

Financials: Advanced

F310 Fixed Assets

Training Guide

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Software Version - 2017 R2

Introduction

This course introduces the advanced functionality of the Acumatica ERP financial modules. In this course, you will set up the Fixed Assets module for maintaining fixed assets in two related companies. You will learn how to create fixed assets and depreciate them, and how to perform some additional operations for the fixed assets, such as splitting an asset into multiple parts, transferring an asset from one company department to another, and disposing of an asset. You will learn how to close the financial periods in the Fixed Assets module. Then you will learn how to migrate data from your company's legacy system by using an import scenario, and how to create a partially depreciated asset with accumulated depreciation. The course also describes how to apply a Section 179 deduction to a fixed asset.

The course consists of lessons that will guide you step by step through configuring and using the Fixed Assets module, closing the financial periods, and migrating data from the previous system. After you complete the course, you will have an understanding of how to set up the Fixed Assets module and how to use Acumatica ERP for maintaining fixed assets.



In the examples of this course, you will use sample settings of fixed asset classes and fixed assets, as well as sample transactions and financial accounting processes. These sample settings, transactions, and processes are presented to illustrate the functionality of the Fixed Assets module of Acumatica ERP. In production systems, you have to specify the configuration entities and account for fixed assets as required by the applicable government regulations and your company's business requirements.

How to Use This Course

This course is for completion on Acumatica ERP 2017 R2. To complete the course, deploy an instance of Acumatica ERP for training, complete the lessons from each part of the course in the order in which they are presented, and pass the assessment tests. That is, perform the following steps:

1. Create a company with the *F200* data on an instance of Acumatica ERP 2017 R2. (see the instructions below).
2. Start with Part 1, and complete Lesson 1.
3. Continue with Part 2, and complete Lesson 2.
4. In Acumatica University, take Certification Test 1.
5. Complete all the other lessons in Part 2.
6. In Acumatica University, take Certification Test 2.
7. Complete Part 3 and Part 4.



Lesson 10 is optional and is not required for certification.

8. On Acumatica University, take Certification Test 3.

After you pass all assessment tests, you will get the Acumatica University certificate that verifies completion of this course.

What Is in a Part?

Part 1: Introduction to Fixed Assets describes how to configure the system for working with the Fixed Assets module and how to set up the module itself. *Part 2: Fixed Asset Maintenance* explains how to create, maintain, and depreciate fixed assets in the system. *Part 3: Financial Period Closing Process* describes the closing of a financial period in the Fixed Assets module. *Part 4: Data Migration* is dedicated to explaining how to migrate fixed asset data from legacy systems. Each part begins with a topic that describes the company background and explains the context in which you are going to use Acumatica ERP in the lessons of this part.

What Is in a Lesson?

A lesson outlines the procedures you are completing and describes the related concepts you are learning. At the end of some lessons and topics, in the *Related Links* section, you can find links to more information about the concepts and forms that are used in the lesson or topic, and about the related concepts that are outside of the scope of this course.

How Should I Use Review Questions?

Review questions help you remember the main ideas of a lesson. Review questions are provided with an answer key. After you have completed a lesson, answer the review questions without looking at the correct answers. Then check your results with the answer key ([Key to Review Questions](#)), and review the materials, if needed.

What Are the Documentation Resources?

All the links listed in the *Related Links* sections refer to the documentation available on the <https://help.acumatica.com/> website. These and other topics are also included in the Acumatica ERP instance, and you can find them under the **Help** menu.

How to Create a Company with the Needed Data

You can add a company with the needed data during the deployment of a new Acumatica ERP instance or after the instance has been deployed. To add a company with the *F200* data to an existing Acumatica ERP instance, do the following:

1. Open the Acumatica ERP Configuration Wizard, and click **Perform Application Maintenance**.
2. On the **Application Maintenance** page of the wizard, click the **Company Maintenance** button.
3. In the **SQL Server Authentication** dialog box that appears, specify the credentials for connecting to the database server, and click **OK**. The **Company Setup** page opens.
4. To create a new company, click **New**, and in the **Insert Data** column, select the *F200* data to be preloaded.



If you are deploying a new instance, perform this instruction during the Company Setup step of the Acumatica ERP Configuration Wizard.

5. Click **Next**, and on the **Confirm Configuration** page, click **Finish**.

The system will add a new company to the Acumatica ERP instance and preload the selected data. The first user name is *admin* and the password to sign in to the new company is *setup*, and then you will be asked to change the password as needed.

Introduction to the Acumatica ERP User Interface

Acumatica ERP now offers two user interfaces:

- *Modern*, introduced in 2017 R2, which is now used by default
- *Classic*, which is the user interface used in previous Acumatica ERP versions

The following sections describe the main aspects of working with Acumatica ERP user interface when you complete this training guide:

1. [Completing the Training in Modern UI](#)
2. [Configuring the Quick Menu for the Training](#)
3. [Completing the Training in Classic UI](#)
4. [Navigating to Forms: Tips](#)

1. Completing the Training in the Modern UI

For completing the training, we recommend that you use the modern user interface, which provides an enhanced new look and easy navigation in the system. The following sections provide an overview of the modern UI and explain how to navigate in the system during the completion of the training.

To Configure Workspaces in the Main Menu

In the modern UI, the links to forms and reports are organized in workspaces, each of which corresponds to a functional area in the system. The main menu displays menu items corresponding to these workspaces (such as **Finance** or **Banking**); you can click any menu item (see the screenshot below).

You can configure the list of workspaces displayed on the main menu panel by pinning and unpinning workspaces. Workspaces you can access that are unpinned from the panel are hidden under **More Items**.

To pin a workspace to the main menu panel, open the needed workspace, and, on the workspace title bar, click Pin (see the following screenshot).

The screenshot displays the Acumatica ERP user interface. At the top left is the Acumatica logo with the tagline 'THE CLOUD ERP'. To its right is a search bar with the placeholder text 'Search...'. Further right, the date and time '12/5/2017 2:33 AM' are shown, along with a help icon and a user profile icon labeled 'admin, admin'. Below the header is a main menu on the left side, listing various application areas: Favorites, Data Views, Finance, Banking, Payables, Receivables, Purchases, Dashboards, More Items, and Customization. The 'Customization' menu item is highlighted with a blue background. To the right of the main menu, a workspace titled 'Customization: Quick Menu' is open. The workspace title bar includes a dropdown arrow, an unpin icon (a pin with a slash), a settings gear icon, and a close 'X' icon. The unpin icon is highlighted with a red box. Below the title bar, the workspace content shows a list of items under the heading 'Profiles': Customization Projects, Site Map, Lists as Entry Points, Generic Inquiry, Pivot Tables, Dashboards, and Filters. The 'Customization Projects' item is highlighted with a blue background.

Figure: A workspace unpinned from the main menu

To unpin a workspace from the main menu, on the workspace title bar, click Unpin (see the following screenshot).

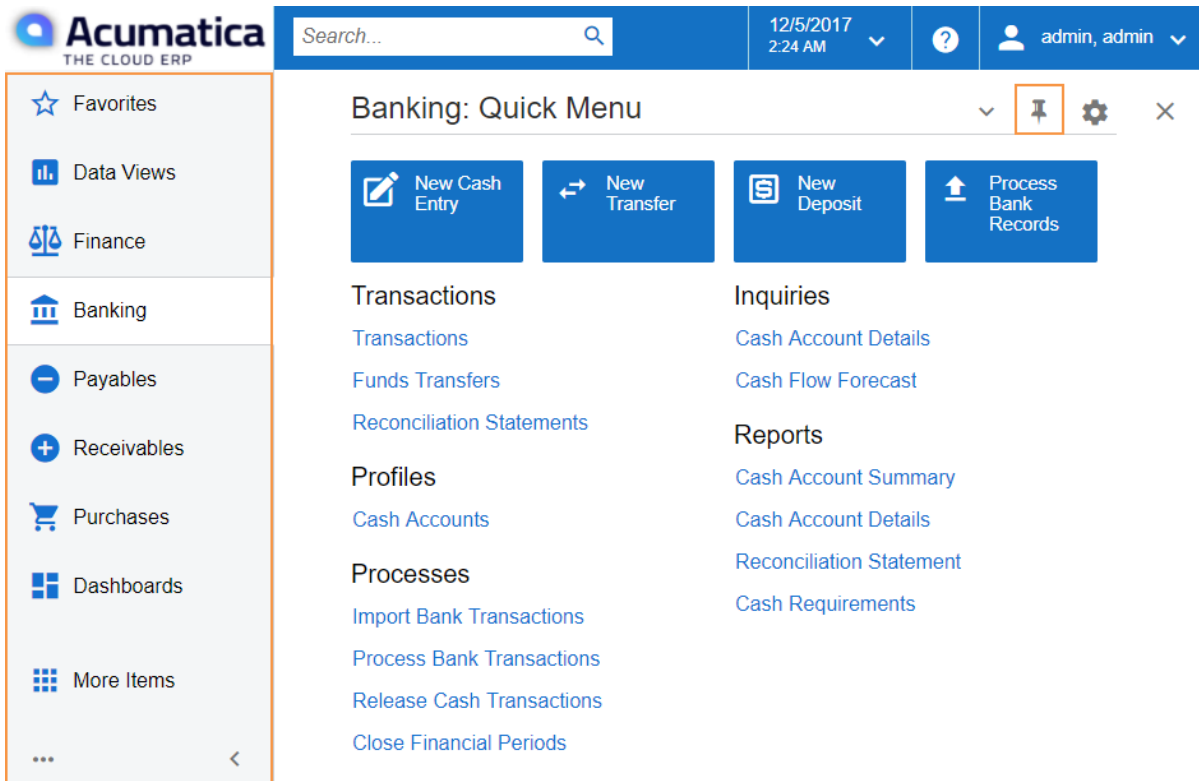


Figure: A workspace pinned to the main menu

To Navigate to a Form from a Quick Menu

Forms in the modern UI are grouped by workspaces, which are shown on the main menu on the left side of the screen. When you select a workspace, the system shows its Quick Menu, which has links to the most commonly used forms and reports of the workspace (see the screenshot below), listed under categories to further organize them. You can click a form name to navigate to it.

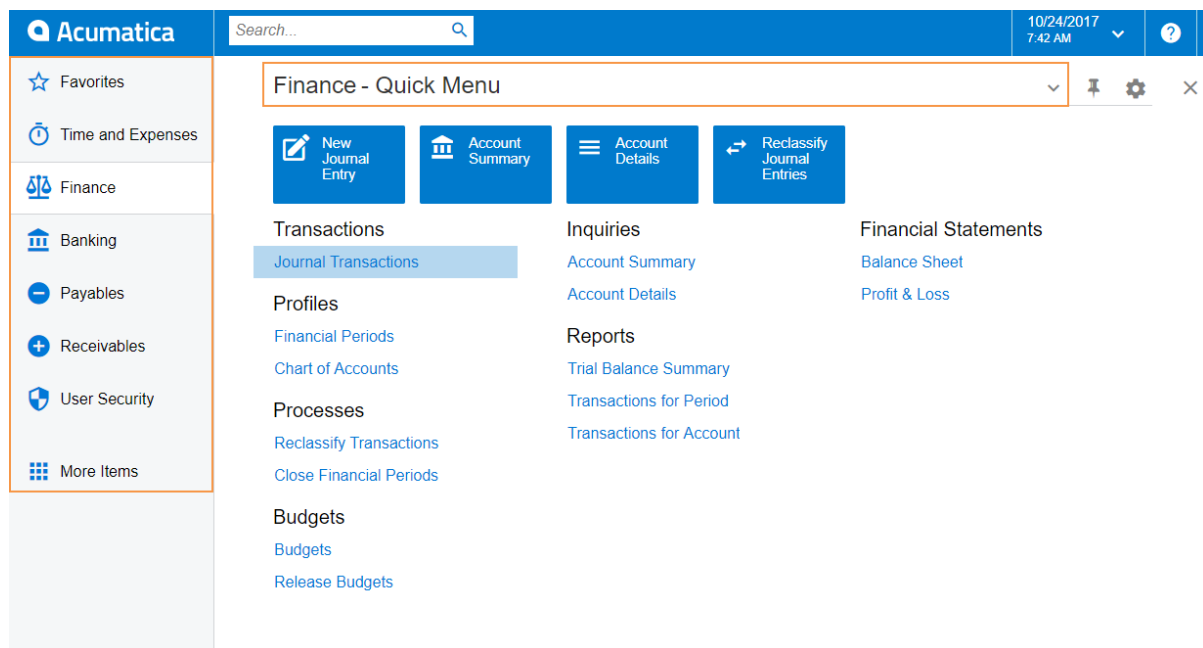


Figure: Navigating to a form from a Quick Menu

To View All Forms in a Workspace

To find any form of a workspace that is not shown on the Quick Menu, you can click the Quick Menu title bar to switch to **All Items** mode. In this mode, you can see the links to all forms that are included in the selected workspace (see the screenshot below).

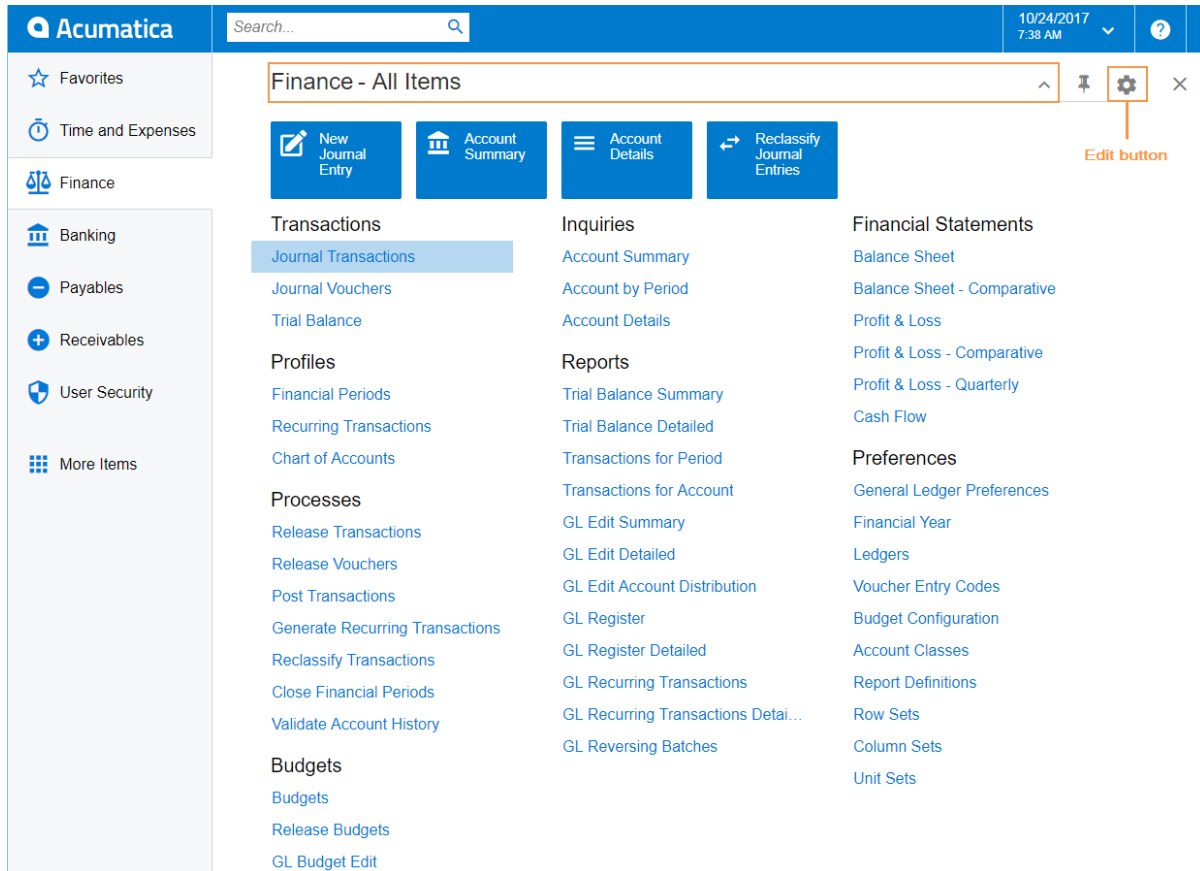


Figure: Displaying all items of the Finance workspace

To Add Forms to a Quick Menu

To add a form that currently is not shown on a Quick Menu of a particular workspace, open the needed workspace, and on the workspace title bar, click the **Edit** button (see the previous screenshot). In **Configuration** mode, select the check boxes next to the needed forms, and then click **Exit** to apply your changes and exit **Configuration** mode.

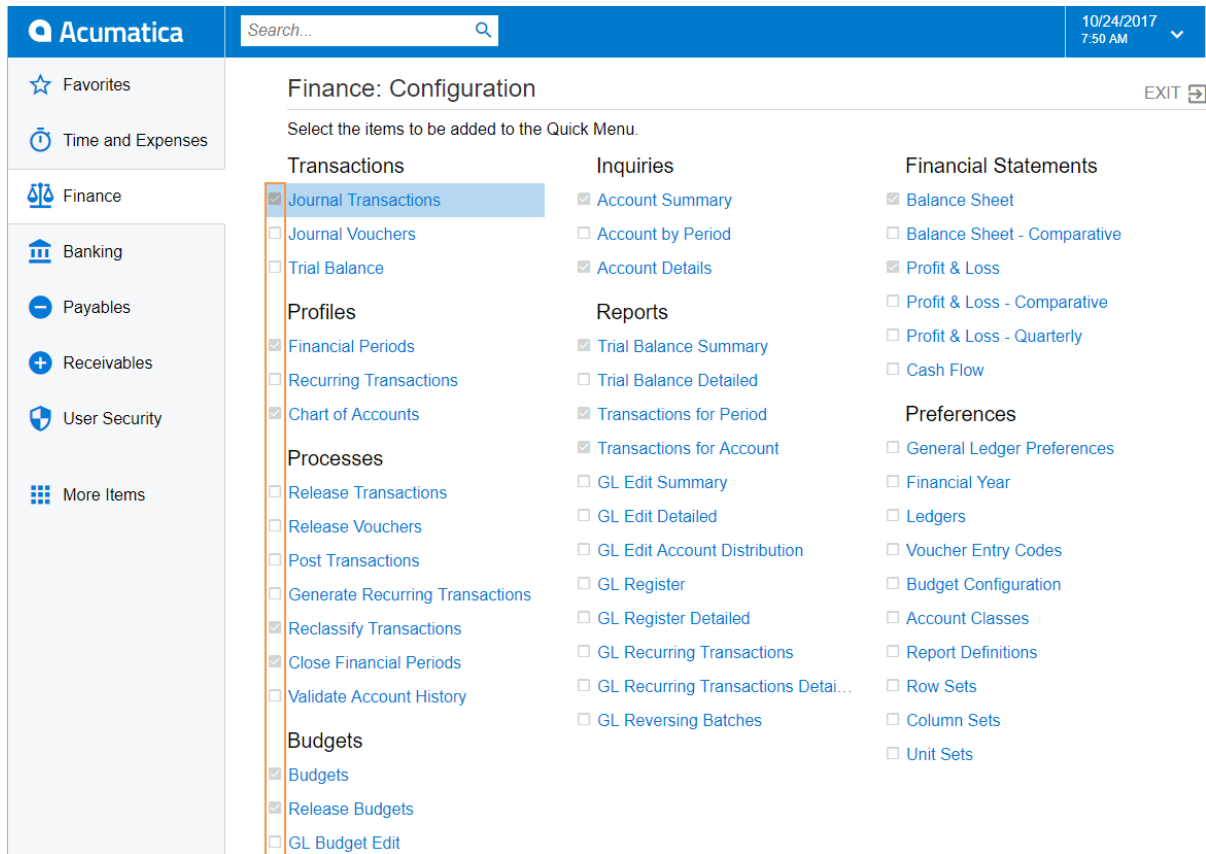


Figure: Adding forms to a Quick Menu

The full list of forms used during the completion of this training is provided below in this topic. We recommend that you be sure all these forms have been added to the applicable quick menus, to simplify navigation during the completion of the training.

