Depreciation - Schedule II

NIDHI LALPURIA, FCA

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Key Provisions: What's New

Particulars	**Schedule II** to the Companies Act, 2013	**Schedule XIV** to the Companies Act, 1956
Definitions	**DEPRECIATION** - systematic allocation of the depreciable amount of an asset over its useful life. *Depreciation includes amortisation* **DEPRECIABLE AMOUNT** - the cost or other amount substituted for cost less its residual value **USEFUL LIFE** - Period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by the entity	Not Defined *

** The corresponding provisions in Accounting Standard (AS) 6 – Depreciation Accounting are applicable which are similar to the provisions of the 2013 Act.*

Key Provisions: What's New

Particulars	**Schedule II** to the Companies Act, 2013	**Schedule XIV** to the Companies Act, 1956
Model of depreciation	Useful life regime	Rate regime
Intangible Assets	The intangible assets are governed by the notified accounting standards. However intangible assets (toll roads) created under Build, Operate & Transfer (BOT), Build , Own ,Operate & Transfer (BOOT) or any other form of PPP route will be amortized using the amortization rate arrived at by dividing actual revenue for the year with the total estimated revenue and then that rate is to be applied on the revenue for the year	Intangible assets (Toll Roads) created under public private partnership requires amortisation using a revenue model. No mention regarding applicability of AS for other intangible assets. However, other intangible assets would be covered under the provisions of the AS.

Illustration: Intangible assets

Cost of Creation of Intangible Asset : 500 cr

Total Period of Agreement : 20 yrs

Time Used for creation of asset : 2 yrs

Total Revenue over 18 years : 600 cr

Actual Revenue for the 1st Year : 5 cr

So amortization amount would be : 5cr /600 cr *500 cr=4.16 cr

& Amortization rate would be : 4.16cr /500 cr *100=0.83%

Key Provisions: What's New

Particulars	**Schedule II** to the Companies Act, 2013	**Schedule XIV** to the Companies Act, 1956
Shift based depreciation	Useful lives have been determined on the basis of single shift. For assets working on double shift, depreciation will increase by 50 percent and in case of triple shift working by 100 percent in respect of specified assets. Extra Shift depreciation not applicable to assets those are marked NESD (No Extra Shift Depreciation) under Part C.	Separate rates provided for single, double and triple shift in respect of specified assets. The calculation of the extra depreciation for double and triple shifts working is to be made separately in the proportion which the number of days for which the concerned assets worked double or triple shift, as the case may be, bears to the normal number of working days during the year.

Illustration: Shift based depreciation

Cost of Asset=5,00,000/-

Useful life=40 years

Salvage Value (5%)=25,000/-

Particulars	Schedule II	Schedule XIV	Difference in Depreciation
Single Shift	(5lac-25,000) /40 = 11875	5 lac x 4.75%= 23,750	11,875
Double Shift	11,875+ 5,938= 17,813	5lac x 7.42% =37,100	19,287
Triple Shift	11,875+11,875= 23,750	5 lac x 10.34% =51,700	27,950

Illustration-Shift Based Depreciation (1/2)

A Company purchased machinery 3 years prior to the commencement of the 2013 Act

For all 3 years, machinery worked on triple shift and accordingly, asset is depreciated at 31.02% (as per old rate)

Residual value – Nil

On transition, balance useful life is -

Option 1:

12 years (15 years – 3 years)

- Therefore, the carrying amount to be depreciated as -
  - Single Shift - 12 years
  - Double Shift – Depreciation as per single shift to be increased by 50%
  - Triple shift - Depreciation as per single shift to be increased by 100%

Illustration-Shift Based Depreciation (2/2)

Option 2:
9 years (15 years – 6 years)
[considering the plant was used on a triple shift basis on all days in the previous three years]

- Therefore, the carrying amount to be depreciated as -
  - Single Shift – 9 years
  - Double Shift – Depreciation as per single shift to be increased by 50%
  - Triple shift - Depreciation as per single shift to be increased by 100%

Option 3:
6 years (15 years – 9 years)
[considering the plant was used on a triple shift basis on all days in previous three years and each shift is considered to depreciate the asset equally]

- Therefore, the carrying amount to be depreciated as -
  - Single Shift – 6 years
  - Double Shift – Depreciation as per single shift to be increased by 50%
  - Triple shift - Depreciation as per single shift to be increased by 100%

Comparative Snapshot of Useful Life - In years

Asset	Schedule II	Schedule XIV
Buildings (other than factory buildings) other than RCC Frame Structure	30	60
Plant & Machinery -General	15	20
Furniture & Fixtures -General	10	15
Motor Cars	8	10
End user devices such as desktops, laptops, etc	3	4
Continuous Process Plant	25	18

Useful Lives are prescribed for tangible assets only

Key Provisions: What's New

Particulars	Schedule II to the Companies Act, 2013	Schedule XIV to the Companies Act, 1956
Assets costing less than Rs.5,000	No such concept	Depreciation at the rate of 100 per cent.
Depreciation on revalued assets	Entire charge to the Statement of Profit and Loss.	Depreciation to be provided considering the original cost of the asset. Incremental deprecation on revalued portion could be adjusted against revaluation reserve by transfer of an equivalent amount to the Statement of Profit and Loss based on the Guidance Note of the ICAI.

