**Plant and Property: Depreciation, Reconciliations Reports and Centralized Functions**

1. **Depreciation** is the measure of wearing out, consumption or other loss of value of a fixed asset over its useful life. It will be the monthly expense charged to a project for the use of an asset over its lifetime.

1. The **Depreciable amount** is the cost of an asset, or other amount substituted for cost, less its residual value and Residual value of an asset is the estimated amount that would currently be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

# Reconciliation

1. Reconciliation is an accounting process used to compare at least two sets of records to ensure the figures are in agreement and are accurate. Given that the plant and property data will be initiated in one module and ultimately recorded in Quantum Asset Module as well as the General Ledger Account there will be a need to reconcile the data and information in the three modules in Quantum. In addition to reconciliations of accounting data there will also be a requirement to reconcile the physical verification exercise results with Leasehold improvement records.

# Reports

1. Due to the need to verify the accuracy of records through reconciliations and for purposes of preparing accurate assets information for the financial statement, there are various reports designed to assist the users to perform the functions of reconciliation and review of asset records. Refer to the Reports section under POPP section on Furniture and Equipment. For example, there will be Asset Management (AM)-GL Reconciliation reports by department and asset class; AM In Service Reports; AM Transaction Detail reports; etc.

# Centralized Functions

1. Centralized functions are those functions that are performed only by the GSSC and UNDP NYHQ through the Accounts Division, OIMT or General Operations/BMS. Refer to POPP Equipment Depreciation, Reconciliations, Reports and Centralized Functions.

# Depreciation

1. For the purpose of calculating Depreciation of Plant and Buildings, the method used will be the straight line method over its useful life, using the actual month convention. This means that Plant and Buildings will not be expensed upon purchase, but instead be expensed in equal amounts from the month of its purchase to the month before the end of its predetermined lifecycle.
2. Depreciation will be a system driven process. When an item is selected from the procurement catalogue and subsequently capitalized, it defaults to an asset profile that has the depreciation rate based on useful life associated with it. The system uses this information to run the depreciation which is then posted to the relevant general ledger account. General Operations/BMS will regularly reconcile depreciation charges at a global level to ensure the system is running accurately. Following is the assigned useful life for plant and buildings.

*Class*

*Useful life*

Plant and Buildings

40

years

1. For Land, the useful life is indefinite and therefore will not be depreciated.

# Reconciliations, Reports and Centralized Functions

1. Refer to the POPP Equipment Depreciation, Reconciliations, Reports and Centralized Functions section to see the list of reports and reconciliations that may be of use for all property plant and equipment (PP&E).

**Headquarters:**

* [Request for Asset Sale, Disposal Form (RAD) under USD 5000 - HQ](https://popp.undp.org/node/4716)
* [Request for Asset Sale, Disposal Form (RAD) USD 5000 & above - HQ](https://popp.undp.org/node/4701)
* [Request for Asset Adjustment Approval Form - HQ](https://popp.undp.org/node/5011" \t "_blank)

**Country Offices:**

* [Request for Asset Sale, Disposal Form (RAD) under USD 5000 - Country Office](https://popp.undp.org/node/4706)
* [Request for Asset Sale, Disposal Form (RAD) USD 5000 & above - Country Office](https://popp.undp.org/node/4711)