To Review and Open Documents on Substitute Forms

Substitute forms provide a quick and easy way to review the list of records created on the applicable data entry forms. A substitute form is a generic inquiry that shows the summary information on the records entered on the particular entry form. Substitute forms are initially brought up instead of the corresponding entry forms when a user navigates to these forms in the Quick Menu.

For example, if you click **Journal Transactions** (under the **Transactions** category) on the Quick Menu of the **Finance** workspace, the system opens the Journal Transactions substitute form (GL3010PL), which shows the list of all transactions in the system (see the screenshot below). The substitute form may show tabs that filter the documents by their type or status.

To open the Journal Transactions entry form (GL301000) for entering a new batch of transactions from the Journal Transactions substitute form (GL3010PL), you need to click **Add New Record** button on the form toolbar.

Journal Transactions ★ CUSTOMIZATION ▾ TOOLS ▾

Module	Batch Number	Transaction Date	Post Period	Description	Control Total	Currenc	Status	Ledger
AP	000002	1/1/2018	01-2018	Rent and utilities bill	2,200.00	USD	Posted	ACTUAL
AP	000001	1/1/2018	01-2018	Office supplies 01-2018	30.00	USD	Posted	ACTUAL
CA	000015	1/31/2018	01-2018	\$15 Bank Service Fee Paid f...	15.00	USD	Posted	ACTUAL
CA	000014	1/31/2018	01-2018	\$25 Interest Earned on the ...	25.00	USD	Posted	ACTUAL
CA	000013	1/1/2018	01-2018	Savings Account Replenish...	1,000.00	USD	Posted	ACTUAL
GL	000012	12/29/2017	12-2017	Payment for the utilities bill	200.00	USD	Posted	ACTUAL
GL	000011	12/25/2017	12-2017	Interest payment for the ban...	15.00	USD	Posted	ACTUAL
GL	000009	1/1/2018	01-2018	The company accrues rent e...	1,000.00	USD	Posted	ACTUAL
GL	000008	12/31/2017	12-2017	The company accrues rent e...	1,000.00	USD	Posted	ACTUAL
GL	000007	12/5/2017	12-2017	Company collects cash for s...	6,000.00	USD	Posted	ACTUAL
GL	000006	12/5/2017	12-2017	Company collects cash for s...	6,000.00	USD	Posted	ACTUAL
GL	000005	12/5/2017	12-2017	Company collects cash for s...	6,000.00	USD	Posted	ACTUAL
GL	000004	12/5/2017	12-2017	Company pays salaries with ...	4,500.00	USD	Posted	ACTUAL
GL	000003	12/5/2017	12-2017	Company buys office suppli...	250.00	USD	Posted	ACTUAL
GL	000002	12/5/2017	12-2017	Company gets the bank loa...	5,000.00	USD	Posted	ACTUAL
GL	000001	12/5/2017	12-2017	The owner invests \$10,000	10,000.00	USD	Posted	ACTUAL

K < > >|

Figure: Viewing the Journal Transactions substitute form

If the training instructions ask you to open a particular document (such as a batch, an Accounts Payable bill, or an Accounts Receivable invoice), you can find this document on the appropriate substitute form and then click its reference number link to open this document on the data entry form. Alternatively, you can open the data entry form itself, select the module or document type (depending on the form), and in the **Reference Nbr.** box, click the selector icon and select the document by its reference number (see the screenshot below).

Invoices and Memos NOTES ACTIVITIES

Type: * Customer: Detail Total: 0.00
 Reference Nbr.: Terms: Tax Total: 0.00
 Status:

* Date:
 * Post Period:

Reference Nbr.	Customer Order	Date	Post Period	Customer	Customer Name	Cu
> 000007		3/1/2018	03-2018	C000000004	LateCo	US

DOCUMENT DET

Inventory

K < > >|

Figure: Opening a document by its reference number

2. Configuring the Quick Menu for the Training

Before you start to complete the training, make sure the needed menu items (listed below along with the categories of the workspace they should be listed under) are shown in the Quick Menus of the

corresponding workspaces and add the forms that are not shown. This will help you access the forms quickly. The following items should be included in the Quick Menu of the corresponding workspaces:



Some of the forms and reports used in the training are not included in the list below because they become available during the completion of lessons when you enable the corresponding system features on the Enable/Disable Features form (CS100000). You can find these forms and reports by their titles or IDs, as described in this topic.

- **Finance** workspace:
 - Transactions > Journal Transactions
 - Profiles > Financial Periods
 - Profiles > Allocations
 - Profiles > Chart of Accounts
 - Profiles > Subaccounts
 - Processes > Run Allocations
 - Processes > Reclassify Transactions
 - Processes > Release Transactions
 - Processes > Import Consolidation Data
 - Processes > Close Financial Periods
 - Budgets > Budgets
 - Budgets > Release Budgets
 - Inquiries > Account Summary
 - Inquiries > Account Details
 - Reports > Trial Balance Summary
 - Reports > Transactions for Period
 - Reports > Transactions for Account
 - Financial Statements > Balance Sheet
 - Financial Statements > Profit & Loss
- **Banking** workspace:
 - Transactions > Transactions
 - Transactions > Funds Transfers
 - Transactions > Reconciliation Statements
 - Profiles > Cash Accounts
 - Processes > Import Bank Transactions
 - Processes > Process Bank Transactions
 - Processes > Release Cash Transactions
 - Processes > Close Financial Periods
 - Inquiries > Cash Account Details
 - Inquiries > Cash Flow Forecast
 - Reports > Cash Account Summary

- Reports > Cash Account Details
- Reports > Reconciliation Statement
- Reports > Cash Requirements
- **Fixed Assets**
 - Transactions > Fixed Assets Transactions
 - Profiles > Fixed Assets
 - Processes > Convert Purchases to Assets
 - Processes > Calculate Depreciation
 - Processes > Release FA Transactions
 - Processes > Close Financial Periods
 - Inquiries > Asset Summary
 - Inquiries > Account Balance by Assets
 - Inquiries > Asset Balance by Accounts
 - Reports > FA Balance
 - Reports > FA Balance by GL Account
 - Reports > FA Balance Projection by Account
 - Reports > Fixed Assets Net Value
- **Payables** workspace:
 - Transactions > Bills and Adjustments
 - Transactions > Checks and Payments
 - Profiles > Vendors
 - Profiles > Credit Terms
 - Processes > Release AP Documents
 - Processes > Prepare Payments
 - Processes > Process Payments / Print Checks
 - Processes > Release Payments
 - Processes > Close Financial Periods
 - Inquiries > Vendor Details
 - Inquiries > Vendor Summary
 - Reports > AP Balance by GL Account
 - Reports > AP Balance by Vendor
 - Reports > AP Aged Past Due
 - Reports > AP Aged Period Sensitive
- **Receivables** workspace:
 - Transactions > Invoices and Memos
 - Transactions > Payments and Applications

- Profiles > Customers
- Profiles > Credit Terms
- Profiles > Sales Prices
- Processes > Release AR Documents
- Processes > Print Invoices and Memos
- Processes > Write Off Balances and Credits
- Processes > Prepare Statements
- Processes > Print Statements
- Processes > Close Financial Periods
- Inquiries > Customer Details
- Inquiries > Customer Summary
- Inquiries > Statement History Summary
- Printed Forms > Invoice/Memo
- Reports > AR Balance by GL Account
- Reports > AR Balance by Customer
- Reports > AR Aged Past Due
- Reports > AR Aged Period Sensitive
- **Configuration** workspace:
 - Segmented Keys > Segmented Keys
 - Segmented Keys > Segment Values
 - Common Settings > Numbering Sequences
 - Common Settings > Attributes
 - Common Settings > Units of Measure
 - Organization > Branches
- **System Management** workspace:
 - Licensing > Enable/Disable Features

3. Completing the Training in the Classic UI

The following sections provide a quick overview of the classic UI and explain how to navigate in the system during the completion of the training.

To Switch Back to the Classic UI

When you have created a new company and signed in to it, the modern user interface is enabled by default. If you need to switch back to the classic UI, do the following:

1. In the top right corner, click the name of the current user, and click **My Profile**, as shown in the following screenshot.

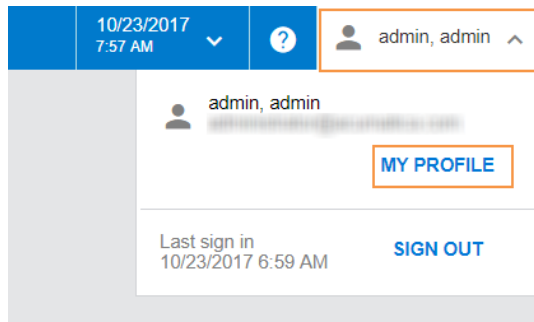


Figure: Opening the user profile

2. On the User Profile form (SM203010), which opens, select the **Show Classic UI by Default** check box, and save your changes.



To switch back to the modern UI, again click the name of the current user in the top right corner and click **Switch to Modern UI** in the menu (see the screenshot below).

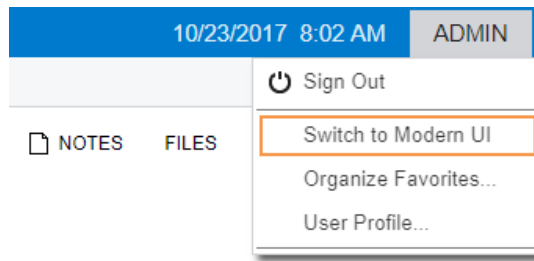


Figure: Switching to the modern UI

To Navigate to Forms in the Classic UI

To help learners to search for particular forms during the training completion in the classic UI, the paths to forms in this training guide are based on the classic UI. The main menu, at the top of the screen, shows suites and the modules of the selected suite. The navigation pane, located on the left side of the screen, shows the forms of the modules grouped by their functions. The path to a particular form is specified as follows in the training:

Form Title (Form ID; Suite > Module > Tab > Node)

For example, the form with the following path is shown in the screenshot below:

General Ledger Preferences form (GL102000; Finance > General Ledger > Configuration > Setup)

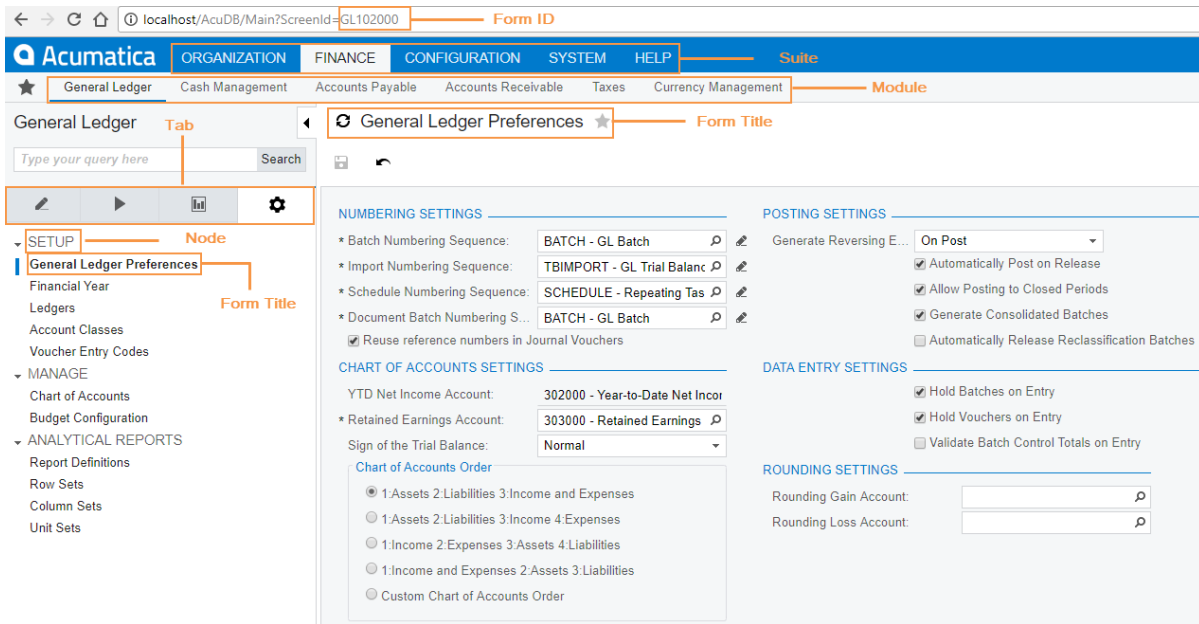


Figure: General Ledger Preferences form in the classic UI

4. Navigating to Forms: Tips

The following tips apply to the modern and classic user interfaces and will help you to quickly find and open any form.

How To Search for a Form by Its Title or ID

At any time, you can quickly search for a particular form by typing its title or ID in the Search box:

- In the modern UI, type the text in the Search box on the top of the screen (see the following screenshot). The system shows the search results in the Search window, which opens when you start typing the text in the Search box. Then on the **Menu Items** tab of the Search window, you click the link to open the needed form.

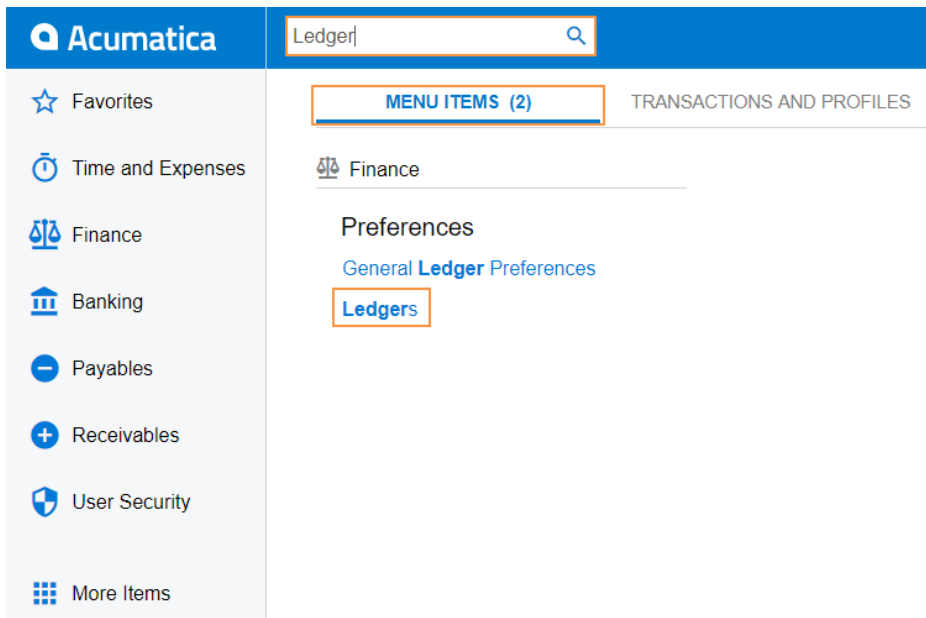


Figure: Searching for a form by title in the modern UI

- In the classic UI, type the text in the Search box at the top of the navigation pane (see the following screenshot). To navigate to the needed form, click it in the drop-down list with the search results.

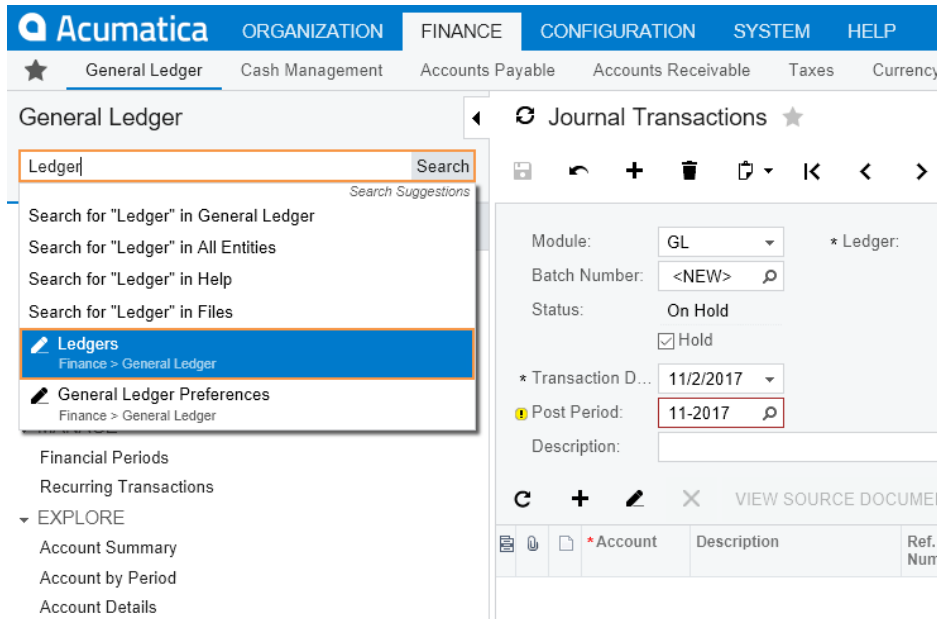


Figure: Searching for a form by its title in the classic UI

How To Navigate to Forms by Using the Form ID

In the training guide, each form is referred to by its ID. If you are not sure in which area a particular form is located, instead of searching for the form, you can simply open it by using its form ID. You can do this in both the modern UI and the classic UI as follows:

1. In the browser's address bar, change the form ID of the currently opened form to the form ID of the needed form (see the screenshot below).

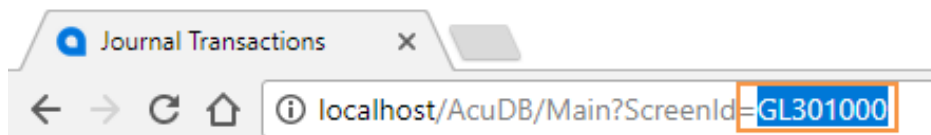


Figure: Entering the form ID

2. Press Enter. The system navigates to the form.

Related Links

- [Modern Acumatica ERP User Interface](#)
- [Classic Acumatica ERP Interface](#)
- [Managing Substitutes of Entry Forms](#)

Part 1: Introduction to Fixed Assets

In this part, you will learn how to configure the Fixed Assets module of Acumatica ERP to be able to create and maintain fixed assets. You will perform the following tasks:

- Define company departments
- Specify one of the company's branches as being the default current branch
- Update the existing chart of accounts with the accounts to be used for fixed asset management
- Configure the posting book for keeping the history of fixed asset transactions
- Generate the posting book calendar
- Create fixed asset classes

Lesson 1: Configuring the System for Use

In this lesson, you will specify the initial settings for the Fixed Assets module and update the chart of accounts with the accounts to be used in transactions involving fixed assets. Then you will configure the posting book and generate the book calendar to be able to post fixed asset transactions. You will also create fixed asset classes, which you will use later to create fixed assets. After you have completed the steps of this lesson, the Fixed Assets module will be ready for use.