Key Provisions: What's New

- There is a benchmark of 5% of the Original Cost of asset i.e. salvage value that has to be retained in the Financial statements
- Company can however choose useful life and residual value that is different from Schedule II however justification for such choices has to be supported by technical advice and it has to be appropriately disclosed in the financial statement. However, no clarity on whether the technical advice can be from internal source or has to be taken externally
- Companies regulated by other law, eg: electricity companies etc – Depreciation rates /residual values shall be applicable as prescribed by the law governing them
- Component accounting mandatory from financial year commencing on or after 1.4.2015 when material and relevant .It was already there under AS-10 as an optional method though

Transitional Provisions

- If remaining useful life is not NIL then carrying amount of asset is to be depreciated over the remaining useful life of the asset
- If remaining useful life is NIL by applying Schedule II the depreciable amount may be adjusted against the retained earning /charged off to Profit and Loss statement.
- In case Depreciable amount on transition is adjusted against the retained earnings then the amount adjusted to reserves should be net of tax benefits as per ICAI announcement titled,` Tax effect of expenses/income adjusted directly against the reserves and/or securities premium account' .The announcement among other matters states as below:
- "Any expense charged directly to reserves and /or securities premium account should be net of tax benefits expected to arise from the admissibility of such expenses for tax purposes. Similarly, any income credited directly to a reserve account or a similar account should be net of its tax effect

Transitional Provision-Accounting Treatment

Option 1: Debit to Retained Earnings

General Reserve Account	Dr	xx	
To Provision for Depreciation Account			xx
Deferred Tax Liability Account	Dr	xx	
To General Reserve Account			xx

Option 2: Debit to Statement of Profit and loss

Depreciation Account	Dr	xx	
To Provision for Depreciation Account			xx
Profit And Loss Account	Dr	xx	
To Depreciation			xx

Deferred tax Liability(or asset, as the case may be) for the year automatically gets adjusted

Basic Provisions for providing Depreciation

- The methods of Depreciation that are followed by the company include WDV Method/SLM Method and Units of Production Method
- The method once applied is to be consistently followed or there will be change in accounting policy for which adequate disclosures are required to be made by way of notes in the financial statements
- Due to the shift from rate based method to useful life method the depreciation and rate for individual asset may vary significantly depending on their balance residual life. This is quiet cumbersome and proper maintenance of fixed asset register is pre-requisite for making the correct calculations
- The Format for Fixed Asset Register is enclosed under **Annexure 'C'**

Part-C of Schedule II

- Given under Annexure 'A' –Part-C of the Schedule -II - Useful life of each asset
- Further for ease of calculation, rate of depreciation for various assets under WDV/SLM computed according to the life of the asset given for asset purchased on or after 1/4/2014 as Annexure `B'
- Useful life in respect of Special Plant and Machinery-are given Industry wise for the following:

Production and exhibition of motion picture films	Steel manufacturing
Glass manufacturing	Non-ferrous metals manufacturing
Mines and quarries	Medical and surgical operations
Telecommunications	Pharmaceuticals and Chemicals
Exploration, production and refining of oil & gas	Civil construction
Generation, transmission and distribution of power	Salt works

Calculation of Depreciation under WDV Method

Under Schedule II there is a formula prescribed for arriving at the Rate of Depreciation under WDV which is as follows:

R= (1 – (S/C ^1/N) x 100

Where

R = Rate of Depreciation (in %),

N = Useful life of the asset (in yrs)

S = Scrap value at the end of useful life of the asset

C= Cost of the asset

Illustration:

Asset: Plant & Machinery

Original Cost: = C= Rs.1,00,000

Salvage Value :5%= S =Rs.5,000/-

Useful Life as per Schedule II: 15 Yrs

Expired Life: 5 years

Remaining Useful life =N = 10 yrs

Accumulated Depreciation for 5 years: 47,500/-

The WDV as on 01.04.2014 will be 52,500/- (1,00,000-47,500)

Rate of Depreciation under WDV will be 20.95%

- For the new assets purchased after 1.4.2014 the same formula is to be applied and then based on the number of days the asset has been put to use ,the depreciation has to be apportioned.

Calculation of Depreciation under SLM Method

In case of SLM Method it is a simple calculation which is as follows: Depreciation= Cost - Scrap Value/Life of Asset	**Illustration:** Asset: Plant & Machinery Original Cost: = C= Rs.1,00,000 Salvage Value :5%= S =Rs.5,000/- Useful Life as per Schedule II: 15 Yrs Expired Life: 5 years Remaining Useful life =N = **10 yrs** Accumulated Depreciation for 5 years: 47,500/- WDV as on 01.04.2014 will be 52,500/- (1,00,000-47,500) In this above example - Rs.47,500/- (i.e. WDV of Rs.52,500/- minus salvage value Rs.5,000) shall be depreciated equally over 10 years i.e. remaining life of asset

Units of Production (UOP) method

- Depreciation expense under units-of-production, based on units produced in the period,

Benefits of UOP method:

- Better matching of depreciation charge with revenue .
- Possibility of depreciating an asset faster than is allowed by class life depreciation

Disadvantages of UOP method:

- Possibility of delaying the start of depreciation and depreciation being stopped if the asset is not in use due to work delays .
- UOP commonly used for Natural Resource Extraction Equipment

Depreciation Schedule II vis-vis Accounting Standard-6

- AS 6 requires lower life/ residual value to be used if management estimate is lower
- The reason for the change in estimation could be coz of assets expected capacity /physical output generated or operational factors such as number of shifts, technological or commercial obsolescence, limits to use an asset. Some companies have policy to dispose the asset when they still have residual value.
- Companies may also choose to adopt higher useful life or residual value if the same can be justified . In that case company need to assess and maintain adequate details about its technical assessment
- Disclosure required for using higher/ lower useful life and residual values
- AS 6 states that depreciation rates prescribed under the statute are minimum.

