(A) **Depreciation and Interest rate**

1. Depreciation on bulls was worked out by straight line method on the initial value of bulls and their expected life.

2. Depreciation on bull sheds and buildings was estimated at the rate of 5% per annum.

3. Furniture and equipments were depreciated at the rate of 3% and 20% respectively per annum.

4. Interest on fixed capital comprising assets and initial value of bulls was worked out at the rate of 10% per annum.

(B) **Assumptions for formulation of breeding plans**

1. A complete deep freezing programme for the semen was assumed and bulls were disposed of after storing the appropriate number of doses of frozen semen.

2. The deep frozen semen of selected bulls was used within one year after knowing their progeny test value.

3. Progeny testing was assumed to be a continuous process for selecting 2 bulls every year.

4. The fixed operational costs for A.I. service being common to all breeding plans have been ignored.