Lesson Objectives

In this lesson, you will learn to perform the initial configuration for the Fixed Assets module, including the following:

- Activate the *Fixed Asset Management* feature
- Configure the posting book and financial periods
- Create fixed asset classes that you will later use when creating fixed assets

Company Configuration

Earlier in this course, you have prepared a company with the *F200* data preloaded. This configuration is described in detail in the *F200 Financials: Intermediate* training course. This topic briefly outlines the key settings.

Company Structure

The *F200* company (tenant) contains the basic configuration of two related companies, Software Inc. and Computers Inc. The Software company has one office, and the Computers company has two offices, Eastern and Western (the Headquarters of the Computers company). The configuration of the companies is shown in the following diagram.

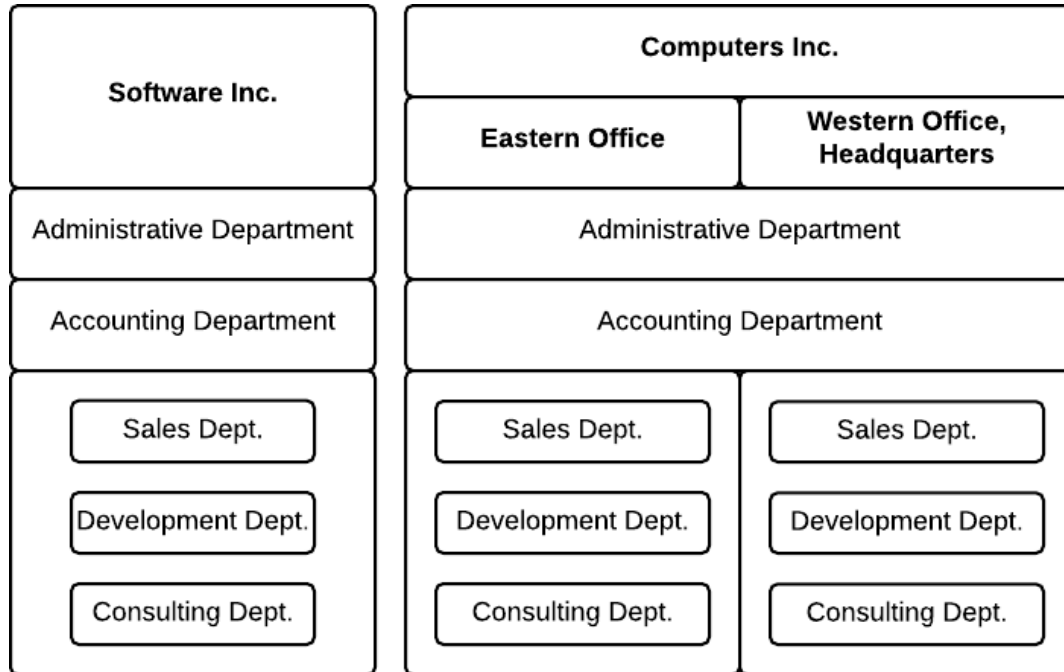


Figure: The organizational structure of the preconfigured companies

Company Branches

The following branches have been configured in the system:

- *SOFT*, which represents the Software Inc. office
- *WEST*, which represents the Western office of Computers Inc.
- *EAST*, which represents the Eastern office of Computers Inc.
- *COMP*, the consolidating branch for the Computers Inc. company

Company Departments

The company includes a number of departments, each of which represents a certain functional area of the company, as the diagram above shows. Each branch has its own sales, development, and consulting departments. The Software Inc. company also has its own administrative and accounting departments, while the Eastern and Western office of the Computer Inc. company share an administrative department and an accounting department.

Posting Ledgers

Each company uses its own posting ledger, which accumulates general ledger transactions, as follows:

- *ACTUALSOFT*: The posting ledger for the Software Inc. company. This ledger is associated with the *SOFT* branch and accumulates general ledger transactions posted by this branch.
- *ACTUALCOMP*: The posting ledger of the Computers Inc. company. This ledger is associated with the *COMP* consolidating branch and accumulates the general ledger transactions posted by the *EAST* and *WEST* branches.

Subaccounts

In the *F200* company, the *Subaccounts* feature has been enabled on the Enable/Disable Features form (CS100000; Configuration > Common Settings > Licensing). The *SUBACCOUNTS* segmented key has been configured and has three segments—Department, Revenue Source, and Sales Region—so that the subaccount has the *XXX-XX-XX* structure. The allowed values have been defined for each segment.

Subaccounts are required for every transaction in the system. Users can review the account balances and analytical reports with the figures split by subaccounts.

Chart of Accounts

The chart of accounts is already imported, but it does not include the accounts that you will use for fixed asset management. (You will add these accounts in this part of the course.)

Cash Accounts

Both companies have their own cash accounts that have been configured in the system:

- *101000-SOFT*: The cash-on-hand account of the Software Inc. company
- *101000-COMP*: The cash-on-hand account of the Computers Inc. company
- *102000-SOFT*: The checking account of the Software Inc. company
- *102000-COMP*: The checking account of the Computers Inc. company

Financial Periods

The financial periods from *01-2013* to *09-2014* have been activated in General Ledger.

Step 1.1: Activating Features

Before you can configure any module, you have to enable the features related to the functionality of the module. To enable the features needed to use the Fixed Assets module, do the following:

1. Launch the Acumatica ERP website, and sign in to the tenant company.
2. On the Enable/Disable Features form (CS100000; Configuration > Common Settings > Common Settings > Licensing), click **Modify** so you can change the set of enabled features in the system.
3. Select the **Fixed Asset Management** check box within the **Finance** group, as shown in the following screenshot. The check boxes of some other features are already selected because you have preloaded the *F200* data into the company; you don't have to change the selection of any other features.

Western office of Computers Inc, headquarters ▾ Enable/Disable Features ★

◀ MODIFY ENABLE

Status: Pending Activation

Finance

- Standard Financials
 - Multi-Branch Support
 - Business Account Locations
 - Multi-Currency Accounting
 - Volume Pricing
 - Expense Reclassification
 - Tax Entry from GL Module
 - VAT Reporting
 - Net/Gross Entry Mode
 - 1099 Reporting
 - Invoice Rounding
- Advanced Financials
 - Subaccounts
 - General Ledger Allocation Templates
 - Inter-Branch Transactions
 - General Ledger Consolidation
 - Translation of Financial Statements
 - Customer & Vendor Discounts
 - Commissions
 - Overdue Charges
 - Dunning Letter Management
 - Deferred Revenue Management
 - Parent-Child Customer Relationship
- Contract Management
- Fixed Asset Management
- Support for Payroll

Figure: Fixed Asset Management feature

4. On the form toolbar, click **Enable**.

If you click the **More Items** menu item, you will now see the **Fixed Assets** tile in the **Financials** functional area, as shown in the following screenshot. (Before you enabled the Fixed Asset Management feature, this tile was not shown.)

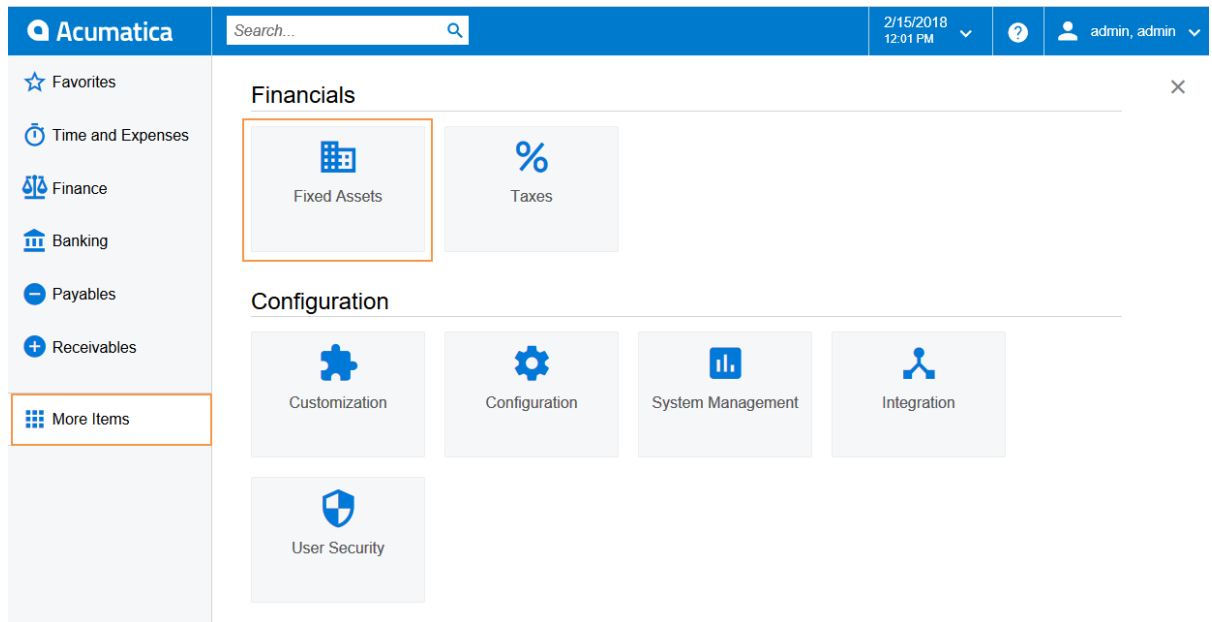


Figure: The Fixed Assets tile

In production use of Acumatica ERP, after the features have been enabled, you would have to activate the Acumatica ERP license by using the Activate License form (SM201510; Configuration > Common Settings > Licensing). For the educational purposes of this course, you are using Acumatica ERP under a trial license, which doesn't require activation and provides all available features. For production use, you have to activate the purchased license. Particular features may be subject to additional licensing requirements; please consult the Acumatica ERP sales policy for details.



We recommend that you avoid disabling a feature in a live system where the feature might be already in use—that is, a feature for which you have specified some configuration settings, or entered some data for entities that are specific to the feature (or that include settings that are available because the feature is enabled). For example, suppose that subaccounts are specified in general ledger transactions and you have already processed the transactions. This means that the *Subaccounts* feature is in use. Disabling a feature that is in use may cause inconsistent data or data loss.

Related Links

[Enabling Features](#)

[Enable/Disable Features \(CS100000\)](#)

Step 1.2: Creating Departments

Departments are used for dividing the company by the functional areas used in the organization. Along with branches, departments define the organizational structure of the company. Departments are not branch-specific: Multiple branches may share the same department. In the system, you can use budgeting by departments and classify expenses by departments in financial reports.

In this lesson, you will update the existing company configuration by adding departments, because each fixed asset you create must belong to a particular department. To create the departments, do the following:

1. On the Departments form (EP201500; Organization > Organization Structure > Configure), create the departments listed in the following table, and specify the description and subaccount for each department. As mentioned in the [Company Configuration](#) topic, the first segment of the *SUBACCOUNTS* segmented key represents the department. Thus, this segment is defined for each department to classify department-related expenses.

Department ID	Description	Expense Sub.
ADMIN	Administrative	ADM-00-00
CONSULT	Consulting	CON-00-00
SALES	Sales	SAL-00-00
DEV	Development	DEV-00-00



Subaccounts can be defined only if the *Subaccounts* feature is enabled in the system. This feature was among the features enabled in the *F200* data you preloaded.

2. Save your changes to the form.
3. For convenient data entry, specify *WEST* as the default branch as follows:
 - a. Click your user name in the top-right corner (as shown in the following screenshot), and click **My Profile** on the menu.

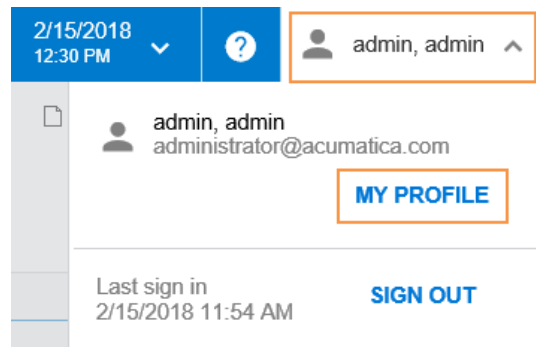


Figure: Link to the User Profile form

- b. On the User Profile form (SM203010), which the system has opened, on the **General Info** tab, select *WEST* in the **Default Branch** box, and save your changes.

The screenshot shows the Acumatica user profile page for 'Western office of Computers Inc, headquarters'. The page is titled 'User Profile' and includes tabs for 'GENERAL INFO', 'EMAIL SETTINGS', 'CUSTOM LOCALE FORMAT', and 'EXTERNAL IDENTITIES'. The 'USER SETTINGS' section contains the following fields:

- * Login: admin
- First Name: admin
- Last Name: admin
- Phone: [empty]
- * Email: administrator@acumatica.com (with a 'CHANGE EMAIL' button)
- * Password: [masked]
- Password Recovery Question: Why? (with a 'CHANGE ANSWER' button)
- Comment: Administrator

The 'PERSONAL SETTINGS' section contains the following fields:

- PDF Signing Certificate: [empty]
- Time Zone: [dropdown menu] (with a 'RESET TO DEFAULT TIME ZONE' button)
- Default Branch: WEST (highlighted with an orange border)
- Home Page: [empty]

At the bottom of the 'PERSONAL SETTINGS' section, there are two checkboxes: 'Turn Off Autocomplete' and 'Show Classic UI by Default', both of which are unchecked.

Figure: Selecting the default branch



You need to specify this default branch because as the examples are designed, you have to work with the *WEST* branch in most lessons. This gives you the ability to easily verify your results with the expected results shown and described in the guide.

Related Links

[Departments \(EP201500\)](#)

[User Profile \(SM203010\)](#)

Step 1.3: Updating the Chart of Accounts

The chart of accounts depends on the reporting needs of the company. In this course, you will use the chart of accounts that has already been configured for the company; however, this chart of accounts doesn't yet include the accounts for fixed asset accounting. In this step, you will add the new accounts that will be used in the fixed asset transactions generated from the Fixed Assets module. To save time that would be spent manually entering these accounts, upload the accounts from the COA_FixedAssets.xlsx file, which is provided with the course, as follows:

1. On the form toolbar of the Chart of Accounts form (GL202500; Finance > General Ledger > Configuration > Manage), click **Load Records from File**.
2. Select the COA_FixedAssets.xlsx file, and click **Upload**.
3. In the **Common Settings** dialog box, which the system has opened, leave **Null Value** empty, and select *Bypass Existing* in the **Mode** box. You select this mode to make the system upload only new accounts from the file and to make sure no existing accounts are affected. Click **OK**.
4. In the **Columns** dialog box, which the system has opened, leave the default mapping, and click **OK** to update the chart of accounts.
5. On the form toolbar, click **Save** to save the updated chart of accounts.

The following accounts, which you have added from the COA_FixedAssets.xlsx file, are the accounts that you will use for fixed asset accounting in this course:

- **111000 - Accounts Receivable Accrual** asset account: This is the accrual account used for recording the proceeds from sales of fixed assets. The account will be used for processing transactions in the second part of the course, when fixed assets are sold. The account is debited in the amount of the proceeds when an asset is sold, and credited when the Accounts Receivable invoice to the buyer of the fixed asset is released.
- **150000 - Accrued Purchases - Fixed Assets** asset account: This is the accrual account used for keeping the cost of purchases that have not yet been converted to fixed assets. The account will be used in the second part of the course for recording purchases that will be converted as fixed assets or additions to fixed assets. This account is debited in the amount of the purchase when the corresponding Accounts Payable bill is released, and is credited when the fixed asset is created from the purchase, or when the existing fixed asset is reconciled with the Accounts Payable bill.
- The following fixed asset accounts, which will be used in the second and fourth parts of the course for holding the costs of different classes of fixed assets:
 - **151000 - Land** asset account: This account will hold the cost of *LAND* fixed assets. This account is debited when a fixed asset of the *LAND* class is created, and credited when a fixed asset of this class is disposed of.
 - **152000 - Buildings and Improvements** asset account: This account will hold the cost of *BUILDING* fixed assets. This account is debited when a fixed asset of the *BUILDING* class is created, and credited when a fixed asset of this class is disposed of.
 - **153000 - Computers** asset account: This account will hold the cost of *COMPUTERS* fixed assets. This account is debited when a fixed asset of the *COMPUTERS* class is created, and credited when a fixed asset of this class is disposed of.
 - **154000 - Software** asset account: This account will hold the cost of *SOFTWARE* fixed assets. This account is debited when a fixed asset of the *SOFTWARE* class is created, and credited when the fixed asset of this class is disposed of.
- The following asset contra accounts, which will be used for keeping the accumulated depreciation for different classes of assets in the second and fourth part of the course:
 - **162000 - Accumulated Depreciation (Buildings and Improvements)** asset account: This account will hold the accumulated depreciation for the *BUILDING* fixed assets. This account is credited when an asset of the *BUILDING* class is depreciated, and debited when a fixed asset of this class is disposed of.
 - **163000 - Accumulated Depreciation (Computers)** asset account: This account will hold the accumulated depreciation for the *COMPUTERS* fixed assets. This account is credited when an

asset of the *COMPUTERS* class is depreciated, and debited when a fixed asset of this class is disposed of.

- *164000 - Accumulated Depreciation (Software)* asset account: This account will hold the accumulated depreciation for the *SOFTWARE* fixed assets. This account is credited when an asset of the *SOFTWARE* class is depreciated, and debited when the fixed asset of this class is disposed of.
- *600000 - Depreciation Expense* expense account: This account accumulates depreciation expenses. The account will be used in the second and fourth part of this course for recording depreciation expenses when assets are depreciated. This account is debited when fixed assets are depreciated.
- *700000 - Gain/Loss on Fixed Asset Disposal* expense account: This account keeps the gain or loss resulting from the disposal of a fixed asset. The account will be used in the second part in this course for processing fixed asset disposals. When the fixed asset is disposed of, this account is debited in the asset's cost amount and credited in the amount of the accumulated depreciation to record the net value of an asset. Also, this account is credited in the proceeds amount. As a result, the gain or loss from the disposal of the fixed asset is recorded to the account. (The fixed asset accounting transactions are described in greater detail further in this course.)

The chart of accounts is ready. With these accounts, you can report fixed assets by fixed asset classes on the balance sheet. Now you can proceed to the configuration of the Fixed Assets module.

Related Links

[Chart of Accounts \(GL202500\)](#)

[Managing Accounts](#)

Step 1.4: Configuring the Fixed Assets Module

You start configuring the Fixed Assets module by specifying the module preferences. After that, you can configure the disposal methods and then proceed to defining the other settings of the module.

Do the following to configure the preferences of the Fixed Assets module and add a disposal method:

1. To make the module ready for use, on the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), do the following:
 - a. In the **FA Accrual Account** box, select *150000 (Accrued Purchases - Fixed Assets)*.
This account is used to hold the cost of fixed assets that have not yet been put into service.
 - b. In the **FA Accrual Sub.** box, enter *000-00-00* to specify the subaccount to be used with the FA Accrual account.
 - c. Select the **Update GL** check box.
Unlike transactions in other financial modules, you can have fixed asset transactions that are not linked to General Ledger transactions. If you select the **Update GL** check box, the system generates General Ledger transactions when you release fixed asset transactions. If the **Update GL** check box is cleared, the system doesn't generate journal transactions when you release fixed asset transactions.