Illustrations

Management Estimate	10 years	Useful Life
Schedule II	12 years	Useful Life
AS-6	10 years	Useful Life

Management Estimate	12 years	Useful Life
Schedule II	10 years	Useful Life

Schedule II	5%	Residual Value
AS-6	Nil	Residual Value

Schedule II	5%	Residual Value
AS-6	10%	Residual Value

Dividend Declaration & Depreciation

- Per Section 123, every company shall provide depreciation before declaring dividend
- Such dividend shall be provided as per Schedule II
- A Company depreciates Plant & Machinery over 20 years, where the useful life is 15 years, whether will it be sufficient compliance for declaration of dividend ?
- Earlier, in Companies Act 1956, section 350 states that the depreciation shall be as per the rates provided in Schedule XIV. No such reference to rates or useful life is made in Section 123 of the Companies Act,2013
- The wording in section 123 states that depreciation shall be as per Schedule II
- Schedule II permits different useful life by any Company provided adequate disclosure in financial statement with justification duly supported by technical advice is made
- Hence, the depreciation assuming a higher useful life, resulting in lower depreciation and higher profits, shall be sufficient compliance with Section 123

Depreciation & Managerial Remuneration

•As per Section 198, depreciation as per section 123 should be deducted for computing limits of managerial remuneration

•Section 123 refers depreciation as per Schedule II of the Companies Act, 2013

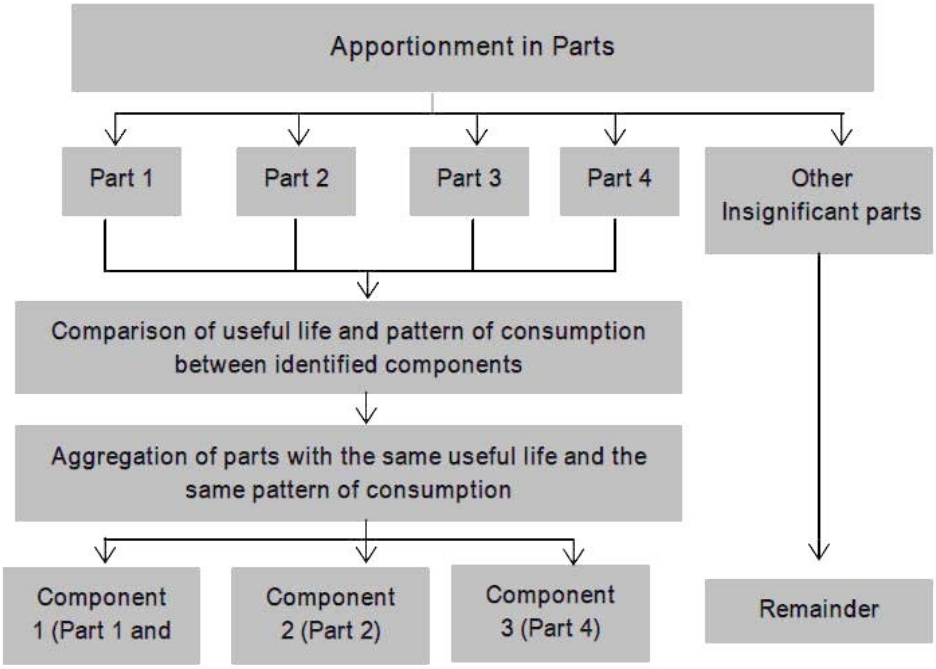
Component Accounting: Overview

- The Component Approach was already allowed under AS-10 but was optional. Schedule II requires application of component accounting mandatorily when relevant and material from 1.4.2015
- Useful life specified in Part C of the Schedule is for whole of the asset.
- Useful life of significant part shall be determined separately:
  I. Where cost of a part of the asset is significant to total cost of the asset and;
  II. Useful life of that part is different from the useful life of the remaining asset

Component Accounting: Materiality

- A company needs to identify only material / significant components separately for depreciation
- Materiality is a matter of management / audit judgment and needs to be decided on the facts of each case
- Also consider impact on retained earnings, current year profit or loss and future profit or loss (say, when part will be replaced) to decide materiality
- If a component may have material impact from either perspective, the said component will be material and require separate identification

Component Accounting: Illustration



Component Accounting .. Contd.

- First split the fixed asset into various identifiable parts to the extent possible
- The identified parts are then grouped together if they have the same or similar useful life. No need to identify and depreciate insignificant parts as separate components; rather, they can be combined together in the remainder of the asset or with the principal asset.
- Identification of significant parts is a matter of judgment and to be decided on case-to-case basis. Identification of separate parts of an asset and determination of their useful life is not merely an accounting exercise; rather, it involves technical expertise. Hence, involve technical experts to determine the parts of an asset
- In case if useful life of component is lower than the useful life of the principal asset as per Schedule II such lower life should be used.
- If however the useful life of component is higher than the useful life of the principal asset as per Schedule II ,the company has a choice of using either the higher or lower useful life. However higher useful life can be used by management only if the intention to use the component exists even after expiry of the useful life for the principal asset.

Illustrations

Useful Life of Principal Asset Under Schedule II - 10 years
Management estimation of principal asset - 10 years
AS-6- Component Useful life - 8 years
Life of Component - 12 years
In this case the company can choose 10 years life as prescribed by Schedule II

For Some industries the determination is simple while for some industry it is complex process

- An IT company, which has only computers as fixed assets, may be able to determine with little analysis that there are no significant components requiring separate depreciation.
- However, for an airline company, it may be clear that engine has different useful life vis-à-vis remainder of the aircraft

Component Accounting: Replacement Costs & Major Inspection / Overhaul

- The application of component accounting will cause significant change in measurement of depreciation and accounting for replacement costs
- Presently, companies need to expense replacement costs in the year of incurrence. Under component accounting, companies will capitalize these costs as a separate component of the asset, with consequent expensing of net carrying value of the replaced component
- If it is not practicable for a company to determine carrying amount of the replaced component, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed
- Even under the component accounting, a company does not recognize in the carrying amount of an item of fixed asset the costs of the day-to-day servicing of the item. These costs are expensed in the statement of profit and loss as incurred
- Major inspection/overhaul costs can be capitalized in certain cases and depreciated over the period during which the benefits of such costs are utilized e.g. 3 years or 5 years as the case may be

Component Accounting: Illustrative disclosures (1/2)

I . Accounting policy for components

- Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the fixed asset and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of fixed asset are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection/ overhaul is performed, its cost is recognized in the carrying amount of the related fixed asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred
- The company has adopted Schedule II to the Companies Act, 2013, for depreciation purposes, from 1 April 2015. **The company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset**.
- Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its fixed assets. Now, the company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset.
- The company has **used transitional provisions** of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of Schedule II becoming effective, i.e., 1 April 2015, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2015, is depreciated over their remaining useful life

