

# Depreciation Calculations

The HP-12C enables you to calculate depreciation and the remaining depreciable value (book value minus salvage value) using the straight-line, sum-of-the-years-digits, and declining-balance methods. To do so with any of these methods:

- 1) Enter the original cost of the asset, using **[PV]**.
- 2) Enter the salvage value of the asset, using **[FV]**. If the salvage value is 0, enter 0 **[FV]**.
- 3) Enter the expected useful life of the asset (in years), using **[n]**.
- 4) If the declining-balance method is being used, enter the declining-balance factor (as a percentage), using **[i]**. For example, 1.25 times the straight-line rate — 125 percent declining-balance — would be entered as 125 **[i]**.
- 5) Key in the number of the year for which depreciation is to be calculated.
- 6) Press the desired depreciation method:
  - [f] [SL]**           -> For depreciation using the Straight-Line method.
  - [f] [SOYD]**       -> For depreciation using the Sum-of-the-Years method.
  - [f] [DB]**           -> For depreciation using the Declining-Balance method.

The amount of the depreciation is shown in the display. The remaining depreciable value (book value minus salvage value) is held in the stack-Y. To display it, press **[X $\rightleftharpoons$ Y]**.

## **Example : Depreciation Methods**

An asset purchased for \$10,000, is depreciated over 5 years. Its salvage value is \$500. Find the depreciation and remaining value for the first 2 years. In the DB method use a declining factor of 200.

Keystrokes	Description
Type "10000" [PV]	Type the original cost and press "PV".
Type "500" [FV]	Type the salvage value and press "FV".
Type "5" [n]	Type the expected life of the asset and press "n".
Type "200" [i]	Type the Declining-Balance factor and press "i" (DB method only).
Type "1" [f] [SL]	Calculates depreciation of year 1 with straight-line method. <b>Result = 1,900.00</b>
[X⇌Y]	Shows the remaining depreciable value after year 1. <b>Result = 7,600.00</b>
Type "2" [f] [SL]	Calculates depreciation of year 2 with straight-line method. <b>Result = 1,900.00</b>
[X⇌Y]	Shows the remaining depreciable value after year 2. <b>Result = 5,700.00</b>
Type "1" [f] [SOYD]	Calculates depreciation of year 1 with sum-of-the-years method. <b>Result = 3,166.67</b>
[X⇌Y]	Shows the remaining depreciable value after year 1. <b>Result = 6,333.33</b>
Type "2" [f] [SOYD]	Calculates depreciation of year 2 with sum-of-the-years method. <b>Result = 2,533.33</b>
[X⇌Y]	Shows the remaining depreciable value after year 2. <b>Result = 3,800.00</b>
Type "1" [f] [DB]	Calculates depreciation of year 1 with declining-balance method. <b>Result = 4,000.00</b>
[X⇌Y]	Shows the remaining depreciable value after year 1. <b>Result = 5,500.00</b>
Type "2" [f] [DB]	Calculates depreciation of year 2 with declining-balance method. <b>Result = 2,400.00</b>
[X⇌Y]	Shows the remaining depreciable value after year 2. <b>Result = 3,100.00</b>