If you were preparing the system for production use, you could clear the check box during initial data migration to import the fixed assets that are already capitalized without affecting General Ledger balances.
 - d. Select the **Automatically Post on Release** check box.
With this check box selected, the system releases and immediately posts the batch of journal transactions that has been generated on release of a fixed asset transaction.
 - e. On the form toolbar, click **Save** to save these settings.
2. To dispose of assets by selling them, you need to create the *SOLD* disposal method. To do this, perform the following instructions:
 - a. On the form toolbar of the Disposal Methods form (FA207000; Finance > Fixed Assets > Configuration > Setup), click **Add Row**.
 - b. Type *SOLD* in the **Disposal Method ID** column, and type *Sold* in the **Description** column.
 - c. Specify *111000 (Accounts Receivable Accrual)* as the **Proceeds Account** and *000-00-00* as **Proceeds Subaccount** (see the screenshot below).

Western office of Computers Inc, headquarters ▾ Disposal Methods ★

Disposal Method ID	Description	Proceeds Account	Proceeds Subaccount
> SOLD	Sold	111000	000-00-00

Figure: The SOLD disposal method

- d. On the form toolbar, click **Save** to save the disposal method.

Related Links

[Fixed Assets Preferences](#)

[Fixed Assets Preferences \(FA101000\)](#)

[Disposal Methods \(FA207000\)](#)

Step 1.5: Configuring the Posting Book and Financial Periods

To be able to record fixed asset transactions in the Fixed Assets module and keep the history of transactions for individual fixed assets, you need to configure at least one depreciation book. Depending on your company policy, you may need to configure and use one depreciation book, or you might need to use multiple depreciation books in order to be able to depreciate fixed assets by using different depreciation methods at the same time. For example, you can have one book for federal tax reporting and another for the company's internal accounting.

Each fixed asset must be assigned to at least one book. If multiple books are assigned to a fixed asset, the transactions for this asset are recorded to all of these books, but only one book is used for updating the General Ledger. This book is called the *posting book*. The posting book uses the financial year and financial period settings from the General Ledger module. For each non-posting book, you have to create a calendar, which is used to record depreciation expenses according to the calendar periods. The periods in a calendar for a non-posting book may differ from the financial periods defined for the General Ledger in the system, while the posting book always follows the General Ledger calendar.

For the training purposes of this course, you will initially use one depreciation book. To create a posting book and generate the calendar for it, do the following:

1. On the Books form (FA205000; Finance > Fixed Assets > Configuration > Setup), create a new row with the following settings (as shown in the screenshot below):
 - **Book ID:** FIN
 - **Description:** Posting book
 - **Posting Book:** Selected
The selected check box means that the transactions of this book will update General Ledger accounts.
 - **Mid-Period Type:** Fixed Day
This setting means that the day specified in the **Mid-Period Day** box will be used as the middle of the period in averaging conventions.
 - **Mid-Period Day:** 15
This setting specifies the day to be taken as last day of the first half of the period (that is, as the middle of the period).

Western office of Computers Inc, headquarters ▾ Books ★

Book ID	Description	Posting Book	Mid-Period Type	Mid-Period Day	First Calendar Year	Last Calendar Year
FIN	Posting book	<input checked="" type="checkbox"/>	Fixed Day	15		

Figure: The configured posting book

2. On the form toolbar, click **Save** to save the created book. The created *FIN* book will be assigned by default to all created fixed asset classes, and thus will keep all the fixed asset transactions for the created fixed assets.
3. Although the posting book uses the same financial year structure as the General Ledger module does, it has its own set of periods that you have to generate. To generate the calendar for the *FIN* book, proceed as follows:
 - a. Open the Generate FA Calendars form (FA501000; Finance > Fixed Assets > Processes > Recurrent).
 - b. In the **Generate Through Year** box, type 2053.
Before you start working with fixed assets, you need to generate a calendar that must include as many years as are needed to be able to calculate depreciation for any existing

fixed asset for the entire asset's life. In this course, all the fixed assets are placed in service in the same year, and the *BUILDING* fixed assets have the longest useful life: 39 years. In the example of this course, you acquired a *BUILDING* asset in the middle of 2014; therefore, you have to generate a calendar through the year 2053 (2014 + 39). The lifespans of other fixed assets are shorter; therefore, they will also fit the generated range of years.



If at a future time, there are not enough periods in the book to create a new asset, you can always generate extra periods.

- c. In the table, select the unlabeled check box next to the *FIN* book, and click **Process** on the form toolbar. The system will generate the periods for the selected book through the specified year.
- d. After the processing has completed, click **Refresh** on the form toolbar to refresh the form, and notice that the calendar has been generated through 2053 (see the following screenshot). For a posting book, the generated calendar starts from the first calendar year in the General Ledger calendar—in this example, from 2013.

Western office of Computers Inc, headquarters ▾ Generate FA Calendars ★

Generate Through Year: <input type="text" value="2054"/>				
<input type="checkbox"/>	Book ID	Description	First Calendar Year	Last Calendar Year
> <input type="checkbox"/>	FIN	Posting book	2013	2053

Figure: The generated calendar

4. Activate the General Ledger financial periods to which the General Ledger transactions will be posted. On the Financial Periods form (GL201000; Finance > General Ledger > Work Area > Manage), do the following:
 - a. On the form toolbar, click **Add New Record**.
 - b. In the **Financial Year** box, type 2014.
 - c. On the form toolbar, click **Generate Periods**. Financial periods for the year 2014 are generated.
 - d. Select the **Active** check box next to the periods that you want to activate, and click **Save** to save the changes.
 - e. Repeat steps **a** through **d** to generate periods and activate periods from 05-2014 through 05-2017.

Related Links

- [Books and Book Calendars](#)
- [Book Calendars \(FA206000\)](#)
- [Books \(FA205000\)](#)

Depreciation Methods

For each fixed asset that you create in the system, you need to select an appropriate depreciation method and particular depreciation settings. The system allocates the cost of a fixed asset during the asset's useful life by using the specified depreciation method.

Acumatica ERP provides multiple preconfigured depreciation methods for calculating depreciation. In addition to these predefined methods (which cannot be edited), you can create custom depreciation methods. The depreciation method you should select for a particular asset depends on the company policy and the asset's specifics, including the physical depreciation of the asset.

Depreciation methods can be divided into two groups, which are described in the sections of this topic:

- Formula-based depreciation methods
- Table depreciation methods

Formula-Based Depreciation Methods

With these methods, the system uses a formula for calculating depreciation expenses. The period the system will calculate depreciation expenses for depends on the state of the **Yearly Accountancy** check box specified for the method on the Depreciation Methods form (FA202500):

- If the check box is selected, the system calculates the annual depreciation for a particular year and divides it by the number of periods in this year to get the monthly depreciation. To calculate depreciation in the very first and the very last periods of the asset's useful life, the system uses the averaging convention method.
- If the check box is cleared, the system calculates the depreciation for the period by using the formula specified for the method.

For each fixed asset class, you select one of the following calculation methods: *Straight-Line*, *Declining-Balance*, *Sum-of-the-Years'-Digits*, *Remaining Value*, *Dutch Method 1*, and *Dutch Method 2*.

Table Depreciation Methods

With these methods, for each depreciation period, the system uses a fixed percent for calculating depreciation expenses. Each table method defines the number of recovery years and the fixed depreciation percent for each year. When calculating depreciation for a particular depreciation period, the system divides the depreciation calculated for a recovery year by the number of depreciation periods in the year.



If you select a table depreciation method for a fixed asset, you cannot override the useful life for it.

Averaging Convention

An asset is seldom acquired on the first day of some period and disposed of on the last day of some period. Typically, fixed assets are put into service or disposed of on some random date within a month. Thus, for each fixed asset, you have to specify the averaging convention, which defines how a fixed asset must be depreciated for the financial period within which it is acquired or disposed of. For each fixed asset class, you select one of the following averaging conventions: *Full Period*, *Mid Period*, *Next Period*, *Modified Half Period*, *Modified Half Period 2*, *Full Quarter*, *Mid Quarter*, *Full Year*, *Mid Year*, and *Full Day*.

Step 1.6: Creating Fixed Asset Classes

In Acumatica ERP, fixed assets are grouped by fixed asset classes. A fixed asset class provides default settings that are inserted when a user creates an asset and specifies this class for it. You can assign one depreciation book or multiple depreciation books to a fixed asset class. When you create a fixed asset of a particular class, by default, the new asset becomes assigned to the books specified for the fixed asset class. The fixed asset class also defines the default depreciation method to be applied to a fixed asset of the class and the rules for combining the subaccounts used in the fixed asset transactions. You can also use fixed asset classes in reports and inquiries to view information about a particular group of fixed assets.



You can review and add the depreciation books to which a fixed asset can be assigned on the **Depreciation Settings** tab of the Fixed Asset Classes form (FA201000).

Before creating fixed asset records, you need to plan and create the fixed asset classes that will be used in the fixed asset accounting for the company. In this course, you will create and maintain fixed assets for land, buildings and building improvements, computers, and software. Each fixed asset class that you create must have a particular fixed asset type assigned to it. Acumatica ERP provides a number of predefined asset types, which you can view on the Fixed Asset Types form (FA201010; Finance > Fixed Assets> Configuration > Setup), as shown in the screenshot below. These predefined asset types cover the most commonly used types of fixed assets and define whether the assets are tangible and depreciable. If needed, you can change the settings of the predefined fixed asset types or create custom types to meet your needs.

Western office of Computers Inc, headquarters ▾ Fixed Asset Types ★



* Asset Type ID	Description	Tangible	Depreciate
BUILDING	Building	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
COMPUTERS	Computers and peripheral e...	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
COPYRIGHTS	Copyrights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EQUIPMENT	Office equipment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
FURNITURE	Office furniture and fixtures	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
GOODWILL	Goodwill	<input type="checkbox"/>	<input checked="" type="checkbox"/>
LAND	Land	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MACHINERY	Fixed equipment and machi...	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PATENTS	Patents	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SOFTWARE	Computer software	<input type="checkbox"/>	<input checked="" type="checkbox"/>
VEHICLE	Motor vehicle	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Figure: Predefined fixed asset types

In this step, you will create the following fixed asset classes, with the listed types and other settings.

Fixed asset classes to create

Asset Class	Asset Type	Tangible	Depreciable	Description	Depreciation Method	Averaging Convention	Useful Life
LAND	LAND	Yes	No	Land	No	No	0 (Indefinite)
BUILDING	BUILDING	Yes	Yes	Building and major building improvements	Straight-Line	Mid Period	39

Asset Class	Asset Type	Tangible	Depreciable	Description	Depreciation Method	Averaging Convention	Useful Life
COMPUTERS	COMPUTERS	Yes	Yes	Computers and computer accessories	MACRS	Mid Quarter	5
SOFTWARE	SOFTWARE	No	Yes	Software licenses with limited use time and website development	Straight-Line	Full Period	3

When you create a fixed asset and select the class, the fixed asset type is copied from the fixed asset class by default. If needed, you can change the type of the asset to any other available type.



In this course, fixed asset classes have the same names as the corresponding fixed asset types. However, this naming convention is not required. You may need to create multiple asset classes of the same type to depreciate different groups of assets that use different methods. For example, you can create the *REALNONRES* class of the *BUILDING* type for depreciating non-residential real property that must be depreciated for 31.5 years, and the *REALRES* class of the *BUILDING* type for depreciating residential real property that must be depreciated for 27.5 years. Then you will be able to filter reports and inquiries by the *BUILDING* type to view information for both classes, or filter reports and inquiries by one of the two fixed asset classes to view the information for this class only.

To create fixed asset classes, perform the following instructions:

1. On the form toolbar of the Fixed Asset Classes form (FA201000; Finance > Fixed Assets > Configuration > Setup), click **Add New Record**, and create the *LAND* asset class as follows:

- In the **Asset Class ID** box, type *LAND*.
- In the **Description** box, type *Land*.
- In the **Asset Type** box, select *LAND*.
- On the **GL Accounts** tab, specify the following settings:
 - **Fixed Assets Account:** *151000 (Land)*
 - **Fixed Assets Sub.:** *000-00-00*
 - **Combine Fixed Asset Sub. From:** *DDD-CC-CC*



For each account used in fixed asset transactions, you specify the subaccount and the mask for combining the subaccount. The mask defines the rule of composing the fixed asset subaccount from other subaccounts associated with a particular document that includes the fixed asset. For a segment, each of the available options is designated by a specific letter repeated as many times as there are characters in the segment. You can press the F3 key to view the available segment sources. The source of the segment value can be one of the following options:

- *A*: The fixed asset subaccount associated with the fixed asset
- *C*: The fixed asset subaccount associated with the fixed asset class
- *D*: The expense subaccount associated with the department
- *L*: The expense subaccount associated with the branch

Thus, the *DDD-CC-CC* mask means that the first segment is copied from the department to which the asset belongs, and second and third subaccounts are copied from the fixed asset class.

- **Combine Accumulated Depreciation Sub. from:** *DDD-CC-CC*

This value is copied from the subaccount specified in the **Fixed Assets Sub** box because the **Use Fixed Asset Sub. Mask** check box is selected by default. If the

check box is cleared, the **Combine Accumulated Depreciation Sub.** from box becomes available.

- **Gain Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
- **Gain Sub.:** 000-00-00
- **Loss Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
- **Loss Sub.:** 000-00-00
- **Combine Gain/Loss Sub. from:** DDD-CC-CC

2. On the form toolbar, click **Save** to save the created fixed asset class.

3. On the form toolbar, click **Add New Record**, and create the *BUILDING* asset class as follows:

- In the **Asset Class ID** box, type *BUILDING*.
- In the **Description** box, type *Buildings and building improvements*.
- In the **Asset Type** box, select *BUILDING*.
- In the **Useful Life, Years** box, type 39.
- On the **Depreciation Settings** tab, for the *FIN* book, select *SL (Straight-Line)* as the **Class Method** and select *Mid Period* as the **Averaging Convention**.



The averaging convention specifies how a fixed asset is depreciated in the start period and in the end period of the asset's life. For more information, see the link in the Related information section.

• On the **GL Accounts** tab, specify the following settings:

- **Fixed Assets Account:** 152000 (*Buildings and Improvements*)
- **Fixed Assets Sub.:** 000-00-00
- **Combine Fixed Asset Sub. from:** DDD-CC-CC
- **Accumulated Depreciation Account:** 162000 (*Accumulated Depreciation (Buildings and Improvements)*)
- **Accumulated Depreciation Sub.:** 000-00-00
- **Depreciation Expense Account:** 600000 (*Depreciation Expense*)
- **Depreciation Expense Sub.:** 000-00-00
- **Combine Depreciation Expense Sub. from:** DDD-CC-CC
- **Gain Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
- **Gain Sub.:** 000-00-00
- **Loss Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
- **Loss Sub.:** 000-00-00
- **Combine Gain/Loss Sub. from:** DDD-CC-CC

4. On the form toolbar, click **Save** to save the created fixed asset class.

5. On the form toolbar, click **Add New Record**, and create the *COMPUTERS* asset class as follows:

- In the **Asset Class ID** box, type *COMPUTERS*.
- In the **Description** box, type *Computers and accessories*.
- In the **Asset Type** box, select *COMPUTERS*.
- In the **Useful Life, Years** box, type 5.
- On the **Depreciation Settings** tab, for the *FIN* book, select *MACRS5-MQ* as the **Class Method** and *Mid Quarter* as the **Averaging Convention**.
- On the **GL Accounts** tab, specify the following settings:

- **Fixed Assets Account:** 153000 (*Computers*)
- **Fixed Assets Sub.:** 000-00-00
- **Combine Fixed Asset Sub. from:** DDD-CC-CC
- **Accumulated Depreciation Account:** 163000 (*Accumulated Depreciation (Computers)*)
- **Accumulated Depreciation Sub.:** 000-00-00
- **Depreciation Expense Account:** 600000 (*Depreciation Expense*)
- **Depreciation Expense Sub.:** 000-00-00
- **Combine Depreciation Expense Sub. from:** DDD-CC-CC
- **Gain Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
- **Gain Sub.:** 000-00-00
- **Loss Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
- **Loss Sub.:** 000-00-00
- **Combine Gain/Loss Sub. from:** DDD-CC-CC

6. On the form toolbar, click **Save** to save the created fixed asset class.

7. On the form toolbar, click **Add New Record**, and create the *SOFTWARE* asset class as follows:

- In the **Asset Class ID** box, type *SOFTWARE*.
- In the **Description** box, type *Software and web site*.
- In the **Asset Type** box, select *SOFTWARE*.
- In the **Useful Life, Years** box, type 3.
- On the **Depreciation Settings** tab, for the *FIN* book, select *SL (Straight-Line)* as the **Class Method** and *Full Period* as the **Averaging Convention**.
- On the **GL Accounts** tab, specify the following settings:
 - **Fixed Assets Account:** 154000 (*Software*)
 - **Fixed Assets Sub.:** 000-00-00
 - **Combine Fixed Asset Sub. from:** DDD-CC-CC
 - **Accumulated Depreciation Account:** 164000 (*Accumulated Depreciation (Software)*)
 - **Accumulated Depreciation Sub.:** 000-00-00
 - **Depreciation Expense Account:** 600000 (*Depreciation Expense*)
 - **Depreciation Expense Sub.:** 000-00-00
 - **Combine Depreciation Expense Sub. from:** DDD-CC-CC
 - **Gain Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
 - **Gain Sub.:** 000-00-00
 - **Loss Account:** 700000 (*Gain/Loss on Fixed Asset Disposal*)
 - **Loss Sub.:** 000-00-00
 - **Combine Gain/Loss Sub. from:** DDD-CC-CC

8. On the form toolbar, click **Save** to save the created fixed asset class.

Related Links

[Fixed Asset Classes](#)

Fixed Asset Types

Averaging Conventions

Fixed Asset Classes (FA201000)

Lesson Summary

In this lesson, you have set up the preferences of the Fixed Assets module, configured the posting book, and created fixed asset classes to prepare the system for the maintenance of fixed assets.

You have configured the posting book and set up a calendar for it to meet the requirement of using the same calendar as the General Ledger does. The configured depreciation book keeps fixed asset transactions and updates the General Ledger. You can have fixed asset transactions, unlike transactions in other financial modules, that are not linked to General Ledger transactions. The system generates General Ledger transactions from fixed asset transactions if the **Update GL** check box is selected on the Fixed Assets Preferences form (FA101000). If the **Update GL** check box is cleared, the system is in initialization mode, which is used for importing fixed assets from legacy system.

To be able to create fixed assets in future lessons, you have defined fixed asset classes, which specify the asset type, useful life, and depreciation settings. You have created these fixed asset classes on the Fixed Asset Classes form (FA201000).

Review Questions

Answer the following questions to check your understanding of the material:

1. The posting book ... (select all correct statements)
 - A. Updates the General Ledger.
 - B. Keeps the transaction history for all the fixed assets assigned to this book.
 - C. Is the only depreciation book you can create in the system.
 - D. Follows the General Ledger calendar.
2. A fixed asset class ... (select all correct statements)
 - A. Can be used for grouping assets in reports.
 - B. Cannot be deleted if there is at least one fixed asset of this class.
 - C. Provides the default settings that are used when users create fixed assets.
 - D. Can be associated with only one depreciation book.
3. If there are multiple books associated with a fixed asset class ... (choose the correct answer)
 - A. For the same class, you can use different depreciation methods in different books, if needed.
 - B. For the same class, you can use different useful lives in different books, if needed.
 - C. For the same class, you can use different averaging conventions in different books, if needed.

