_code='&bookname' and
    period_counter=(select period_counter from
fa_deprn_periods dp
                    Where period_name='&periodname' and
                    dp.book_type_code=dd.book_type_code);
```

Table field names and its description in the form are as follows;

Field name	Meaning
deprn_amount	Depreciation for the period
ytd_deprn	Year to date depreciation
deprn_reserve	Accumulated depreciation

## 6.2 Catch up depreciation

This is an important term used in explaining depreciation calculation of an asset. Catch up means prior period depreciation expense calculated in the current period.

Eg: If you add an asset with a date placed in service in a prior period and without accumulated depreciation, Oracle Assets automatically calculates catchup depreciation when you run depreciation, and expenses the catchup depreciation in the current period. You may add an asset in Mar-09 with date in service 01-Jan-09. So catch up depreciation is calculated for Jan-09 and Feb-09.

To give another example, if you do a cost adjustment on an asset, system will recalculate depreciation from date in service and accumulated depreciation is recalculated. It will result in a negative or positive catch up. There will not be any catcup if you amortize the adjustment.

Catch up depreciation is stored in the table fa\_adjustments and fa\_deprn\_detail.

Following query will give you the amount of catch from the table fa\_adjustments;

```
SELECT
    adjustment_amount
FROM
    fa_adjustments adj
WHERE
    source_type_code='DEPRECIATION' and
    adjustment_type='EXPENSE' and
    asset_id=&assetid and
    adj.book_type_code='&bookname' and
    period_counter_created=(select period_counter from
fa_deprn_periods dp
                                Where period_name='&periodname'
and
dp.book_type_code=adj.book_type_code);
```

Following query will give you the amount of catch from the table fa\_deprn\_detail;

```
SELECT
    deprn_adjustment_amount
FROM
    fa_deprn_detail dd
WHERE
    asset_id=&Assetid And
    dd.book_type_code='&bookname' and
    period_counter=(select period_counter from
fa_deprn_periods dp
                                Where period_name='&periodname' and
                                dp.book_type_code=dd.book_type_code);
```

The depreciation excluding the catch up depreciation is stored in a separate field in fa\_deprn\_summary table. This will help to diagnose the depreciation calculation issues.

You can get the depreciation amount excluding catch up by the following query;

```
SELECT
    system_deprn_amount
FROM
    fa_deprn_summary ds
WHERE
    asset_id=&Assetid And
    ds.book_type_code='&bookname' and
    period_counter=(select period_counter from
fa_deprn_periods dp
                    Where period_name='&periodname'and
                    dp.book_type_code=ds.book_type_code);
```

The amount of depreciation for a period is system\_deprn\_amount + deprn\_adjustment\_amount.

### ***Amortized and Expensed Adjustments***

You can change financial information of any asset after the asset is added in the system. The financial information of an asset can be changed from Asset workbench>Books.

When you change financial information, you will have two options.

- i. Effect of adjustment should have retrospective effect, ie, asset will be treated with new financial information as though it would have been, when asset is added or
- ii. Effect of adjustment should have prospective effect,ie, the effect of adjustment will affect only future depreciation amounts.

If you choose option 1,it is called ***expensed adjustments***. For expensed adjustments, Oracle Assets recalculates depreciation using the new information and expenses the entire adjustment amount in the current period. Any excess or deficit of depreciation on account of change in financial information will be charged in the current period.

If you choose option 2,it is called ***amortized adjustments***. For amortized adjustments, Oracle Assets spreads the adjustment amount over the remaining life or remaining capacity of the asset. For flat-rate methods, Oracle Assets starts depreciating the asset using the new information. You can set up your amortized adjustments to have a retroactive start date by changing the default amortization start date (usually the system date) to a date in a previous period. Any adjustment amount missed since the amortization start date is taken in the current period. If you amortize an adjustment for an asset, you cannot expense any future adjustments for that asset in that book.

Amortize check box is available in the following navigation  
(N) Asset workbench>Books

## 6.3 Year to date depreciation

Year to date depreciation is the total of depreciation of periods beginning from the first period of the current fiscal year to the latest period for which depreciation is run

Eg: If your fiscal year is Jan to Dec and last closed period is Sep, year to date depreciation is the total of depreciation from Jan to Sep.

You can get the year to date depreciation by the following query;

```
SELECT
    ytd_deprn
FROM
    fa_deprn_summary ds
WHERE
    asset_id=&Assetid And
    ds.book_type_code='&bookname' and
    period_counter=(select period_counter from
fa_deprn_periods dp
                    Where period_name='&periodname'and
                    dp.book_type_code=ds.book_type_code);
```

## 6.4 Accumulated depreciation

Accumulated depreciation or depreciation reserve is the total of depreciation from the period when asset is added to the latest period for which depreciation is run.

You can get the accumulated depreciation by the following query;

```
SELECT
    deprn_reserve
FROM
    fa_deprn_summary ds
WHERE
    asset_id=&Assetid And
    ds.book_type_code='&bookname' and
    period_counter=(select period_counter from
fa_deprn_periods dp
                    Where period_name='&periodname'and
                    dp.book_type_code=ds.book_type_code);
```