Asset Calendar Weighting of Periods Changes- Depreciation Calculations



Applies to:

Manufacturing, Business Process Expert. For more information, visit the Manufacturing homepage.

Summary

This article explains the change of Asset calendar and its period weights in the middle of the month and its impact on the depreciation calculation process.

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Introduction

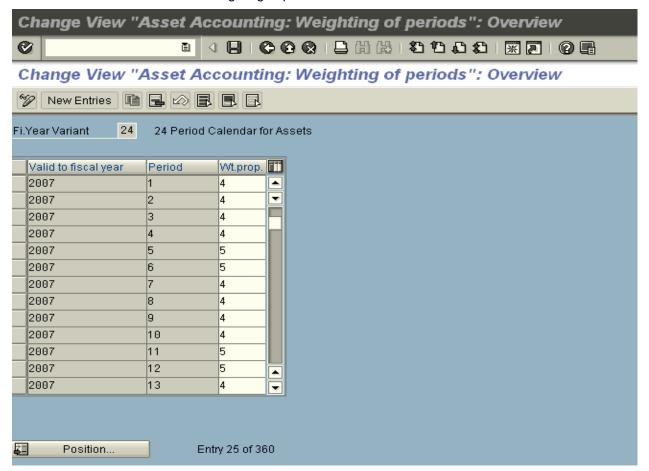
Define the weighting of the distribution of the planned annual depreciation to the individual periods in the fiscal year. You can enter a relative weight for each fiscal year version and each fiscal year. The posting period receives a depreciation amount based on its relative weight in relation to the total of all the weights. This makes it possible to distribute according to the number of days or weeks per period. The weighted distribution affects the periodic posting of depreciation, as well as the determination of proportional value adjustments for retirements and transfers.

A calendar year will have 52 weeks. So each quarter consists 13 (52/4) weeks. 4+4+5=13. 3 Months in the quarter are apportioned 4-4-5. For 24 calendar periods the Weight Proportions -Relative weight of the posting period consists 104 periods. (Since the system do not accept the fractions like 2.5).

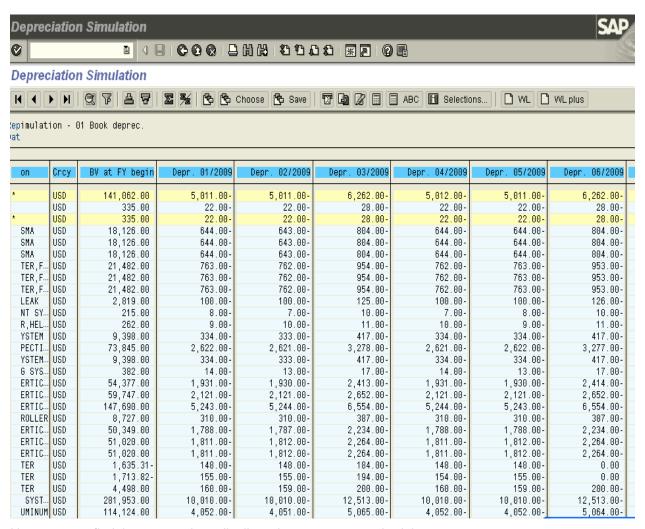
Business Requirement

Client is US based company and it follows depreciation legislation which requires posting the planned annual depreciation weighted differently to different periods as per 4-4-5 rule. The client is acquired by Asian company which follows monthly depreciation. The depreciation to be calculated as per 4-4-5 rule till the date of acquisition which happened in the middle of the week in the month (sep 18) and from that date monthly depreciation is to be carried out.

The Asset Calendar consists the weighting of periods as follows:



The Depreciation report as shown below:



Here you can find the asset values distributed as per 4-4-5 methodology.

Now from the September 18, monthly depreciation is to be carried out.

Solution

If we set up 4-4-5 method till September and make the changes after September then the depreciation is calculating wrongly, its giving a variation of week. The amounts are incorrect. So the weeks are to be converted into days.

Weighting of Periods

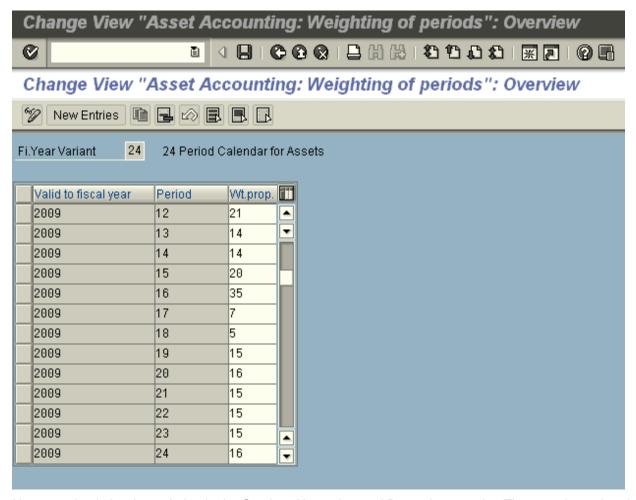
The proposed changes for SAP Fiscal year 2009(Calendar Year2008)

	Cur		Proposed	
Fiscal year	Period	Wt prop	Period	Wt prop
2009	1	4	1	14
2009	2	4	2	14
2009	3	4	3	14
2009	4	4	4	14
2009	5	5	5	14
2009	6	5	6	21
2009	7	4	7	14

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8	4	8	14
9	4	9	14
10	4	10	14
11	5	11	14
12	5	12	21
13	4	13	14
14	4	14	14
15	4	15	14
16	4	16	14
17	5	17	14
18	5	18	21
19	4	19	15
20	4	20	16
21	4	21	15
22	4	22	15
23	5	23	15
24	5	24	16
	9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	9 4 10 4 11 5 12 5 13 4 14 4 15 4 16 4 17 5 18 5 19 4 20 4 21 4 22 4 23 5	9 4 9 10 4 10 11 5 11 12 5 12 13 4 13 14 4 14 15 4 15 16 4 16 17 5 17 18 5 18 19 4 19 20 4 20 21 4 21 22 4 22 23 5 23

Now change the weighting proportion of depreciation periods into the days as follows:

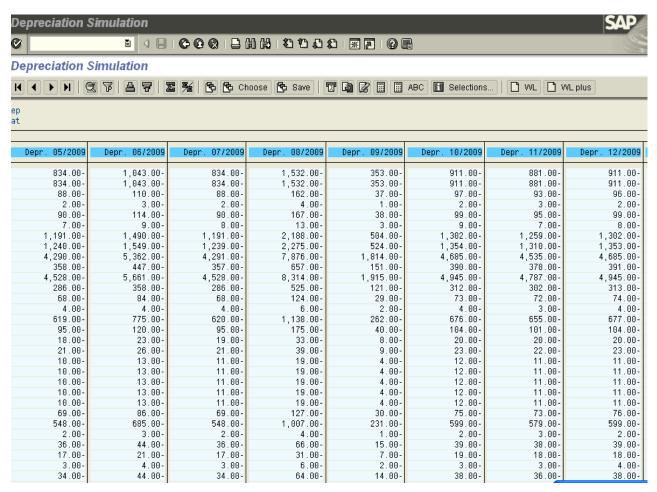


Now you check the depreciation in the October, November and December months. They are depreciated monthly as per number of days in the month.

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The depreciation is calculated as per the requirements.

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