Part 2: Fixed Asset Maintenance

In this part of the course, you will learn how to enter, maintain, and depreciate fixed assets in Acumatica ERP and perform the following tasks:

- Converting purchases to assets
- Manually creating fixed assets and reconciling them with the appropriate General Ledger transactions
- Making additions to and deductions from existing assets
- Transferring fixed assets between departments
- Splitting a part of a fixed asset
- Disposing of a fixed asset by selling it
- Calculating depreciation for fixed assets
- Depreciating multiple fixed assets through the specified period
- Handling fixed assets with accumulated depreciation

Fixed Asset Life Cycle

This topic provides an overview of the life cycle of fixed assets and describes the maintenance of fixed assets in Acumatica ERP.

Overview of Fixed Assets

The purpose of depreciating a fixed asset is to match the expenses—that is, the asset's cost allocated to the years in which the asset is used—to the revenues earned from using this asset during the asset's useful life. Some assets, such as land and some intangibles, have an infinite useful life and are not depreciated; these are called *non-depreciable assets*. The life cycle of depreciable fixed assets consists of the steps shown in the diagram below; the life cycle of non-depreciable fixed assets is the same except that it excludes the depreciation step.

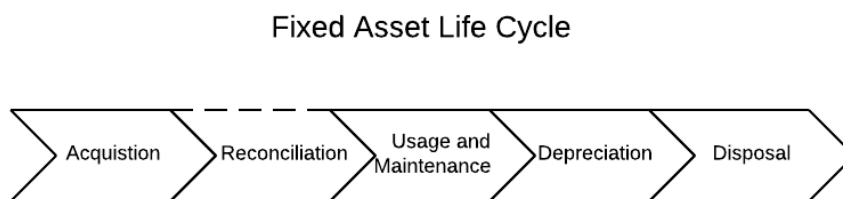


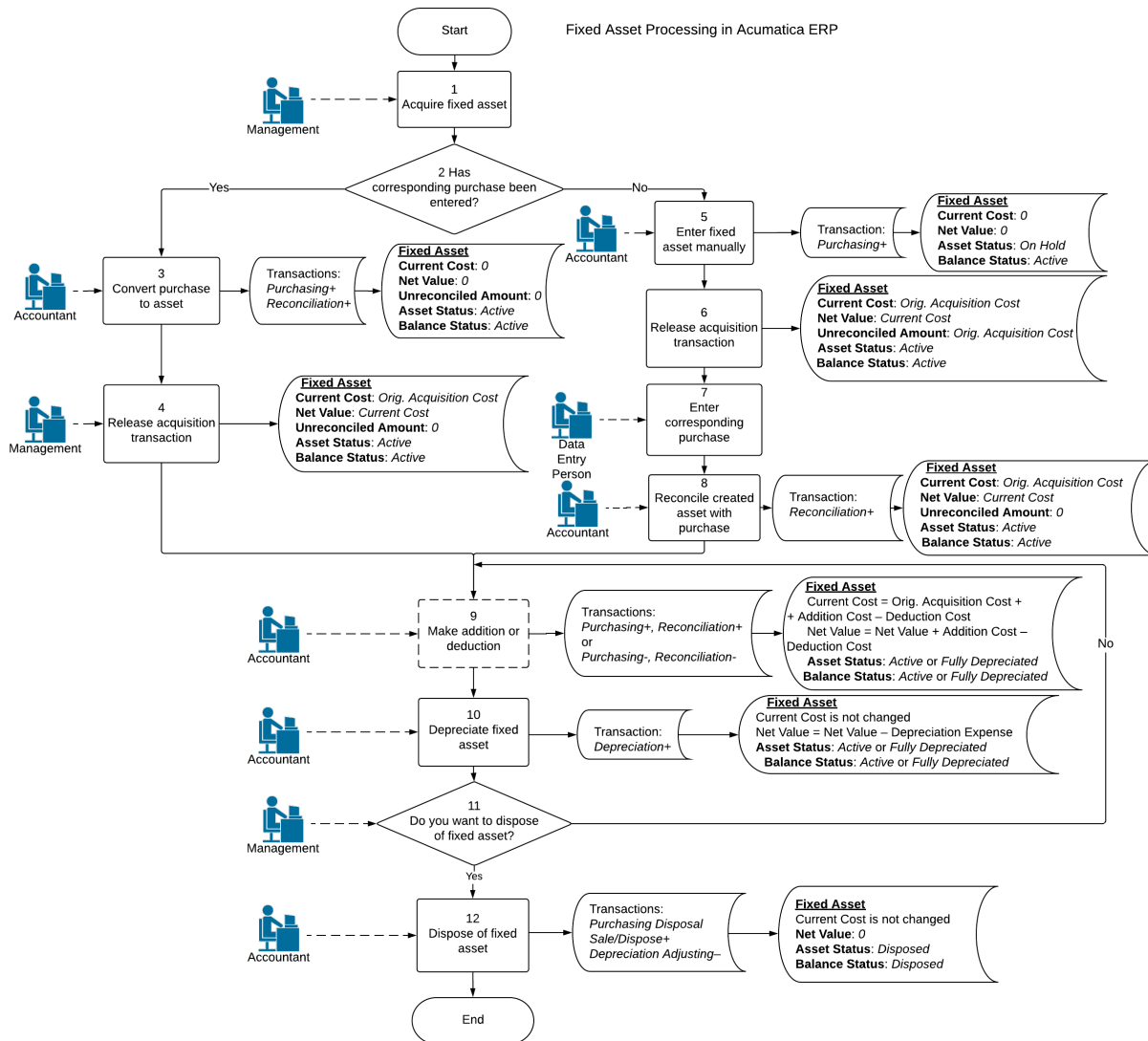
Figure: Life cycle of a depreciable fixed asset

To be able to maintain a fixed asset in Acumatica ERP, on acquiring the asset, you need to create a fixed asset record in the system. When you create a fixed asset, you select the fixed asset class to which it belongs, and the system automatically fills in the type of asset, the recovery period, the depreciation settings, and the GL accounts that are specified for the selected fixed asset class.

The fixed asset is acquired (see 1 in the diagram below) with the original acquisition cost, which includes the cost of the purchase plus the cost of the preparations to deploy the asset; the asset can later be reconciled with the appropriate financial transactions. During the maintenance of the asset, the current cost of the asset may increase or decrease due to improvements or impairments. You can adjust the cost and the net book value of the asset based on the appropriate financial documents (AP bills, adjustments, and GL transactions).

The process of maintaining a fixed asset in Acumatica ERP is displayed in the following diagram.

Figure: Maintenance of a fixed asset



The useful life of the asset is counted from the placed-in-service date (the date when the asset is deployed). This date may be later than or the same as the date of the asset's acquisition (receipt date). Once the asset is placed in use, you start to depreciate the asset by using the depreciation method specified in the fixed asset settings. If the asset is no longer used because of the sale of or damage to the asset, the asset is disposed of—that is, withdrawn from use.

Creation of a Fixed Asset

Generally, there are two ways to create a fixed asset in Acumatica ERP after it has been acquired (1–2 in the diagram above): You can create an asset by converting an existing purchase, or create the fixed asset manually and further reconcile its cost with the appropriate financial transactions.

To create a fixed asset by converting the needed purchase (3 in the diagram), use the Convert Purchases to Assets form (FA504500). During the conversion, the system generates a *Purchasing+* transaction that records the asset acquisition and a *Reconciliation+* transaction that reconciles the converted amount and links the created asset to the appropriate purchase. Most settings for conversion are copied by default from the fixed asset class that you have specified for the asset. You can change only some of the fixed asset's settings before conversion. Then you need to release the acquisition transaction (4).

If you have more than one transaction for a fixed asset or the needed transactions are not entered in the system yet (for example, the AP bill has not yet been received), you can create the fixed asset manually (5) on the Fixed Assets form (FA303000). When you create the fixed asset manually, the system generates a *Purchasing+* transaction. Later, after the needed transactions are processed in the system (7), you have to reconcile the cost of the created asset (8) with the appropriate GL entries. During reconciliation, the system generates a *Reconciliation+* transaction. When you create fixed assets manually, you can change any of their settings before you release the acquisition transaction (6).

Fixed Asset Status

The status of a fixed asset is shown on the **General Settings** tab of the Fixed Assets form (FA303000). During its life cycle, an asset can have one of the following statuses:

- *On Hold*: The asset is saved and may still be edited, but cannot be depreciated or disposed of. An asset has this status if the **Hold** check box is selected on the Fixed Assets form (FA303000) for it. The asset can be deleted.
- *Active*: The asset can be depreciated and disposed of, but some of its settings cannot be changed. The asset receives this status as soon as the **Hold** check box is cleared on the Fixed Assets form (FA303000) for this asset. The asset can be deleted if the acquisition transaction is not released yet.
- *Fully Depreciated*: The asset's cost was fully depreciated over the useful life of the asset in all depreciation books assigned to the asset.
- *Disposed*: The asset has been disposed of (for example, sold or abandoned).
- *Suspended*: The depreciation is temporarily stopped for the asset.
- *Reversed*: The asset has been reversed.

The status of the fixed asset balance is shown in the **Status** column on the **Balance** tab of the Fixed Assets form (FA303000). The status may vary for different depreciation books. The fixed asset balance for each book can have one of the following statuses:

- *Active*: This status is assigned to newly created assets.
- *Fully Depreciated*: This status indicates that the asset's cost was fully depreciated over the useful life of the asset in this particular book. In most cases, the net book value of the fully depreciated asset is equal to zero (or to the salvage amount, if specified).
- *Disposed*: This status indicates that the asset was disposed of. If the asset has multiple books, this status is the same for all books.
- *Suspended*: This status indicates that depreciation has been temporarily stopped for the asset. This status is the same for all books.
- *Reversed*: This status indicates that the asset has been reversed. If the asset has multiple books, this status is the same for all books.

Changes to Fixed Asset Costs

You can make additions and deductions to capitalize additional expenses or to record an asset's impairment (9). When an addition is made, it increases the current cost and the net value of the asset. When a deduction is made, it reduces the current cost and the net value of the asset. The depreciation expenses for the next periods are calculated based on the new current cost, and the system also makes depreciation adjustments for the already-depreciated periods, if needed.

Depreciation of Fixed Assets

Depreciation is the process of spreading the cost of a fixed asset across the asset's useful life. On the Fixed Assets form (FA303000), you can use the **Actions > Calculate Depreciation** menu command

to calculate depreciation through the entire life of the asset and review the calculated amounts on the **Depreciation History** tab. This action does not generate depreciation transactions. You can use it for planning depreciation expenses. To depreciate the asset, use the Calculate Depreciation form (FA502000), on which you can depreciate the asset or assets through the specified period. To review the depreciation amounts accumulated in the depreciation books for a particular fixed asset, see the **Accum. Depr.** column on the **Balance** tab of the Fixed Assets form (FA303000).

You start to depreciate a fixed asset (10) after the asset has been placed in use. You can depreciate fixed assets by using different depreciation methods for different depreciation books. If the asset was fully depreciated in a book through its entire life, its balance is assigned the *Fully Depreciated* status in this book.

Fixed Asset Disposal

You can dispose of an asset (11) at any time for any reason, such as the asset being taken out of service, damage to the asset, a reduction of the asset's productivity, or the sale of the asset. After the asset is disposed of (12), it has a net value of 0 and gets the *Disposed* status.

Additional Operations with Fixed Assets

You can also perform the following operations with fixed assets:

- **Suspend:** You can suspend a fixed asset to temporarily stop its depreciation. You may need to suspend the asset, for example, if it is for sale. If you decide to stop the sale and continue using the asset, you can unsuspend the asset to continue the depreciation. When you unsuspend an asset, the system resumes the calculation of depreciation and extends the life of the asset for the number of periods the asset has been suspended.
- **Split:** You can split an asset into parts to divide a single fixed asset consisting of a group of items into two or more separate assets. You can also use splitting for partial asset disposals and transfers. For example, you may need to sell a portion of the asset and still use the rest of the asset.
- **Transfer:** When it is acquired, an asset belongs to a certain department under a certain company branch. During the asset's life, the asset can be moved from one department to another, or from one branch to another. The history of asset locations is displayed on the **Location History** tab of the Fixed Assets form (FA303000).
- **Reverse Disposal:** You can reverse the disposal of the fixed asset to make the asset active and available for further depreciation (for example, if the asset was disposed of by mistake).
- **Migrate:** To migrate fixed assets from legacy systems, you can create fully or partially depreciated fixed assets in the system. The system will continue maintaining each of these assets from the last depreciation period specified.
- **Reverse:** You can completely reverse the asset—that is, annul the asset's acquisition, reconciliation, and depreciation—in situations such as the asset being created by mistake.

Related Links

[Fixed Assets Overview](#)

Company Story: Managing Fixed Assets

This part of the course is dedicated to the operational activity of the Computers Inc. company in the year 2014. The Computers Inc. company starts to operate with fixed assets on 5/1/2014. During the 05-2014 and 06-2014 periods, the company makes the following purchases that will be processed as fixed assets:

- Land under and near the office building: \$120,000
- Computers Inc. Western office building: \$180,000
- Three desktop computers for office: \$450 each
- One server: \$915
- Five antivirus software licenses: \$330 each
- Five office software licenses: \$150 each
- Computers Inc. website development: \$9000

Also, the management of the company decides to repair the roof of the purchased building and record this expense as a separate fixed asset with a cost of \$8000.

The company also makes several purchases that are considered as additions to and deductions from existing fixed assets. After all assets have been created and all purchases have been processed, the accountant of Computers Inc. depreciates the existing fixed assets through the 06-2014 period. The accountant also performs some additional operations on assets, such as split, transfer, and dispose. At the end of 06-2014, the accountant closes the books for the 2013 financial year and the first half of the 2014 financial year in the system.

Lesson 2: Acquiring and Reconciling Fixed Assets

In this lesson, you will create fixed assets in Acumatica ERP by converting purchases, enter the fixed asset records manually, and reconcile the created fixed assets with the corresponding financial transactions.

Lesson Objectives

In this lesson, you will learn to:

- Convert an existing purchase to a new fixed asset.
- Manually create fixed assets.
- Convert a purchase to multiple fixed assets.

Step 2.1: Converting a Purchase to a Fixed Asset

The easiest way to create a fixed asset is to convert a purchase to a fixed asset. Once the company has purchased any property that is supposed to be a fixed asset, you can direct the system to create the corresponding fixed asset with appropriate settings. To do this, use the Convert Purchases to Assets form (FA504500), on which you can convert to a fixed asset any debit entry posted in the General Ledger to any account.

Suppose that on 5/1/2014, the Western office of the Computers Inc. company has made an investment by purchasing an office building and the land that holds and surrounds it. In this step, you will create the fixed asset for the land by converting the purchase. You will perform the following tasks:

1. [Creating a purchasing transaction](#)
2. [Converting a purchase to fixed asset](#)

1. Creating a Purchasing Transaction

Create the purchasing transaction as follows:

1. On the Journal Transactions form (GL301000; Finance > General Ledger > Work Area > Enter), select *WEST* as the current branch, and create a transaction with the following settings:
 - **Transaction Date:** *5/1/2014*
 - **Post Period:** *05-2014*
 - **Description:** *Purchasing office building and land*

2. Add the following lines in the table:

- **Branch:** *WEST*, **Account:** *301000*, **Subaccount:** *000-00-00*, **Credit Amount:** *285,000*, **Transaction Description:** *Land and office building*
- **Branch:** *WEST*, **Account:** *150000*, **Subaccount:** *000-00-00*, **Debit Amount:** *120,000*, **Transaction Description:** *Land*
- **Branch:** *WEST*, **Account:** *150000*, **Subaccount:** *000-00-00*, **Debit Amount:** *165,000*, **Transaction Description:** *Office building*

The *150000* account is the accrual account that aggregates the cost of purchased fixed assets that have not been placed in service yet.

3. Save the batch, and then click **Release** on the form toolbar to release it.

2. Converting a Purchase to Fixed Asset

To create a fixed asset record that corresponds to the purchased land, do the following:

1. On the Convert Purchases to Assets form (FA504500; Finance > Fixed Assets > Processes > Asset Management), in the Selection area, select *150000* in the **Account** box and *000-00-00* in the **Subaccount** box.
2. In the **Department** box, select *ADMIN*. The system automatically inserts *ADMIN* in the **Department** column for both rows of the upper table.



The upper table displays transactions from purchase receipts. The **Department** column of the upper table contains the identifier of the department to be used for multiple assets created from the selected purchase. The lower table displays a list of units of the item selected in the upper table. The **Department** column of the lower table contains the department to which each individual created asset should be assigned.

3. Select the unlabeled check box for the \$120,000 transaction in the upper table, as shown in the following screenshot. The upper table displays the transactions that were posted to the *150000* FA Accrual account with the *000-00-00* subaccount and that haven't been converted to fixed

assets yet. Unreleased transactions are not displayed in the table and thus are not available for conversion.

Western office of Computers Inc, headquarters - Convert Purchases to Assets ★

PROCESS

Account: 150000 - Accrued Purchases - Fixed ▾ Branch: WEST - Western office of Computers ▾
 Subaccount: 000-00-00 - Non-specific ▾ Custodian: ▾
 Show transactions marked as reconciled Department: ADMIN - Administrative ▾

Asset Class	Reconciled	Branch	Custodian	Department	Transaction Branch	Inventor ID	UOM	Selected Quantity	Selected Amount	Open Quantity	Open Amount	Orig. Quantity	Unit Cost	Orig. Amount	Transaction Date	Module	Batch Number
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	WEST			0.00	0.00	0.00	120,000.00	0.00	120,000.00	120,000.00	5/1/2014	GL	000069
<input type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	WEST			0.00	0.00	0.00	165,000.00	0.00	165,000.00	165,000.00	5/1/2014	GL	000069

Figure: Selection of the purchase to be converted



If some of the transactions that are posted to the account should not be converted to fixed assets, you can mark them as reconciled to hide them from the upper table and thus eliminate them from conversion. To hide a particular transaction, you would select the **Reconciled** check box for this transaction in the upper table before you click **Process**. If you wanted to review all the transactions that match the selection criteria, including the reconciled ones, you would select the **Show transactions marked as reconciled** check box in the Selection area.

- In the **Asset Class** column for the row you have selected, select **LAND**. In the lower table, the system shows the asset to be created (see the screenshot below). By default, the system selects the entire amount of the line to be converted to a fixed asset. If needed, you can change the **Transaction Amount** to convert only part of the purchase to a fixed asset.

By default, the receipt date and the placed-in-service date of the created asset are set to the **Transaction Date** of the selected purchase. The transaction description copied from the description of the GL entry corresponding to the purchase (**Transaction Description** of the line on the Journal Transactions from (GL301000) is used as the description of asset you are creating. You can modify any of these default settings, if needed.