Component Accounting: Illustrative disclosures (2/2)

Accounting policy change

- Had the company continued to use the earlier policy of depreciating fixed asset, its financial statements for the period would have been impacted as below:
- Depreciation for the current period would have been lower by `XX amount.
- Repair and maintenance expense for the current period would have been higher by `XX amount.
- Profit for the current period would have been higher by ` XX amount (net of tax impact of ` XX amount).
- Retained earnings at the beginning of the current period would have been higher by ` XX amount (net of tax impact of ` XX amount).
- Fixed asset would correspondingly have been higher by ` XX amount'

Other Provisions

Calculation

On a *pro rata basis*

- In case of additions - From the date of such addition
- In case such asset of sale, demolition, destruction - Up to that date

Disclosure in the accounts

- Depreciation methods used;
- The useful life of the assets for computing depreciation, if they are different from the life specified in the Schedule II
- Disclosures as per AS 6

Changes in CARO reporting with respect to fixed assets

The MCA has issued Companies (Auditor's Report) Order,2015 vide order dated 10.04.2015. It shall come into force wef 1.4.2015

The Annexure referred to in our report to members of _____the Company') for the year Ended on _____. We report that:

	CARO 2003	CARO 2015	CHANGE
1(a)	Whether the company is maintaining proper	whether the company is maintaining proper	**No Change**
	records showing full particulars, including	records showing full particulars, including	
	quantitative details and situation of fixed	quantitative details and situation of fixed	
	assets	assets	
1(b)	whether these fixed assets have been	whether these fixed assets have been	**No Change**
	physically verified by the management at	physically verified by the management at	
	reasonable intervals; whether any material	reasonable intervals; whet her any material	
	discrepancies were noticed on such	discrepancies were noticed on such	
	verification and if so, whether the same have	verification and if so, whether the same have	
	been properly dealt with in the books of	been properly dealt with in the books of	
	account	account	
1(c)	if a substantial part of fixed assets have been	Omitted	**Change**
	disposed off during the year, whether it has		
	affected the going concern		

Q&A: Schedule II

Q1	Is componentisation to be done retrospectively or prospectively?
A1	Schedule II does not exempt componentisation of existing assets. Hence, in whichever year a company adopts componentisation, all assets would have to be componentised retrospectively but with respect to only those assets that have a carrying value greater than the residual value as on the transition date. Further, such requirement is voluntary in respect of financial year commencing on or after 1 April, 2014 and mandatory for financial statements in respect of financial years commencing on or after 1 April, 2015. Accordingly, the transition provision under Note 7 of Schedule II will be available to a company on 1 April, 2015 with respect to componentisation, if they opt for componentisation with effect from that date, though it adopted the other provisions (useful life) of Schedule II as on 1 April, 2014

Q&A: Schedule II

Q2	When a company opts to move to Schedule II useful lives and residual values, can they simultaneously also change the method of depreciation and still avail benefits of transition provisions?
A2	While transitioning to the useful lives and residual value as per Schedule II, a company may decide to change the method of depreciation (SLM, WDV, etc). Since the company is transitioning to Schedule II, it may be able to avail benefits of transition provisions even if it changed the method of depreciation. However, this would need to be done on a two stage basis: In the first stage, consequent to the change in the method of depreciation, as on the date of transition to Schedule II, the carrying value of the assets should be recalculated based on the equivalent rates considering the erstwhile useful lives and the deficiency or surplus arising from the retrospective computation of depreciation in accordance with the changed method, should be charged or credited to the Statement of Profit and Loss for that year, as per the provisions of para 15 of AS 6. Such a change in method would be treated as a change in accounting policy and its effect should be quantified and disclosed in the financial statements. In the second stage, the revised useful life should be considered for depreciating the aforesaid recalculated carrying values and such recalculated carrying values should be considered for applying the transition provisions of Schedule II

Q&A: Schedule II

Q3	Can a company adopt for some class of assets Schedule II useful lives and residual values and for some other class of assets a different useful life and residual value?
A3	A company would have to determine category wise useful life and residual value considering the usage of the assets and / or their location. Hence, it is permissible for companies to consider useful life and residual value per Schedule II for some categories of assets and different life / residual value for the other categories of assets. However, the rationale is to be technically evaluated and disclosed in the financial statements where useful life as per Schedule II is not being applied
Q4	Based on the revised useful lives as per Schedule II, should the carrying value as of 31st March 2014, also be adjusted to reflect the change in such useful lives? For e.g. the useful life of a Continuous Process Plant (CPP) is 25 years whilst the derived useful life under Schedule XIV to the Companies Act, 1956 was 18 years. Under this circumstance can a company write back the excess depreciation charged on such CPP in earlier years until March 31, 2014 consequent to the adoption of useful life of such asset as per Schedule II?
A4	The carrying value as of March 31, 2014 should not be reworked as per Schedule II under any circumstance. The transition provision provided in clause (a) of Note 7 to Schedule II states that the carrying value as on the date the Schedule comes into effect should be depreciated over the remaining useful life as per the Schedule

Q&A: Schedule II

Q5	Whether an existing asset as at 31 March 2014 which was not identified and considered as continuous process plant (CPP) under Schedule XIV of the 1956 Act in the financial statements can be retagged/ re-determined as CPP under Schedule II of the 2013 Act?
A5	No. The definition of CPP has not changed under the 2013 Act as compared to the 1956 Act. Further, Note 7 of Part C to Schedule II, which specifies the transition provision on the date when the Schedule comes into effect, states the manner of dealing with (only) the carrying value of the assets as on the date of transition. It does not provide for reversing or recalculating depreciation charged in periods prior to the effective date of the Schedule.

