No. I-12/Misc. Corres./18   **Dated: 17.12.2019**

Circular No. FAP/29/2019

Provision of entering Depreciation Limit for the New & Existing Assets

Please refer to Headquarters circular no. 1278/Acctts, dated: 11.12.2019 prescribing residual value of assets (other than land, intangible assets, etc.) at 5% of the total cost. Accordingly, total depreciation should not exceed 95% of the historical cost.

It has been observed that currently assets got fully depreciated as there is no recoverable cost or depreciation limit in the system. To maintain some recoverable cost of the assets, provision has been made in the system to capture depreciation limit.

While creating a new asset through Accounts Payable or Fixed Assets module and also for the existing assets, user need to enter the Depreciation limit under Book form of Fixed Assets module by putting Depreciation limit type as percentage.

Once the depreciation limit is set up (at 95%), the total depreciation reserve will not exceed 95% of the cost of the asset. For the existing fully depreciated assets, system will roll back the particular amount of depreciation to maintain the recoverable cost of the asset.

The steps for the above mentioned process are as under:

For existing assets (Annexure-'A'):-

1) Search the asset in Asset workbench of FA module.
2) Open the Book form and select the depreciation limit as required, after taking amortization date as 01-Apr-2019 or DPIS, whichever is later.
3) Run Depreciation.

For New Assets addition through FA module (Annexure-'A')

1) After defining the particulars under Asset Details form, system automatically opens the Books form.
2) Under Books form, select the depreciation limit as required, after taking amortization date as 01-Apr-2019 or DPIS, whichever is later.
3) Run Depreciation.

For New Assets addition through Mass additions i.e. entries done through AP module (Annexure-'B')

1. Go to Prepare mass addition & add the asset as usually after entering details under Asset details Tab of Mass addition window.
2. Then go to Depreciation Tab of Mass addition window, select the depreciation limit type & percent as required.

For Reclassification of Existing asset (Annexure-'C')

1. Mass Change form is having the option of entering Depreciation limit type & percent under both Before & After columns.
2. Put the depreciation limit type & percent under Before and After columns as per the requirement.

(AMIT AGGARWAL)
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