Western office of Computers Inc, headquarters - Convert Purchases to Assets ★

PROCESS

Account: 150000 - Accrued Purchases - Fixed ▾ Branch: WEST - Western office of Computers ▾
 Subaccount: 000-00-00 - Non-specific ▾ Custodian: ▾
 Show transactions marked as reconciled Department: ADMIN - Administrative ▾

Asset Class	Reconciled	Branch	Custodian	Department	Transaction Branch	Inventor ID	UOM	Selected Quantity	Selected Amount	Open Quantity	Open Amount	Orig. Quantity	Unit Cost	Orig. Amount	Transaction Date	Module	Batch Number
<input checked="" type="checkbox"/> LAND	<input type="checkbox"/>	WEST		ADMIN	WEST			1.00	120,000.00	-1.00	0.00	0.00	120,000.00	120,000.00	5/1/2014	GL	000069
<input type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	WEST			0.00	0.00	0.00	165,000.00	0.00	165,000.00	165,000.00	5/1/2014	GL	000069

New Asset	Component	Asset Class	Asset ID	Quantity	Asset	Branch	Custodian	Department	Transaction Type	Receipt Date	Placed-in-Service Date	Tran. Date	Tran. Period	Transaction Amount	Transaction Description
<input checked="" type="checkbox"/>	<input type="checkbox"/>	LAND		1.00		WEST		ADMIN	Purchasing+	5/1/2014	5/1/2014	5/1/2014	05-2014	120,000.00	Land

Figure: Settings for creating a new fixed asset by converting a purchase

- On the form toolbar, click **Process**. The system will create the fixed asset and generate the acquisition transaction. You can review and modify the settings of the converted fixed asset on the Fixed Assets form (FA303000) unless the acquisition transaction is released.

- On the Release FA Transactions form (FA503000; Finance > Fixed Assets > Processes > Daily), select the unlabeled check box for the transaction, and click **Release** on the form toolbar (as shown in the following screenshot).

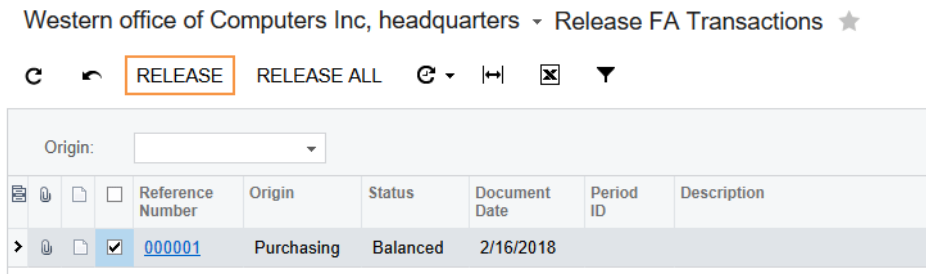


Figure: Release of the acquisition transaction



To cause particular categories of transactions (acquisition, depreciation, disposal, transfer, reversal, and split) to be released automatically when they have been created, you should select the appropriate check boxes in the **Posting Settings** section of the Fixed Assets Preferences form (FA101000). You will select these check boxes later in this course to analyze how they affect the transactions.

- Click the link in the **Reference Number** column to view and analyze the generated transactions on the Fixed Asset Transactions form (FA301000), which the system has opened (see the following screenshot).

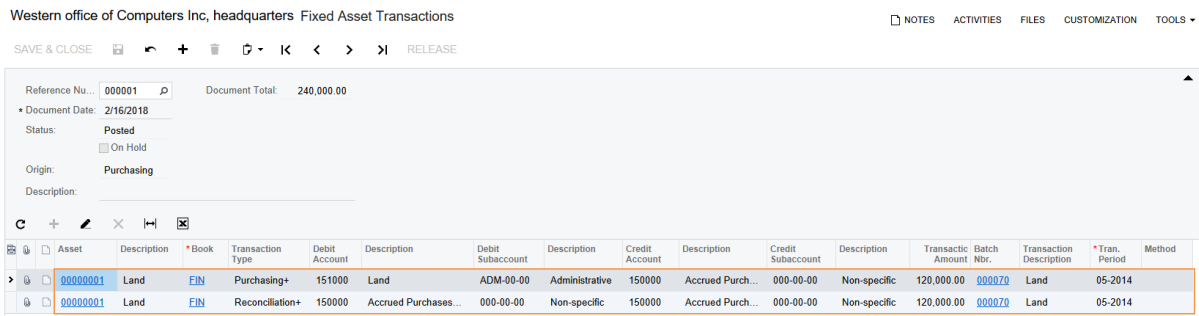


Figure: The released acquisition transactions

The system has generated the following transactions:

- A *Purchasing+* transaction: With this transaction, the system updates the FA Accrual account that has been specified on the Fixed Assets Preferences form (FA101000) and the Fixed Assets account that has been specified for the fixed asset class of the fixed asset. This transaction credits the 150000 account with the 000-00-00 subaccount in the amount of \$120,000 and debits the 151000 account with the ADM-00-00 subaccount in the same amount.

Notice that the system debits the ADM-00-00 subaccount for the Fixed Assets account, because you have specified the DDD-CC-CC mask in the **Combine Fixed Asset Sub. From** box for the LAND fixed asset class on the Fixed Asset Classes form (FA201000). Thus, the system derives the first subaccount segment from the department to which the converted fixed asset belongs.

- A *Reconciliation+* transaction: With this transaction, the system updates the FA Accrual account and the account debited by the FA purchase to reconcile the converted amount. In this particular transaction, the FA Accrual account and the account debited by the FA purchase are the same. Because the full amount of the purchase has been reconciled, the

purchase of \$120,000 will not be available for further conversion on the Convert Purchases to Assets form (FA504500).

Reconciliation+ transactions are generated automatically when you convert purchases to assets, make additions to or deductions from an asset's cost, or enter assets in initialization mode. However, in some cases, you may need to create a fixed asset before you receive a bill from the supplier. In these cases, the system generates an acquisition transaction only and the transaction amount is still unreconciled. Later, when the bill is received, you create and release a reconciliation transaction in order to link the purchasing transaction to the existing fixed asset. For more details on this, see Lesson 3.



You can review the GL accounts used in transactions for a particular asset on the **GL Accounts** tab of the Fixed Assets form (FA303000).

- Click the link in the **Asset** column for one of the rows. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), which the system has opened, review the fixed asset that has been created (see the screenshot below). The created asset has the *00000001* identifier, which the system has assigned according to the auto-numbered *FASSET* numbering sequence specified in the **Asset Numbering Sequence** box on the Fixed Asset Preferences form (FA101000).

The **Description** box displays the description of the fixed asset, which was copied from the description specified for the purchase. The **Placed-in-Service Date** of the *LAND* asset (the **General Settings** tab) is 5/1/2014. (You can override this date if you want to place the asset in service later.) Because the land has an indefinite life span, the **Useful Life, Years** box is empty.

Figure: The created fixed asset



If you were to turn off auto-numbering for the *FASSET* numbering sequence on the Numbering Sequences form (CS201010), when you convert purchases to assets, you would have to specify the ID for each new asset manually in the **Asset ID** column of the lower table.

If needed, you could specify branch-specific numbering subsequences within the *FASSET* sequence to use different numbering for fixed assets of different branches.

- Review the settings of the created asset on the **Balance** tab, as shown in the screenshot below. The asset is assigned to the *FIN* book and has an **Orig. Acquisition Cost** of \$120,000. The **Placed-in-Service Period** is calculated based on the **Placed-In-Service Date** according to the book calendar; the *Purchasing+* transaction is posted to this period. The land is not depreciated, so other settings are not specified for this fixed asset.

Western office of Computers Inc, headquarters Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE [Icons] ACTIONS

Asset ID: 00000001 Parent Asset: []
 Description: Land

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS LOCATION HISTORY TRANSACTION HISTORY

*Book	Status	Update GL	Placed-in-Service Date	Placed-in-Service Period	Orig. Acquisition Cost	Current Cost	Busines Use, %	Basis	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years
> FIN	Active	<input checked="" type="checkbox"/>	5/1/2014	05-2014	120,000.00	120,000.00	100.0000	120,000.00	120,000.00	0.00		

Figure: Fixed asset settings on the Balance tab

- On the Fixed Assets Preferences form (FA101000; Fixed Assets > Configuration > Setup), select the **Automatically Release Acquisition Transactions** check box to make the system automatically release acquisition transactions you create further in the course, and save your changes.

Related Links

- [Fixed Asset Entry](#)
- [Types of Fixed Asset Transactions](#)
- [Release FA Transactions \(FA503000\)](#)
- [Fixed Assets \(FA303000\)](#)
- [Convert Purchases to Assets \(FA504500\)](#)

Step 2.2: Entering and Reconciling a Single Fixed Asset

Another way to create a fixed asset is by manually creating the fixed asset record and later reconciling the acquisition cost of the created fixed asset with the appropriate financial transactions. To enter individual fixed assets, you use the Fixed Assets form (FA303000). On this form, you can also reconcile a created asset with any number of purchasing transactions on the **Reconciliation** tab. You can use this form to create fixed assets before the corresponding accounts payable bill is received, and you can migrate the fixed asset data from a legacy system.

Suppose that on 5/1/2014, Computers Inc. has made an investment by purchasing an office building for the Western office. However, at the time of purchase, the building was not ready for use. To prepare the building, Computers Inc. has paid \$15,000 to the Good Office Supplies Inc. company. After the work was completed, the building was ready to be placed in use on 6/1/2014. In this step, you will manually create a fixed asset for the office building and reconcile it with two GL transactions. You will perform the following tasks:

1. [Creating a purchasing transaction](#)
2. [Entering a fixed asset](#)
3. [Reconciling the created fixed asset](#)

1. Creating a Purchasing Transaction

1. On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create an AP bill with the following settings:
 - **Type:** *Bill*
 - **Vendor:** *V000000091 (Good Office Supplies Inc.)*
 - **Date:** *5/15/2014*
 - **Post Period:** *05-2014*
 - **Description:** *Preparing building for use (materials and work)*
 - **Document Details tab, Branch:** *WEST, Transaction Desc.:* *Preparing building for use (materials and work), Ext. Cost:* *15,000, Account:* *150000, Subaccount:* *000-00-00*
2. Save the bill and release it by clicking **Release** on the form toolbar.

2. Entering a Fixed Asset

To create a fixed asset record, perform the following instructions:

1. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), click **Add New Record**, and create a new fixed asset with the following settings (as shown in the screenshot below):
 - **Asset ID:** *Inserted automatically*
 - **Description:** *Computers Inc. Western office building*
 - **Asset Class:** *BUILDING*
 - **Asset Type:** *BUILDING* (inserted automatically from the fixed asset class settings)
 - **Useful Life, Years:** *39* (inserted automatically from the fixed asset class settings)
 - **Receipt Date:** *5/1/2014*
 - **Placed-in-Service Date:** *6/1/2014*
 - **Orig. Acquisition Cost:** *180,000*
 - **Branch:** *WEST* (the current branch is inserted by default)

- **Department:** ADMIN

You can change any asset setting except for the **Tangible** setting until the acquisition transaction is released.

Western office of Computers Inc, headquarters ▾ Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE 📄 ↶ + 🗑️ 📄 ⏪ ⏩ ⏴ ⏵ ⏶ ⏷ ⏸ ACTIONS ▾

Asset ID: <NEW> 🔍 Parent Asset: 🔍

Description: Computers Inc. Western office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY »

<p>ASSET SUMMARY</p> <p>* Asset Class: BUILDING - Buildings and br 🔍</p> <p>* Property Type: Property ▾</p> <p>Status: On Hold</p> <p><input checked="" type="checkbox"/> Hold</p> <p>* Asset Type: BUILDING - Building 🔍</p> <p><input checked="" type="checkbox"/> Tangible</p> <p>Quantity: 1.00</p> <p><input checked="" type="checkbox"/> Depreciate</p> <p>Useful Life, Years: 39.0000</p> <p>* Receipt Date: 5/1/2014 ▾</p> <p>* Placed-in-Service Date: 6/1/2014 ▾</p> <p>Orig. Acquisition Cost: 180,000.00</p> <p>Salvage Amount: 0.00</p> <p>Replacement Cost: 0.00</p> <p>Disposal Date: <input type="text"/></p> <p>Disposal Method: <input type="text"/></p> <p>Disposal Amount: 0.00</p>	<p>TRACKING INFO</p> <p>* Branch: WEST - Western office of Cc 🔍</p> <p>Building: <input type="text"/> 🔍</p> <p>Floor: <input type="text"/></p> <p>Room: <input type="text"/></p> <p>Custodian: <input type="text"/> 🔍</p> <p>* Department: ADMIN - Administrative 🔍</p> <p>Reason: <input type="text"/></p> <p>Tag Number: <input type="text"/></p>
--	--

Figure: The fixed asset for the office building

2. Save the asset. The system has generated the acquisition transaction and saved it with the *Balanced* status. (You can review the transaction on the **Transaction History** tab.)
3. Review the **Balance** tab. Notice that the system has inserted the depreciation method (*Straight-Line*) and averaging convention (*Mid Period*) from the fixed asset class (see the screenshot below).

Depr. From Period is the period when the asset has been placed in service and starting from which the asset will be depreciated. By default, this period is calculated by using the **Placed-in-Service Date** according to the book calendar. You can change the **Depr. From** date and the **Placed-in-Service Date** before the first depreciation transaction is generated for the asset. The **Depr. to Period** is the last period for which depreciation is calculated for the asset.

Western office of Computers Inc, headquarters ▾ Fixed Assets NOTES ACTIVITIES FILES

← SAVE & CLOSE 📄 ↶ + 🗑️ 📄 ⏪ ⏩ ⏴ ⏵ ⏶ ⏷ ⏸ ACTIONS ▾

Asset ID: 00000002 🔍 Parent Asset: 🔍

Description: Computers Inc. Western office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

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* Book	Depreciation Method	Status	Update GL	* Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Busines Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type
> FIN	SL	Active	<input checked="" type="checkbox"/>	6/1/2014	06-2014		06-2053	180,000.00	0.00	100.0000	0.00	0.00	0.00	0.00	0.00	39.0000	39.00	Mid Period	Fixed Day

Figure: Fixed asset settings on the Balance tab

- On the **General Settings** tab, clear the **Hold** check box to remove the fixed asset from hold, and save it.
- Review the **Transaction History** tab. Because you have configured the system to automatically release of acquisition transactions, the system automatically releases the acquisition transaction when you release the asset from hold and save your changes (see the following screenshot).

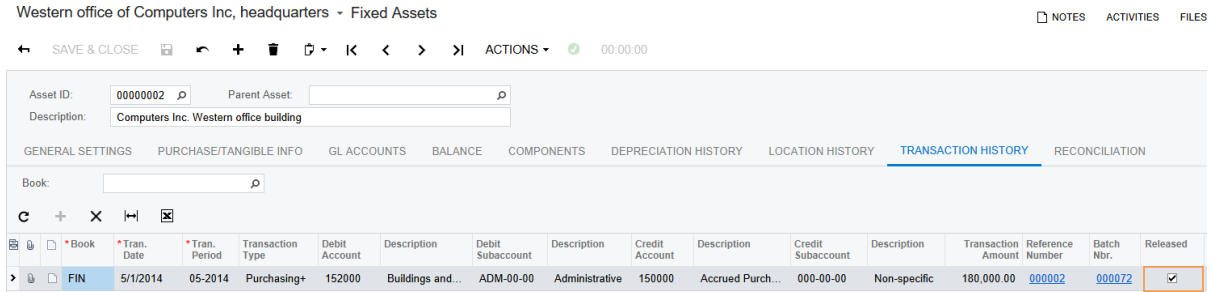


Figure: The generated acquisition transaction

The GL accounts to be used in transactions were copied from the fixed asset class when the asset was created. You can review the GL accounts specified for the asset on the **GL Accounts** tab of the Fixed Assets form (FA303000). The FA account can be changed for a fixed asset with the *Active* status before a *Purchasing+* transaction is released; the Accumulated Depreciation account can be changed for an asset before the first *Depreciation+* transaction is released. Also, income and expense accounts can be changed for an asset at any time.



Along with the account, you can change appropriate subaccounts—that is, those for which the AA mask is specified in the corresponding fixed asset class. We do not recommend that you override subaccounts with a mask other than AA, because subsequent operations (for example, transfer) could automatically override the subaccounts back to the values specified by the mask.

3. Reconciling the Created Fixed Asset

The cost of the asset is currently recorded as an unreconciled amount. Now you can reconcile the acquisition cost of the asset with the appropriate financial transactions for the asset acquisition (\$165,000 GL entry and \$15,000 AP bill). To reconcile the created fixed asset, do the following:

- On the **Reconciliation** tab, select *150000* in the **Account** box.
- Select the unlabeled check boxes next to the \$165,000 and \$15,000 GL lines in the table, and click **Process** on the table toolbar to generate the reconciliation transactions (see the screenshot below).

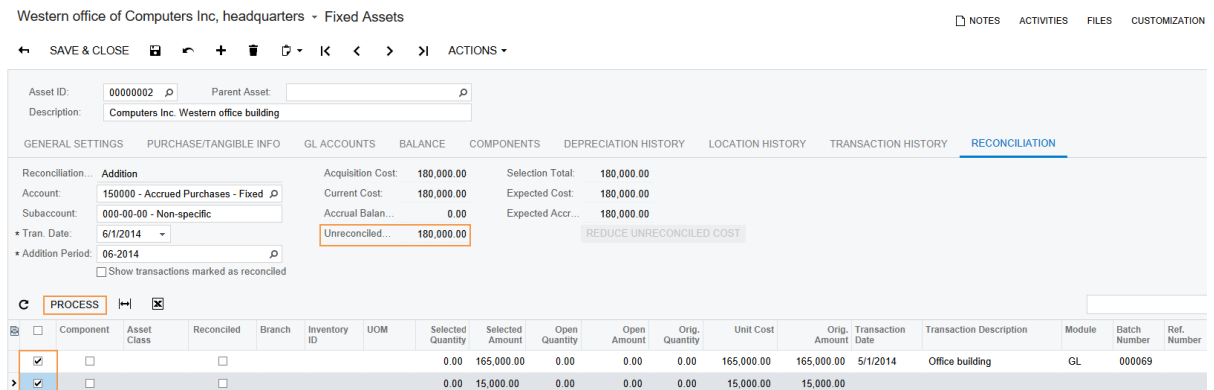


Figure: The fixed asset cost before reconciliation

- On the form toolbar, click **Save** to save the created reconciliation transactions, and review them on the **Transaction History** tab (see the screenshot below). The generated *Reconciliation+* transactions were automatically released because the **Automatically Release Acquisition Transactions** check box (which is selected) also applies to the reconciliation transactions that correspond to asset acquisition.

The **Batch. Nbr.** box displays the number of the corresponding GL batch. Fixed asset transactions are numbered based on the *FAREGISTER* numbering sequence, and GL batches are numbered according to the *BATCH* numbering sequence, as specified in the **Numbering Settings** section on the Fixed Asset Preferences form (FA101000).