Q6	If asset is acquired and put to use on 5.9.2005 and revalued on 31.3.2011, then from what date will we calculate the useful life of the asset ?
A6	The residual life is to be calculated from the acquiring date, i.e. 5/9//2005 since revaluation only increases the value of the asset and Schedule II deals with useful lives. Due to revaluation, there is no impact on the useful life of the assets so the calculation has to be from the date of acquisition and not date of revaluation
Q7	If second hand asset acquired then how will we calculate the useful life of the asset?
A7	We will have to take the year in which the asset was originally bought on either estimation basis or technical advise and from that year we have to consider the useful life of the asset

Q&A: Schedule II

Q8	Whether it is necessary to review useful life every year ?
A8	Yes as per Para 23 of AS-6 useful lives of major depreciable assets or classes of assets may be reviewed periodically .Where there is revision ,the unamortized depreciable amount should be charged over the revised remaining useful life. Also see para 21 of AS 5 & para 51 of Ind AS-16
Q9	What treatment should be given for assets costing less than Rs. 5,000/-, given that no specific guidance has been provided for the same in Schedule II?
A9	Schedule II does not specifically deal with assets costing less than Rs. 5,000/-. As per AS 1 - Disclosure of Accounting Policies, a company has to give due consideration to the concept of materiality when framing its accounting policies and preparation of financial statement. Considering the above, a company would be free to determine a policy for depreciating assets costing less than Rs. 5,000/- prospectively. The policy adopted for depreciating such low value assets, where applicable, would have to be disclosed in the financial statements. Such assets depreciated previously under the earlier policy should not be reinstated.

ANNEXURE `A'

-PART'C'-USEFUL LIFE OF ASSETS

The following are the useful lives of various tangible assets:

Nature of assets	Useful Life
I. Buildings [NESD]	
(*a*)Buildings (other than factory buildings) RCC Frame Structure	60Years
(*b*)Buildings(other than factory buildings)other than RCC Frame Structure	30Years
(*c*)Factory buildings	-do-
(*d*)Fences, wells, tube wells	5 Years
(*e*)Others(including temporary structure, etc.)	3 Years
II. Bridges, culverts, bunders, etc.[NESD]	30 Years
III. Roads [NESD]	
(*a*)Carpeted roads	
(*i*)Carpeted Roads—RCC	10 Years
(*ii*)Carpeted Roads—other than RCC	5 Years
(*b*)Non-carpeted roads	3 Years
IV. Plant and Machinery	
(*i*)**General rate applicable to plant and machinery not covered under special plant and machinery**	
(*a*)Plant and Machinery other than continuous process plant not covered under specific industries	15 Years
(*b*)Continuous process plant for which no special rate has been prescribed under(*ii*) below [NESD]	25 Years
(*ii*)**Special Plant and Machinery**	
(*a*)Plant and Machinery related to production and exhibition of Motion Picture Films	
1.Cinematographfilms—Machinery used in the production and exhibition of cinematograph films, recording and reproducing equipments, developing machines, printing machines, editing machines, synchronizers and studio lights except bulbs	13 Years
2.Projecting equipment for exhibition of films	-do-
(*b*)Plant and Machinery used in glass manufacturing	
1.Plant and Machinery except direct fire glass melting furnaces—Recuperative and regenerative glass melting furnaces	13 Years
2.Plant and Machinery except direct fire glass melting furnaces—Moulds[NESD]	8Years
3.Float Glass Melting Furnaces[NESD]	10Years
(*c*)Plant and Machinery used in mines and quarries—Portable underground machinery and earthmoving machinery used in open cast mining[NESD]	8Years

(*d*)Plant and Machinery used in Telecommunications	
[NESD]	
1.Towers	18Years
2.Telecom transceivers, switching centres, transmission and other network equipment	13Years
3.Telecom—Ducts,Cables and optical fibre	18Years
4.Satellites	-do-
(*e*)Plant and Machinery used in exploration, production and refining oil and gas[NESD]	
1.Refineries	25Years
2.Oil and gas assets(including wells), processing plant and facilities	-do-
3.Petrochemical Plant	-do-
4.Storage tanks and related equipment	-do-
5.Pipelines	30Years
6.Drilling Rig	-do-
7.Field operations (aboveground) Portable boilers, drilling tools, well-head tanks, etc.	8Years
8.Loggers	-do-
(*f*)Plant and Machinery used in generation, transmission and distribution of power[NESD]	
1.Thermal/Gas/Combined Cycle Power Generation Plant	40Years
2.Hydro Power Generation Plant	-do-
3.Nuclear Power Generation Plant	-do-
4.Transmission lines, cables and other network assets	-do-
5.Wind Power Generation Plant	22Years
6.Electric Distribution Plant	35Years
7.Gas Storage and Distribution Plant	30Years
8.Water Distribution Plant including pipelines	-do-
(*g*)Plant and Machinery used in manufacture of steel	
1.Sinter Plant	20Years
2.Blast Furnace	-do-
3.Coke ovens	-do-
4.Rolling mill in steel plant	-do-
5.Basic oxygen Furnace Converter	25Years
(*h*)Plant and Machinery used in manufacture of non-ferrous metals	
1.Metal potline [NESD]	40Years
2.Bauxite crushing and grinding section[NESD]	-do-
3.Digester section[NESD]	-do-
4.Turbine[NESD]	-do-
5.Equipments for Calcination [NESD]	-do-
6.Copper Smelter[NESD]	-do-
7.Roll Grinder	40Years

