

**METHODS OF CALCULATION FOR PERSONAL PROPERTY -- &
OIL & GAS
REALWARE**

There seems to be some confusion of how the different methods of calculation works for Personal Property and Oil & Gas, so I thought I would put this information together for all of you, with the help of Cristi.

I hope this will help all of you

R -- (Replacement Cost New) – Will depreciate only.

M – (Market) – Has no trending or depreciation.

C – (Cost) – Trends and depreciates.

B – (BIA (Best Information Available)). Has no trending or depreciation. **B** is also a flag to indicate that it was BIA.

S – (Salvage) – Freezes, does not trend or depreciate. Once an item reaches the salvage value percent it will freeze that line with the trending factor that was used when it rolled to salvage. This trending factor will not update when the new factors for 2007 are added. The user has to change the value method to **C** on a salvage line in order for the code to go out and look up a different trend factor. *An item reaches salvage value when its economic life is used up.*

P – (Penalty) – Flags as penalty but acts the same as M. Does not apply trending or depreciation.

V – (Override) – Trends and depreciates. This can be used to flag a detail line that additional depreciation was applied. Example: If a user puts 5% in the add depreciation field the calculation will take that and apply that to the % good. So if Depreciation was 85% good and 5% was in the add depreciation field it will apply 80% to the trended value. If there is a value in the Function %, Economic % or Other % then it will apply that to the RCNLD.

These methods may be found on page 124 of the RealWare End-User Training Manual.