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILE

SAVE & CLOSE ACTIONS 00:00:00

Asset ID: 00000002 Parent Asset:
 Description: Computers Inc. Western office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:
 C + X | |

	*Book	*Tran. Date	*Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
>	FIN	5/1/2014	05-2014	Purchasing+	152000	Buildings and I...	ADM-00-00	Administrative	150000	Accrued Purch...	000-00-00	Non-specific	180,000.00	000002	000072	✓
	FIN	5/1/2014	05-2014	Reconciliation+	150000	Accrued Purch...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	165,000.00	000003	000073	✓
	FIN	5/15/2014	05-2014	Reconciliation+	150000	Accrued Purch...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	15,000.00	000003	000073	✓

Figure: The reconciliation transactions generated for the fixed asset

- On the **Reconciliation** tab, review the **Unreconciled Amount**. As shown in the following screenshot, it is now 0—that is, the full amount of the asset has been reconciled.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS


SAVE & CLOSE ACTIONS 00:00:00

Asset ID: 00000002 Parent Asset:
 Description: Computers Inc. Western office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **RECONCILIATION** >>

Reconciliation...	Addition	Acquisition Cost:	180,000.00	Selection Total:	0.00
Account:	150000 - Accrued Purchases - Fixed	Current Cost:	180,000.00	Expected Cost:	180,000.00
Subaccount:	000-00-00 - Non-specific	Accrual Balan...	180,000.00	Expected Accr...	180,000.00
* Tran. Date:	6/1/2014	Unreconciled...	0.00	REDUCE UNRECONCILED COST	
* Addition Period:	06-2014	<input type="checkbox"/> Show transactions marked as reconciled			

Figure: The reconciled fixed asset

 If the amount of the received bill is less than the acquisition cost of the fixed asset, you could click the **Reduce Unreconciled Cost** button on this tab to decrease the asset's cost on the unreconciled amount. If you clicked the button, the system would generate the *Purchasing-* transaction, which sets the cost of the fixed asset to the reconciled amount.

Related Links

- [Convert Purchases to Assets \(FA504500\)](#)
- [Fixed Assets \(FA303000\)](#)

Step 2.3: Changing Default Settings When You Create a Fixed Asset

When you are creating a fixed asset on the Fixed Assets form (FA303000), you specify the fixed asset class, and the system fills in the default settings for the created fixed asset record with the settings of the class. Before you release the acquisition transaction of the fixed asset, you can change these default settings.

Suppose that on 6/15/2014, Computers Inc. purchased materials to use them for repairs in the office building. In June, the Repair Master company repaired the roof by using part of the purchased materials; the company also installed downspouts. Computers Inc. paid for this work on 6/30/2014. The accountants have decided to capitalize the roof repair expense—that is, to create a fixed asset of the *BUILDING* class and depreciate it through five years.

In this step, you will create a fixed asset for the roof repair, with some settings that differ from those that the system copies from the *BUILDING* fixed asset class. You will perform the following tasks:

1. [Creating purchasing transactions](#)
2. [Entering and reconciling a fixed asset](#)

1. Creating Purchasing Transactions

To create the purchasing transactions, proceed as follows:

1. On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create and save the following documents:
 - An AP bill, which has the following settings, for materials purchased for repairs:
 - **Type:** *Bill*
 - **Vendor:** *V000000041 (Resource Ltd.)*
 - **On Hold:** Cleared
 - **Date:** *6/15/2014*
 - **Post Period:** *06-2014*
 - **Description:** *Materials for repair work*
 - **Document Details** tab, **Branch:** *WEST*, **Transaction Descr.:** *Materials for repair work*, **Ext. Cost.:** *6750*, **Account:** *758000*, **Subaccount:** *000-00-00*
 - An AP bill, which has the following settings, for paying Repair Master for work:
 - **Type:** *Bill*
 - **Vendor:** *V000000090 (Repair master)*
 - **On Hold:** Cleared
 - **Date:** *6/30/2014*
 - **Post Period:** *06-2014*
 - **Description:** *Paid for repair work*
 - **Document Details** tab, **Branch:** *WEST*, **Transaction Descr.:** *Paid for roof repair*, **Ext. Cost.:** *4400*, **Account:** *150000*, **Subaccount:** *000-00-00*
 - **Document Details** tab, **Branch:** *WEST*, **Transaction Descr.:** *Paid for installing downspouts*, **Ext. Cost.:** *1400*, **Account:** *150000*, **Subaccount:** *000-00-00*
2. On the form toolbar of the Release AP Documents form (Finance > Accounts Payable > Processes > Daily), click **Release All** to release the created bills.

2. Entering and Reconciling a Fixed Asset

To create a fixed asset record for roof repair and reconcile the fixed asset, do the following:

- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), click **Add New Record** and create a new fixed asset record with the following settings:
 - Asset ID:** Inserted automatically
 - Description:** Roof repair (Western office building)
 - Asset Class:** BUILDING
 - Asset Type:** BUILDING (inserted automatically from the asset class)
 - Depreciate:** Selected (inserted automatically from the asset class)
 - Receipt Date:** 6/30/2014
 - Placed-in-Service Date:** 6/30/2014
 - Orig. Acquisition Cost:** 8000
 - Branch:** WEST
 - Department:** ADMIN

- Change the **Useful Life, Years** to 5 and save the fixed asset.



Useful life cannot be changed for the fixed assets that are depreciated using any of the table depreciation methods.

- On the **Balance** tab, review the asset settings (see the following screenshot). The recovery period for the asset is five years, so the fixed asset will be depreciated from the 06-2014 period to the 06-2019 period.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES

SAVE & CLOSE + - K < > ACTIONS

GENERAL SETTINGS		PURCHASE/TANGIBLE INFO		GL ACCOUNTS		BALANCE		COMPONENTS		DEPRECIATION HISTORY		LOCATION HISTORY		TRANSACTION HISTORY		RECONCILIATION				
* Book	Depreciation Method	Status	Update GL	* Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day
> FIN	SL	Active	<input checked="" type="checkbox"/>	6/30/2014	06-2014		06-2019	8,000.00	0.00	100.0000	0.00	0.00	0.00	0.00	0.00	5.0000	5.00	Mid Period	Fixed Day	15

Figure: Fixed asset depreciated through 5 years



On the **Balance** tab, you can also add other depreciation books that are assigned to the fixed asset class. Also, for any depreciation book specified on this tab, you can override the depreciation book method, averaging convention, and useful life taken from the fixed asset class.

- On the **General Settings** tab, remove the fixed asset from hold and click **Save**. The system releases the acquisition transaction, and now you can reconcile the cost of the asset.
- On the **Reconciliation** tab, select 150000 in the **Account** box.
- In the table, select the unlabeled check boxes next to the \$1400 and \$4400 entries.
- On the table toolbar, click **Process**, and then, on the form toolbar, click **Save**. The unreconciled amount is reduced to \$2200.
- In the **Account** box, select 758000 to process the rest of the amount by using another account.
- In the table, select the unlabeled check box next to the \$6750 transaction. The system automatically fills the **Selected Amount** box with 2200.



The **Selected Amount** defines the amount to be reconciled with the cost of the asset; this is the amount on which the *Reconciliation+* transaction is generated. You can change the **Selected Amount** to any needed value. If the amount you specify exceeds the unreconciled amount of the asset, the system will automatically create the addition to the cost of the asset.

10. On the table toolbar, click **Process**, and then on the form toolbar, click **Save**.

11. On the **Transaction History** tab, review the generated reconciliation transactions (see the screenshot below). With the *Reconciliation+* transaction, the system updates the FA Accrual account and the account debited by the fixed asset purchase to reconcile the asset's cost with the corresponding GL transactions. For the \$4400 and \$1400 transactions, these accounts are the same. For the \$2200 transaction, the system debits the 150000 account with the 000-00-00 subaccount and credits the 758000 account with the 000-00-00 subaccount to link the existing roof repair asset with the purchasing transaction.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES

SAVE & CLOSE + - ↶ ↷ ACTIONS 00:00:00

Asset ID: 00000003 Parent Asset:

Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:

Book	Tran. Date	Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	6/30/2014	06-2014	Purchasing+	152000	Buildings and I...	ADM-00-00	Administrative	150000	Accrued Purch...	000-00-00	Non-specific	8,000.00	000004	000075	✓
FIN	6/30/2014	06-2014	Reconciliation+	150000	Accrued Purch...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	4,400.00	000005	000076	✓
FIN	6/30/2014	06-2014	Reconciliation+	150000	Accrued Purch...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	1,400.00	000005	000076	✓
FIN	6/15/2014	06-2014	Reconciliation+	150000	Accrued Purch...	000-00-00	Non-specific	758000	Repair & Maint...	000-00-00	Non-specific	2,200.00	000006	000077	✓

Figure: Reconciliation transactions

12. On the **Reconciliation** tab, review the **Unreconciled Amount**. Now it is equal to 0. That is, the asset has been reconciled.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE + - ↶ ↷ ACTIONS 00:00:00

Asset ID: 00000003 Parent Asset:

Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **RECONCILIATION**

Reconciliation: Addition

Account: 150000 - Accrued Purchases - Fixed

Subaccount: 000-00-00 - Non-specific

* Tran. Date: 6/1/2014

* Addition Period: 06-2014

Show transactions marked as reconciled

Acquisition Cost:	8,000.00	Selection Total:	0.00
Current Cost:	8,000.00	Expected Cost:	8,000.00
Accrual Balan...	8,000.00	Expected Accr...	8,000.00
Unreconciled...	0.00		

REDUCE UNRECONCILED COST

Figure: Fully reconciled amount of the asset



If you change the useful life for an existing asset that was already depreciated for some periods, the system recalculates the depreciation starting from the placed-in-service date and generates the *Depreciation Adjustment* transaction.

Related Links

[Fixed Assets \(FA303000\)](#)

Step 2.4: Converting a Purchase to Multiple Fixed Assets

If the purchase of multiple items was processed with one transaction, when you convert this purchase to fixed assets, the system creates one fixed asset of the specified class for each item.

Suppose that on 6/1/2014, Computers Inc. purchases for the office three desktop computers, one server and five antivirus software licenses. In this step, you will convert this purchase to multiple fixed assets. You will perform the following tasks:

1. *Creating a purchasing transaction*
2. *Converting fixed assets*

1. Creating a Purchasing Transaction

Create the purchasing transaction as follows:

1. On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create an AP bill with the following settings:
 - **Type:** *Bill*
 - **Vendor:** *V000000060 (Computer Place Inc)*
 - **Date:** *6/1/2014*
 - **Post Period:** *06-2014*
 - **Description:** *Purchased computers and software*
2. On the **Document Details** tab, add three lines with the following settings:
 - **Branch:** *WEST*, **Transaction Descr.:** *Desktop computer*, **Quantity:** *3*, **Unit Cost:** *450*, **Account:** *150000*, **Subaccount:** *000-00-00*
 - **Branch:** *WEST*, **Transaction Descr.:** *Server*, **Quantity:** *1*, **Unit Cost:** *915*, **Account:** *150000*, **Subaccount:** *000-00-00*
 - **Branch:** *WEST*, **Transaction Descr.:** *Antivirus software*, **Quantity:** *5*, **Unit Cost:** *330*, **Account:** *150000*, **Subaccount:** *000-00-00*
3. Save and release the AP bill.

2. Converting Fixed Assets

On the Convert Purchases to Assets form (FA504500), convert the lines of the AP bill to new fixed assets. To do this, perform the following instructions:

1. On the Convert Purchases to Assets form (FA504500; Finance > Fixed Assets > Processes > Asset Management), in the **Department** box in the Selection area, select *ADMIN*.
2. In the upper table, in the row with an **Orig. Amount** of *1350*, select *COMPUTERS* in the **Asset Class** column, and then select the unlabeled check box for the row. The system populates the lower table with three fixed assets (as shown in the screenshot below).

Western office of Computers Inc, headquarters - Convert Purchases to Assets ★

PROCESS

Asset Class	Reconciled	Branch	Custodian	Department	Transaction Branch	Inventory ID	UOM	Selected Quantity	Selected Amount	Open Quantity	Open Amount	Orig. Quantity	Unit Cost	Orig. Amount	Transaction Date	Module	Batch Number
<input checked="" type="checkbox"/> COMPUTERS	<input type="checkbox"/>	WEST		ADMIN	WEST			3.00	1,350.00	0.00	0.00	3.00	450.00	1,350.00	6/1/2014	AP	000078
<input type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	WEST			0.00	0.00	1.00	915.00	1.00	915.00	915.00	6/1/2014	AP	000078
<input type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	WEST			0.00	0.00	5.00	1,650.00	5.00	330.00	1,650.00	6/1/2014	AP	000078

New Asset	Component	*Asset Class	Asset ID	Quantity	Asset	*Branch	Custodian	*Department	Transaction Type	Receipt Date	Placed-in-Service Date	*Tran. Date	*Tran. Period	Transaction Amount	Transaction Description
<input checked="" type="checkbox"/>		COM...		1.00	WEST	ADMIN		Purchasing+	6/1/2014	6/1/2014	6/1/2014	06-2014	450.00	Desktop computer	
<input checked="" type="checkbox"/>		COM...		1.00	WEST	ADMIN		Purchasing+	6/1/2014	6/1/2014	6/1/2014	06-2014	450.00	Desktop computer	
<input checked="" type="checkbox"/>		COM...		1.00	WEST	ADMIN		Purchasing+	6/1/2014	6/1/2014	6/1/2014	06-2014	450.00	Desktop computer	

Figure: Line with quantity of 3 converted to three assets

- In the upper table, in the row with an **Orig. Amount** of 915, in the **Asset Class** column, select **COMPUTERS**, and select the unlabeled check box for the row. The system will populate the lower table with one fixed asset.
- In the upper table, in the row with an **Orig. Amount** of 1650, in the **Asset Class** column, select **SOFTWARE**, and select the unlabeled check box for the row. The system populates the lower table with five fixed assets.
- On the form toolbar, click **Process** to convert all the selected purchases to fixed assets.
- On the Asset Summary form (FA402000; Finance > Fixed Assets > Work Area > Explore), review the converted assets, shown in the following screenshot.

Western office of Computers Inc, headquarters - Asset Summary ★

CUSTOMIZATION TOOLS

Asset ID	Description	Asset Class	Parent Asset	*Asset Type	Useful Life	Placed-in-Service Date	Orig. Acquisition Cost	Property Type	Condition	Receipt Nbr.	PO Number	Bill Number	Branch	Building	Floor	Room	Custodian	Department
00000001	Land	LAND		LAND		5/1/2014	120,000.00	Property	Good				WEST					ADMIN
00000002	Computers Inc. Western off...	BUILDING		BUILDING	39,000.00	6/1/2014	180,000.00	Property	Good				WEST					ADMIN
00000003	Roof repair (Western office...	BUILDING		BUILDING	5,000.00	6/30/2014	8,000.00	Property	Good				WEST					ADMIN
00000004	Desktop computer	COMPUTERS		COMPUTERS	5,000.00	6/1/2014	450.00	Property	Good			000032	WEST					ADMIN
00000005	Desktop computer	COMPUTERS		COMPUTERS	5,000.00	6/1/2014	450.00	Property	Good			000032	WEST					ADMIN
00000006	Desktop computer	COMPUTERS		COMPUTERS	5,000.00	6/1/2014	450.00	Property	Good			000032	WEST					ADMIN
00000007	Server	COMPUTERS		COMPUTERS	5,000.00	6/1/2014	915.00	Property	Good			000032	WEST					ADMIN
00000008	Antivirus software	SOFTWARE		SOFTWARE	3,000.00	6/1/2014	330.00	Property	Good			000032	WEST					ADMIN
00000009	Antivirus software	SOFTWARE		SOFTWARE	3,000.00	6/1/2014	330.00	Property	Good			000032	WEST					ADMIN
00000010	Antivirus software	SOFTWARE		SOFTWARE	3,000.00	6/1/2014	330.00	Property	Good			000032	WEST					ADMIN
00000011	Antivirus software	SOFTWARE		SOFTWARE	3,000.00	6/1/2014	330.00	Property	Good			000032	WEST					ADMIN
00000012	Antivirus software	SOFTWARE		SOFTWARE	3,000.00	6/1/2014	330.00	Property	Good			000032	WEST					ADMIN

Figure: List of fixed assets

- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), for the 00000007 (Server) asset, review the depreciation method specified on the **Balance** tab, which is shown in the following screenshot.

Western office of Computers Inc, headquarters - Fixed Assets

NOTES ACTIVITIES FILES

SAVE & CLOSE + - < > ACTIONS

Asset ID: 00000007 Parent Asset:
 Description: Server

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book	Depreciation Method	Status	Update GL	*Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day
FIN	MACRS5-MQ2	Active	<input checked="" type="checkbox"/>	6/1/2014	06-2014		05-2019	915.00	915.00	100.0000	915.00	0.00	0.00	915.00	0.00	5.0000	5.00	Mid Quarter	Fixed Day	15

Figure: Depreciation method specified for the created asset

For the assets of the *COMPUTERS* class, you have selected the *MACRS5-MQ* table method as the depreciation method. Depreciation amounts calculated by table methods depend on the date when the asset was acquired. The *MACRS5-MQ* method is the class method that groups four *MACRS5* methods that are used based on the quarter in which the asset was acquired. The *00000007 (Server)* asset was acquired in the second quarter; that is why *MACRS5-MQ2* is specified as the depreciation method for this asset.

- Click the link in the **Depreciation Method** column, and on the Depreciation Table Methods form (FA202600), which the system has opened, review the settings of the depreciation method, as shown in the screenshot below. The averaging convention for this method is *Mid Quarter*; it defines the depreciation percent for the first and last year of the asset's life based on the quarter in which the asset was acquired. The **Class Method** box shows the class for this depreciation method, which is *MACRS5-MQ*. The **Useful Life** for each method of the *MACRS5-MQ* class is 5 years. The **Recovery Period** is the useful life in months.

The table at the bottom of the form lists fixed depreciation percents for each recovery year. Year 1 is the year when the asset is acquired, and Year 6 is the year when the asset is disposed of.

Western office of Computers Inc, headquarters Depreciation Table Methods

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

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* Depreciation Method ID: MACRS5-MQ2 - MACRS 5 \
 Record Type: Asset
 Class Method: MACRS5-MQ - MACRS 5 YEAI
 Useful Life, Years: 5.00
 Recovery Period: 60
 Description: MACRS 5 YEAR QUARTER 2

Averaging Convention: Mid Quarter
 Convention Period: 2
 Total Percent: 100.000
 Source: Predefined

Recovery Year	Percent per Year
1	25.000
2	30.000
3	18.000
4	11.370
5	11.370
6	4.260

Figure: Settings of the MACRS5 table method

Related Links

- [Asset Summary \(FA402000\)](#)
- [Convert Purchases to Assets \(FA504500\)](#)
- [Fixed Assets \(FA303000\)](#)

Step 2.5: Entering and Reconciling a Fixed Asset with Multiple Units

A fixed asset may contain more than one unit. You can specify the needed quantity of units for an asset when you create the asset manually.

Suppose that on 6/15/2014, Computers Inc. has purchased five office software licenses. In this step, you will create a single asset with a quantity of five and reconcile it with this purchase. You will perform the following tasks:

1. *Creating a purchasing transaction*
2. *Creating a fixed asset with multiple units*
3. *Reconciling a fixed asset*

1. Creating a Purchasing Transaction

On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create and release an AP bill with the following settings:

- **Type:** *Bill*
- **Vendor:** *V000000060 (Computer Place Inc)*
- **Date:** *6/15/2014*
- **Post Period:** *06-2014*
- **Description:** *Office software*
- **Document Details** tab, **Branch:** *WEST*, **Transaction Descr.:** *Office software*, **Quantity:** *5*, **Unit Cost.:** *150*, **Account:** *150000*, **Subaccount:** *000-00-00*

2. Creating a Fixed Asset with Multiple Units

To create a fixed asset, perform the following instructions:

1. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), click **Add New Record**, and create a new fixed asset with the following settings:
 - **Asset ID:** *Inserted automatically*
 - **Description:** *Office software*
 - **Asset Class:** *SOFTWARE*
 - **Asset Type:** *SOFTWARE* (inserted automatically from the fixed asset class)
 - **Quantity:** *5*
 - **Useful Life, Years:** *3* (inserted automatically from the fixed asset class)
 - **Receipt Date:** *6/15/2014*
 - **Placed-in-Service Date:** *6/15/2014*
 - **Orig. Acquisition Cost:** *750*
 - **Branch:** *WEST*
 - **Department:** *ADMIN*
2. Save the asset.
3. Clear the **Hold** check box, and save the asset again.