8.Soaking Pit	30Years
9.Annealing Furnace	-do-
10.RollingMills	-do-
11.Equipments for Scalping, Slitting, etc.[NESD]	-do-
12.Surface Miner,Ripper Dozer,etc.,used in mines	25 Years
13.Copper refining plant[NESD]	-do-
(*i*)Plant and Machinery used in medical and surgical operations[NESD]	
1.Electrical Machinery, X-ray and electro therapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, Cat-Scan, Ultra sound Machines, ECG Monitors, etc	13 Years
2.Other Equipments.	15 Years
(*j*) Plant and Machinery used in manufacture of pharmaceuticals and chemicals[NESD]	
1.Reactors	20 Years
2.Distillation Columns	-do-
3.Drying equipments/Centrifuges and Decanters	-do-
4.Vessel/storage tanks	-do-
(*k*)Plant and Machinery used in civil construction	
1.Concreting,Crushing,Piling Equipments and Road Making Equipments	12 Years
2.Heavy Lift Equipments—	
Cranes with capacity of more than 100 tons	20 Years
Cranes with capacity of less than 100tons	15 Years
3.Transmissionline,TunnelingEquipments[NESD]	10 Years
4.Earth-moving equipments	9 Years
5.Others including Material Handling/ Pipeline/ Welding Equipments [NESD]	12 Years
(*l*)Plant and Machinery used in saltworks [NESD]	15 Years
V. Furniture and fittings [NESD]	
(*i*)General furniture and fittings	10 Years
(*ii*)Furniture and fittings used in hotels, restaurants and boarding houses, schools, colleges and other educational institutions, libraries; welfare centre; meeting halls, cinema houses; theatres and circuses; and furniture and fittings let out on hire for use on the occasion of marriages and similar functions	8 Years
VI. Motor Vehicles[NESD]	
1.Motor cycles, scooters and other mopeds	10 Years
2.Motorbuses, motor lorries, motor cars and motor taxies used in a business of running them on hire	6 Years
3.Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	8 Years
4.Motor tractors, harvesting combines and heavy vehicles	-do-

5.Electrically operated vehicles including battery powered or fuel cell powered vehicles	8 Years
VII. Ships [NESD]	
1.Ocean-going ships	
(*i*)Bulk Carriers and liner vessels	25 Years
(*ii*)Crude tankers, product carriers and easy chemical carriers with or without conventional tank coatings.	20 Years
(*iii*)Chemicals and Acid Carriers:	
(*a*)With Stainless steel tanks	25 Years
(*b*)With other tanks	20 Years
(*iv*)Liquified gas carriers	30 Years
(*v*) Conventional large passenger vessels which are used for cruise purpose also	-do-
(*vi*)Coastal service ships of all categories	-do-
(*vii*)Offshore supply and support vessels	20 Years
(*viii*)Catamarans and other high speed passenger for ships or boats	-do-
(*ix*)Drill ships	25 Years
(*x*)Hovercrafts	15 Years
(*xi*)Fishing vessels with wooden hull	10 Years
(*xii*)Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes	14 Years
2.Vessels ordinarily operating on inland waters—	
(*i*)Speed boats	13 Years
(*ii*)Other vessels	28 Years
VIII.Aircrafts or Helicopters[NESD]	20 Years
IX.Railways sidings, locomotives, rolling stocks, tramways and railways used by concerns, excluding railway concerns[NESD]	15 Years
X.Ropeway structures[NESD]	15 Years
XI.Office equipment[NESD]	5 Years
XII.Computers and data processing units[NESD]	
(*i*)Servers and networks	6 Years
(*ii*)End user devices,such as,desktops, laptops,etc.	3 Years
XIII.Laboratory equipment [NESD]	
(*i*)General laboratory equipment	10 Years
(*ii*)Laboratory equipments used in educational institutions	5 Years
XIV.Electrical Installations and Equipment [NESD]	10 years
XV.Hydraulic works, pipelines and sluices[NESD]	15 Years

Notes

1. "Factory buildings" does not include offices, godown, staff quarters.

ANNEXURE -`B'

SEC. 123 – SCHEDULE –II – PART C OF COMPANIES ACT,2013

USEFUL LIFE OF VARIOUS ASSETS & RATES OF DEPRECIATION UNDER SLM & WDV AS MANUALLY CALCULATED TAKING 5 % AS RESIDUAL VALUE

			General Rates		Double Shift		Triple Shift	
	Nature of Assets	**Useful Life In Years**	**SLM Rate**	**WDV Rate**	**SLM Rate**	**WDV Rate**	**SLM Rate**	**WDV Rate**
I	**BUILDINGS [NESD]**							
(a)	Buildings (other than factory buildings) RCC Frame Structure	60	1.58%	4.87%	-	-	-	-
(b)	Buildings (other than factory buildings) other than RCC Frame Structure	30	3.17%	9.50%	-	-	-	-
(c)	Factory buildings	30	3.17%	9.50%	-	-	-	-
(d)	Fences, wells, tube wells	5	19.00%	45.07%	-	-	-	-
(e)	Others (including temporary structure, etc.)	3	31.67%	63.16%	-	-	-	-
II	**BRIDGES, CULVERTS, BUNDERS, ETC. [NESD]**	**30**	**3.17%**	**9.50%**				
III	**ROADS [NESD]**							
(a)	Carpeted roads							
	(i) Carpeted Roads-RCC	10	9.50%	25.89%	-	-	-	-
	(ii) Carpeted Roads-other than RCC Non-carpeted	5	19.00%	45.07%	-	-	-	-
(b)	roads	3	31.67%	63.16%	-	-	-	-
IV	**PLANT AND MACHINERY**							
	General rate applicable to plant and machinery not covered under special plant and machinery							
(a)	Plant and Machinery other than continuous process plant not covered under specific industries	15	6.33%	18.10%	9.50%	27.16%	12.66%	36.21%
(b)	continuous process plant for which no special rate has been prescribed under (ii) below [NESD]	25	3.80%	11.29%	-	-	-	-
	Special Plant and Machinery							
(a)	Plant and Machinery related to production and exhibition of Motion Picture Films				-	-	-	-
	1. Cinematograph films—Machinery used in the production and exhibition of cinematograph films, recording and reproducing,equipments, developing machines, printing machines, editing,machines, synchronizers and studio lights except bulbs	13	7.31%	20.58%	10.97%	30.87%	14.62%	41.16%
	2. Projecting equipment for exhibition of films	13	7.31%	20.58%	10.97%	30.87%	14.62%	41.16%
(b)	Plant and Machinery used in glass manufacturing							
	1. Plant and Machinery except direct fire glass melting furnaces —Recuperative and regenerative glass melting furnaces	13	7.31%	20.58%	10.97%	30.87%	14.62%	41.16%
	2. Plant and Machinery except direct fire glass melting furnaces —Moulds [NESD]	8	11.88%	31.23%	-	-	-	-
	3. Float Glass Melting Furnaces [NESD]	10	9.50%	25.89%	-	-	-	-
(c)	Plant and Machinery used in mines and quarries—Portable underground machinery and earth moving machinery used in open cast mining [NESD]	8	11.88%	31.23%	-	-	-	-

			General Rates		Double Shift		Triple Shift	
(d)	Plant and Machinery used in Telecommunications [NESD]							
	1. Towers	18	5.28%	15.33%	-	-	-	-
	2. Telecom transceivers, switching centres, transmission and other network equipment	13	7.31%	20.58%	-	-	-	-
	3. Telecom—Ducts, Cables and optical fibre	18	5.28%	15.33%	-	-	-	-
	4. Satellites	18	5.28%	15.33%	-	-	-	-
(e)	Plant and Machinery used in exploration, production and refining oil and gas [NESD]							
	1. Refineries	25	3.80%	11.29%	-	-	-	-
	2. Oil and gas assets (including wells), processing plant and facilities	25	3.80%	11.29%	-	-	-	-
	3. Petrochemical Plant	25	3.80%	11.29%	-	-	-	-
	4. Storage tanks and related equipment	25	3.80%	11.29%	-	-	-	-
	5. Pipelines	30	3.17%	9.50%	-	-	-	-
	6. Drilling Rig	30	3.17%	9.50%	-	-	-	-
	7. Field operations (above ground) Portable boilers, drilling tools,well-head tanks, etc.	8	11.88%	31.23%	-	-	-	-
	8. Loggers	8	11.88%	31.23%	-	-	-	-
(f)	Plant and Machinery used in generation, transmission and distribution of power [NESD]							
	1. Thermal/ Gas/ Combined Cycle Power Generation Plant	40	2.38%	7.22%	-	-	-	-

	2. Hydro Power Generation Plant	40	2.38%	7.22%	-	-	-	-
	3. Nuclear Power Generation Plant	40	2.38%	7.22%	-	-	-	-
	4. Transmission lines, cables and other network assets	40	2.38%	7.22%	-	-	-	-
	5. Wind Power Generation Plant	22	4.32%	12.73%	-	-	-	-
	6. Electric Distribution Plant	35	2.71%	8.20%	-	-	-	-
	7. Gas Storage and Distribution Plant	30	3.17%	9.50%	-	-	-	-
	8. Water Distribution Plant including pipelines	30	3.17%	9.50%	-	-	-	-
(g)	Plant and Machinery used in manufacture of steel							
	1. Sinter Plant	20	4.75%	13.91%	7.13%	20.87%	9.50%	27.82%
	2. Blast Furnace	20	4.75%	13.91%	7.13%	20.87%	9.50%	27.82%
	3. Coke ovens	20	4.75%	13.91%	7.13%	20.87%	9.50%	27.82%
	4. Rolling mill in steel plant	20	4.75%	13.91%	7.13%	20.87%	9.50%	27.82%
	5. Basic oxygen Furnace Converter	25	3.80%	11.29%	5.70%	16.94%	7.60%	22.59%
(h)	Plant and Machinery used in manufacture of non-ferrous metals							
	1. Metal pot line [NESD]	40	2.38%	7.22%	-	-	-	-
	2. Bauxite crushing and grinding section [NESD]	40	2.38%	7.22%	-	-	-	-
	3. Digester Section [NESD]	40	2.38%	7.22%	-	-	-	-
	4. Turbine [NESD]	40	2.38%	7.22%	-	-	-	-
	5. Equipments for Calcination [NESD]	40	2.38%	7.22%	-	-	-	-
	6. Copper Smelter [NESD]	40	2.38%	7.22%	-	-	-	-
	7. Roll Grinder	40	2.38%	7.22%	3.57%	10.82%	4.76%	14.43%
	8. Soaking Pit	30	3.17%	9.50%	4.76%	14.26%	6.34%	19.01%
	9. Annealing Furnace	30	3.17%	9.50%	4.76%	14.26%	6.34%	19.01%
	10. Rolling Mills	30	3.17%	9.50%	4.76%	14.26%	6.34%	19.01%
	11. Equipments for Scalping, Slitting , etc. [NESD]	30	3.17%	9.50%	-	-	-	-
	12. Surface Miner, Ripper Dozer, etc., used in mines	25	3.80%	11.29%	5.70%	16.94%	7.60%	22.59%
	13. Copper refining plant [NESD]	25	3.80%	11.29%	-	-	-	-
(i)	Plant and Machinery used in medical and surgical operations [NESD]							
	1. Electrical Machinery, X-ray and electrotherapeutic apparatus and accessories thereto, medical, diagnostic equipments,	13	7.31%	20.58%	-	-	-	-
(j)	2. Other Equipments. Plant and Machinery used in manufacture of pharmaceuticals and chemicals [NESD]	15	6.33%	18.10%	-	-	-	-
	1. Reactors	20	4.75%	13.91%	-	-	-	-
	2. Distillation Columns	20	4.75%	13.91%	-	-	-	-
	3. Drying equipments/Centrifuges and Decanters	20	4.75%	13.91%	-	-	-	-
	4. Vessel/storage tanks	20	4.75%	13.91%	-	-	-	-
(k)	Plant and Machinery used in civil construction							
	1. Concreting, Crushing, Piling Equipments and Road Making Equipments	12	7.92%	22.09%	11.88%	33.14%	15.84%	44.18%
	2. Heavy Lift Equipments—							
	Cranes with capacity of more than 100 tons	20	4.75%	13.91%	7.13%	20.87%	9.50%	27.82%
	Cranes with capacity of less than 100 tons	15	6.33%	18.10%	9.50%	27.16%	12.66%	36.21%
	3. Transmission line, Tunneling Equipments [NESD]	10	9.50%	25.89%	-	-	-	-
	4. Earth-moving equipments	9	10.56%	28.31%	15.84%	42.47%	21.12%	56.63%
	5. Others including Material Handling /Pipeline/Welding Equipments [NESD]	12	7.92%	22.09%	-	-	-	-
(l)	Plant and Machinery used in salt works [NESD]	15	6.33%	18.10%	-	-	-	-
V	**FURNITURE AND FITTINGS [NESD]**							
(i)	General furniture and fittings	10	9.50%	25.89%	-	-	-	-
(ii)	Furniture and fittings used in hotels, restaurants and boarding houses,schools, colleges and other educational institutions, libraries; welfarecentres; meeting halls, cinema houses; theatres and circuses; and furniture and fittings let out on hire for use on the occasion of marriages and similar functions.	8	11.88%	31.23%	-	-	-	-
VI	**MOTOR VEHICLES [NESD]**							
	1. Motor cycles, scooters and other mopeds	10	9.50%	25.89%	-	-	-	-
	2. Motor buses, motor lorries, motor cars and motor taxies used in a business of running them on hire	6	15.83%	39.30%	-	-	-	-
	3. Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	8	11.88%	31.23%	-	-	-	-
	4. Motor tractors, harvesting combines and heavy vehicles	8	11.88%	31.23%	-	-	-	-
	5. Electrically operated vehicles including battery powered or fuel cell powered vehicles	8	11.88%	31.23%	-	-	-	-
VII	**SHIPS [NESD]**							
	1. Ocean-going ships							
	(i) Bulk Carriers and liner vessels	25	3.80%	11.29%	-	-	-	-

	(ii) Crude tankers, product carriers and easy chemical carriers with or without conventional tank coatings.	20	4.75%	13.91%	-	-	-	-
	(iii) Chemicals and Acid Carriers:							
	(a) With Stainless steel tanks	25	3.80%	11.29%	-	-	-	-
	(b) With other tanks	20	4.75%	13.91%	-	-	-	-
	(iv) Liquified gas carriers	30	3.17%	9.50%	-	-	-	-
	(v) Conventional large passenger vessels which are used for cruise purpose also	30	3.17%	9.50%	-	-	-	-
	(vi) Coastal service ships of all categories	30	3.17%	9.50%	-	-	-	-
	(vii) Offshore supply and support vessels	20	4.75%	13.91%	-	-	-	-
	(viii) Catamarans and other high speed passenger for ships or boats	20	4.75%	13.91%	-	-	-	-
	(ix) Drill ships	25	3.80%	11.29%	-	-	-	-
	(x) Hovercrafts	15	6.33%	18.10%	-	-	-	-
	(xi) Fishing vessels with wooden hull	10	9.50%	25.89%	-	-	-	-
	(xii) Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes	14	6.79%	19.26%	-	-	-	-
	2. Vessels ordinarily operating on inland waters—							
	(i) Speed boats	13	7.31%	20.58%	-	-	-	-
	(ii) Other vessels	28	3.39%	10.15%	-	-	-	-
VIII	**AIRCRAFTS OR HELICOPTERS [NESD]**	**20**	**4.75%**	**13.91%**	**-**	**-**	**-**	**-**
IX	**RAILWAYS SIDINGS, LOCOMOTIVES, ROLLING STOCKS, TRAMWAYS AND RAILWAYS USED BY CONCERNS, EXCLUDING RAILWAY CONCERNS [NESD]**	**15**	**6.33%**	**18.10%**	**-**	**-**	**-**	**-**
X	**ROPEWAY STRUCTURES [NESD]**	**15**	**6.33%**	**18.10%**	**-**	**-**	**-**	**-**
XI	**OFFICE EQUIPMENT [NESD]**	**5**	**19.00%**	**45.07%**	**-**	**-**	**-**	**-**
XII	**COMPUTERS AND DATA PROCESSING UNITS [NESD]**							
	(i) Servers and networks	6	15.83%	39.30%	-	-	-	-
	(ii) End user devices, such as, desktops, laptops, etc.	3	31.67%	63.16%	-	-	-	-
XIII	**LABORATORY EQUIPMENT [NESD]**							
	(i) General laboratory equipment	10	9.50%	25.89%	-	-	-	-
	(ii) Laboratory equipments used in educational institutions	5	19.00%	45.07%	-	-	-	-
XIV	**ELECTRICAL INSTALLATIONS AND EQUIPMENT [NESD]**	**10**	**9.50%**	**25.89%**	**-**	**-**	**-**	**-**
XV	**HYDRAULIC WORKS, PIPELINES AND SLUICES [NESD]**	**15**	**6.33%**	**18.10%**	**-**	**-**	**-**	**-**

ANNEXURE `C'

FIXED ASSETS REGISTER
UNDER THE COMPANIES ACT 2013

Description of Assets													Details of Depreciation											
Sl No.	Voucher No. / Date	Particulars	Classification (Account Head)	Specificaiotn Marks (if any)	Location	Invoice value	Customs Duty and Freight	Other incidental expenses	Installation expenses	Total cost	Value in terms of provisions of the Companies Act 2013		Depreciation under provisions of the Companies Act 2013			Depreciation under section 32 of the Income Tax Act 1961			Written Down Value for the purpose of the Companies Act 2013	Written Down Value for the purpose of section 32 of the Income Tax Act 1961	Sale/Transfer/Adjustment	Total Depreciation Charged/Claimed till the date of sale/Trafner/Adjustment	Profit/Loss in Sale/Transfer/Adjustment	Remarks
													Rate	Current year depreciation	Accumulated depreciation	Rate	Current year depreciation	Accumulated depreciation						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)

Nidhi Lalpuria
nidhilalpuria@hotmail.com