3. Reconciling the Fixed Asset

The cost of the asset is currently recorded as an unreconciled amount. Remaining on the Fixed Assets form (FA303000), reconcile the asset with the purchase as follows:

1. On the **Reconciliation** tab, select *150000* in the **Account** box.
2. Select the unlabeled check box in the row with the **Orig. Amount** of *750*, and check that the **Selected Quantity** in the row is set to *5* and the **Selected Amount** is set to *750*.
3. On the table toolbar, click **Process**, and then click **Save** to save the generated transaction and reconcile the asset.



You can skip reconciliation for any fixed asset if the **Require Full Reconciliation Before Disposal** check box is cleared on the Fixed Asset Preferences form (FA101000).

Related Links

[Fixed Assets \(FA303000\)](#)

Lesson Summary

In this lesson, you have learned how to enter fixed asset records into the system. You can create a fixed asset in one of two ways: You can convert a purchase to a fixed asset, or you can create the fixed asset manually.

You convert purchases to fixed assets on the Convert Purchases to Assets form (FA504500). You can convert the entire purchase or a part of purchase to one fixed asset or multiple fixed assets. During conversion, the system fills in the default settings of the fixed asset class you specify for the new asset. The created fixed assets are automatically reconciled with the appropriate financial transaction.

You can also create a fixed asset manually on the Fixed Assets form (FA303000). Later, when you have received the needed documents, you can reconcile the manually created asset with the financial transactions.

Review Questions

Answer the following questions to check your understanding of the material:

1. You can create a fixed asset on the following form or forms:
 - A. Fixed Asset Transactions (Finance > Fixed Assets > Work Area > Enter)
 - B. Fixed Assets (Finance > Fixed Assets > Work Area > Manage)
 - C. Asset Summary (Finance > Fixed Assets > Work Area > Explore)
 - D. Convert Purchases to Assets (Finance > Fixed Assets > Processes > Asset Management)
2. Select the correct statement or statements:
 - A. One purchase can be converted to only one fixed asset.
 - B. You can create a fixed asset that is not assigned to any company department.
 - C. Reconciliation can be skipped for the asset.
 - D. You can change the default settings provided by the fixed asset class before the acquisition transaction is released.
3. Which type of transaction is not generated when you convert a purchase to a fixed asset?
 - A. *Purchasing+*
 - B. *Depreciation Adjustment+*
 - C. *Reconciliation+*

Lesson 3: Making Additions and Deductions

In this lesson, you will learn how to increase or decrease the current cost of acquired fixed assets.

Lesson Objectives

In this lesson, you will learn how to:

- Convert purchases as additions to an existing asset.
- Manually process additions to an existing asset to increase the asset's cost.
- Manually process deductions to decrease the existing asset's cost.

Step 3.1: Making Additions to Existing Fixed Assets by Converting Purchases

During the lifetime of a fixed asset, you may need to correct the cost of the fixed asset to capitalize some additional expenses. To do this, you can make additions that increase the current cost of the fixed asset.

Suppose that the accountant has recognized that Repair Master used materials for roof repair in the amount of \$4700. A portion of this amount, \$2200, was reconciled earlier. The accountant has decided to process the rest of this amount as an addition to the existing roof repair asset in order to depreciate this cost. In this step, you will learn how to make additions to an existing fixed asset. Perform the following instructions:

1. On the Convert Purchases to Assets form (FA504500; Finance > Fixed Assets > Processes > Asset Management), in the **Account** box, select 758000.
2. In the upper table, select the unlabeled check box in the row with the original amount of \$6750 posted to the 758000 account, with the AP batch number 000074. The open amount of this entry, shown in the **Open Amount** column, is currently \$4550.
3. In the lower table, add a row, and clear the **New Asset** check box in the asset row, because you are going to make an addition to an existing asset.
4. Select 00000003 (*Roof repair (Western office building)*) in the **Asset** column, and specify 2500 (\$4700 – \$2200) in the **Transaction Amount** column (see the following screenshot). The system automatically inserts *ADMIN* in the **Department** column and *BUILDING* in the **Asset Class** column, because these are the settings of the fixed asset that you selected.

Western office of Computers Inc, headquarters - Convert Purchases to Assets CUSTOMIZATION TOOLS ▾

PROCESS ↻

Account: 758000 - Repair & Maintenance Expr. ▾ Branch: WEST - Western office of Computers ▾
 Subaccount: 000-00-00 - Non-specific Custodian: ▾
 Show transactions marked as reconciled Department: ADMIN - Administrative ▾

Asset Class	Reconciled	Branch	Custodian	Department	Transaction Branch	Inventory ID	UOM	Selected Quantity	Selected Amount	Open Quantity	Open Amount	Orig. Quantity	Unit Cost	Orig. Amount	Transaction Date	Module	Batch Number	Ref. Number
<input type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	SOFT			0.00	0.00	0.00	100.00	0.00	100.00	100.00	11/30/2013	GL	000011	000011
<input type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	SOFT			0.00	0.00	0.00	100.00	0.00	100.00	100.00	12/31/2013	GL	000012	000012
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WEST		ADMIN	WEST			1.00	2,500.00	-1.00	2,050.00	0.00	6,750.00	6,750.00	6/15/2014	AP	000074	000030

New Asset	Component	Asset Class	Asset ID	Quantity	Asset	Branch	Custodian	Department	Transaction Type	Receipt Date	Placed-in-Service Date	Tran. Date	Tran. Period	Transaction Amount	Transaction Description
<input type="checkbox"/>		BUILDING		1.00	00000003	WEST		ADMIN	Purchasing+	6/15/2014	6/15/2014	6/15/2014	06-2014	2,500.00	Materials for repair work

Figure: Addition to existing roof repair asset

5. In the **Transaction Description** column for this row, type *Additional materials used*, and click **Process** on the form toolbar to add the cost of these materials to the asset. The system creates *Purchasing+* and *Reconciliation+* transactions and releases them because the **Automatically Release Acquisition Transactions** check box is selected on the Fixed Assets Preferences form (FA101000). The *Purchasing+* transaction is posted to the period specified in the **Tran. Period** column (06-2014). This is the period in which the current cost of the asset will be increased. The *Reconciliation+* transaction is posted to the period of the General Ledger transaction that is used for reconciliation (06-2014).



If the *Purchasing+* and *Reconciliation+* transactions are posted to different periods, the addition amount will be kept in the FA Accrual account until the later period starts.

6. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), review the 00000003 (*Roof repair (Western office building)*) asset on the **Balance** tab (see the following screenshot). As you can see, the current cost of the fixed asset has been increased by

the amount of the addition and is now \$10,500 (\$8000 + \$2500), while the **Orig. Acquisition Cost** remains unchanged.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION

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Asset ID: 00000003 Parent Asset:

Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

*Book	Depreciation Method	Status	Update GL	*Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day	Tax 179 Amount
FIN	SL	Active	<input checked="" type="checkbox"/>	6/30/2014	06-2014		06-2019	8,000.00	10,500.00	100.0000	10,500.00	0.00	0.00	10,500.00	0.00	5.0000	5.00	Mid Period	Fixed Day	15	0.00

Figure: Current asset balance

- On the **Transaction History** tab, review the transactions that were generated when the addition was processed (see the following screenshot).

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILE

SAVE & CLOSE + - ↶ ↷ ACTIONS

Asset ID: 00000003 Parent Asset:

Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:

*Book	*Tran. Date	*Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	6/30/2014	06-2014	Purchasing+	152000	Buildings and Impr...	ADM-00-00	Administrative	150000	Accrued Purch...	000-00-00	Non-specific	8,000.00	000004	000075	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Reconciliation+	150000	Accrued Purchase...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	4,400.00	000005	000076	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Reconciliation+	150000	Accrued Purchase...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	1,400.00	000005	000076	<input checked="" type="checkbox"/>
FIN	6/15/2014	06-2014	Reconciliation+	150000	Accrued Purchase...	000-00-00	Non-specific	758000	Repair & Maint...	000-00-00	Non-specific	2,200.00	000006	000077	<input checked="" type="checkbox"/>
FIN	6/15/2014	06-2014	Purchasing+	152000	Buildings and Impr...	ADM-00-00	Administrative	150000	Accrued Purch...	000-00-00	Non-specific	2,500.00	000010	000083	<input checked="" type="checkbox"/>
FIN	6/15/2014	06-2014	Reconciliation+	150000	Accrued Purchase...	000-00-00	Non-specific	758000	Repair & Maint...	000-00-00	Non-specific	2,500.00	000010	000083	<input checked="" type="checkbox"/>

Figure: Generated transactions

The system has created and released the following transactions:

- A *Purchasing+* transaction that updates the current cost and the basis of the asset, and generates a GL transaction that debits the Fixed Assets account (152000) and credits the FA Accrual account (150000).
 - A *Reconciliation+* transaction that updates the unreconciled amount of the asset, debits the FA Accrual account (150000), and credits the GL account that was used in the AP bill (758000). The transaction also decreases the open amount of the reconciled GL entry to avoid converting the same amount to a fixed asset multiple times.
- On the **Transaction History** tab, click the 000083 link in the **Batch Number** column, and review the generated batch on the Journal Transactions form (GL301000), as shown in the following screenshot.

Western office of Computers Inc, headquarters Journal Transactions NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE + - K < > >| RELEASE ACTIONS REPORTS

Module: FA * Branch: WEST - Western office of Computers Inc Type: Normal
 Batch Number: 000083 * Ledger: ACTUALCOMP - Computers Inc posting Orig. Batch Number:
 Status: Posted Auto Reversing Reversing Entry Debit Total: 5,000.00
 Hold Credit Total: 5,000.00

* Transaction D... 6/15/2014
 * Post Period: 06-2014
 Description:

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	* Branch	* Account	Description	* Subaccount	Ref. Number	Transaction Date	Quantity	UOM	Debit Amount	Credit Amount	Transaction Description
>	WEST	152000	Buildings and Improvements	ADM-00-00	000010	6/15/2014	0.00		2,500.00	0.00	Additional materials used
	WEST	150000	Accrued Purchases - Fixed Assets	000-00-00	000010	6/15/2014	0.00		0.00	2,500.00	Additional materials used
	WEST	150000	Accrued Purchases - Fixed Assets	000-00-00	000010	6/15/2014	0.00		2,500.00	0.00	Additional materials used
	WEST	758000	Repair & Maintenance Expense	000-00-00	000010	6/15/2014	0.00		0.00	2,500.00	Additional materials used

Figure: Batch details of the additional expense transactions

Related Links

- [Fixed Asset Entry](#)
- [Convert Purchases to Assets \(FA504500\)](#)
- [Fixed Assets \(FA303000\)](#)

Step 3.2: Making Additions to Fixed Assets Manually

Suppose that on 6/30/2014, the system administrator installed a new SSD hard drive on the server. You have decided to add this cost to the current cost of the 00000007 (*Server*) asset.

In this step, you will learn how to make additions to fixed assets manually using the **Reconciliation** tab of the Fixed Assets form (FA303000) as a starting point. You will perform the following tasks:

1. *Creating a purchasing transaction*
2. *Reconciling the transaction amount*

1. Creating a Purchasing Transaction

1. On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create the AP bill related to purchasing the SSD hard drive, which has the following settings:
 - **Type:** *Bill*
 - **Vendor:** *V000000060 (Computer Place Inc.)*
 - **Date:** *6/30/2014*
 - **Post Period:** *06-2014*
 - **Description:** *SSD hard drive purchased*
 - **Document Details** tab: **Branch:** *WEST*, **Transaction Desc.:** *SSD hard drive 1 TB*, **Ext. Cost.:** *\$300*, **Account:** *150000*, **Subaccount:** *000-00-00*
2. Release the bill by clicking **Release** on the form toolbar.

2. Reconciling the Transaction Amount

Make the addition to the cost of the 00000007 (*Server*) fixed asset as follows:

1. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), open the 00000007 (*Server*) fixed asset, and in the upper part of the **Reconciliation** tab, specify the following settings:
 - **Reconciliation Type:** *Addition*
 - **Account:** *150000*
 - **Subaccount:** *000-00-00*
 - **Tran. Date:** *6/30/2014* (the date of the *Purchasing+* transaction generated for the addition)
 - **Addition Period:** *06-2014* (the period to which the *Purchasing+* transaction generated for the addition is posted)
2. In the table on this tab, select the unlabeled check box in the row with an **Orig. Amount** of \$300, and specify 300 in the **Selected Amount** column (as shown in the following screenshot).

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES

SAVE & CLOSE ACTIONS

Asset ID: 00000007 Parent Asset:

Description: Server

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY **RECONCILIATION**

Reconciliation: Addition Acquisition Cost: 915.00 Selection Total: 300.00

Account: 150000 - Accrued Purchases - Fixed Current Cost: 915.00 Expected Cost: 1,215.00

Subaccount: 000-00-00 - Non-specific Accrual Balan...: 915.00 Expected Accr...: 1,215.00

Tran. Date: 6/30/2014 Unreconciled...: 0.00 REDUCE UNRECONCILED COST

Addition Period: 06-2014 Show transactions marked as reconciled

C PROCESS

Component	Asset Class	Reconciled	Branch	Inventory ID	UOM	Selected Quantity	Selected Amount	Open Quantity	Open Amount	Orig. Quantity	Unit Cost	Orig. Amount	Transaction Date	Transaction Description	Module	Batch Number	Ref. Number
<input checked="" type="checkbox"/>		<input type="checkbox"/>				0.00	300.00	0.00	0.00	0.00	300.00	300.00	6/30/2014	SSD hard drive 1 TB	AP	000084	000034

Figure: The amount to be processed as an addition

- Click **Process** on the table toolbar, and then click **Save** on the form toolbar to save the transactions generated by the reconciliation process. Because the **Automatically Release Acquisition Transactions** check box is selected on the Fixed Assets Preferences form (FA101000), the generated transactions have been released automatically.
- On the **Transaction History** tab, review the transactions that were created when the addition was processed (see the following screenshot).

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES

SAVE & CLOSE ACTIONS 00:00:01

Asset ID: 00000007 Parent Asset:

Description: Server

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:

C

Book	Tran. Date	Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	6/1/2014	06-2014	Purchasing+	153000	Computers	ADM-00-00	Administrative	150000	Accrued Purcha...	000-00-00	Non-specific	915.00	000007	000079	<input checked="" type="checkbox"/>
FIN	6/1/2014	06-2014	Reconciliation+	150000	Accrued Purchases...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	915.00	000007	000079	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Reconciliation+	150000	Accrued Purchases...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	300.00	000011	000085	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Purchasing+	153000	Computers	ADM-00-00	Administrative	150000	Accrued Purcha...	000-00-00	Non-specific	300.00	000011	000085	<input checked="" type="checkbox"/>

Figure: The created transactions

The system has created and released the following transactions:

- A *Purchasing+* transaction that updates the current cost and the basis of the asset, and generates a GL transaction that debits the Fixed Assets account (153000) and credits the FA Accrual account (150000).
 - A *Reconciliation+* transaction that updates the unreconciled amount of the asset, debits the FA Accrual account (150000), and credits the GL account (150000) that was used in the AP bill. The transaction also decreases the open amount of the converted GL entry to avoid converting the same amount to a fixed asset multiple times.
- Click the [000085](#) link in the **Batch Number** column, and review the generated batch on the Journal Transactions form (GL301000), which is shown in the following screenshot. In the generated batch, the first two rows were generated by the *Reconciliation+* transaction, and the next two rows were generated by the *Purchasing+* transaction.

Western office of Computers Inc, headquarters Journal Transactions

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE RELEASE ACTIONS REPORTS

Module: FA Branch: WEST - Western office of Computers Inc Type: Normal
 Batch Number: 000085 Ledger: ACTUALCOMP - Computers Inc posting Orig. Batch Number:
 Status: Posted Debit Total: 600.00
 Hold Credit Total: 600.00
 Transaction Date: 6/30/2014
 Post Period: 06-2014
 Description:

VIEW SOURCE DOCUMENT RECLASSIFICATION HISTORY

Branch	Account	Description	Subaccount	Ref. Number	Transaction Date	Quantity	UOM	Debit Amount	Credit Amount	Transaction Description	Reclass. Batch Number
WEST	150000	Accrued Purchases - Fixed Assets	000-00-00	000011	6/30/2014	0.00		300.00	0.00	SSD hard drive 1 TB	
WEST	150000	Accrued Purchases - Fixed Assets	000-00-00	000011	6/30/2014	0.00		0.00	300.00	SSD hard drive 1 TB	
WEST	153000	Computers	ADM-00-00	000011	6/30/2014	0.00		300.00	0.00	SSD hard drive 1 TB	
WEST	150000	Accrued Purchases - Fixed Assets	000-00-00	000011	6/30/2014	0.00		0.00	300.00	SSD hard drive 1 TB	

Figure: The generated batch

- On the **Balance** tab of the Fixed Assets form (FA303000), review the current cost of the asset (see the following screenshot). Notice that the current cost of the asset has been increased and is now \$1215 (\$915 + \$300).

Western office of Computers Inc, headquarters Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE ACTIONS 00.00.01

Asset ID: 00000007 Parent Asset:
 Description: Server

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book	Depreciation Method	Status	Update GL	Depr. From	Depr. To	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Busines Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day
FIN	MACRS5-MQ2	Active	<input checked="" type="checkbox"/>	6/1/2014	06-2014		05-2019	915.00	1,215.00	100.0000	1,215.00	0.00	0.00	1,215.00	0.00	5.0000	5.00	Mid Quarter	Fixed Day	15

Figure: The increased cost of the asset

Related Links

- [Fixed Asset Entry](#)
- [Fixed Assets \(FA303000\)](#)

Step 3.3: Making Deductions From Existing Fixed Assets

During the lifetime of a fixed asset, you may need to decrease its cost to reflect its impairment or to process a credit note from the supplier related to the asset. You can decrease the cost of the fixed asset by making deductions.

Suppose that on 6/30/2014, Computer Inc. has received a credit memo of \$1375 from Resource Ltd., which gave the company a large discount on materials purchased on 6/15/2014. The accountant has decided to process \$850 of this amount as a deduction from the roof repair cost. In this step, you will learn how to make a deduction from a fixed asset. You will perform the following tasks:

1. [Creating a debit adjustment](#)
2. [Making the deduction](#)

1. Creating a Debit Adjustment

On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create and then release a debit adjustment with the following settings:

- **Type:** *Debit Adj.*
- **Vendor:** *V00000041 (Resource Ltd.)*
- **Date:** *6/30/2014*
- **Post Period:** *06-2014*
- **Description:** *Discount on purchased materials*
- **Document Details** tab, **Branch:** *WEST*, **Transaction Descr.:** *Discount from vendor*, **Ext. Cost.:** *\$1375*, **Account:** *758000*, **Subaccount:** *000-00-00*

2. Making the Deduction

Make the deduction from the roof repair asset as follows:

1. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), open the *0000003 (Roof repair (Western office building))* asset.
2. On the **Reconciliation** tab, specify the following settings:
 - **Reconciliation Type:** *Deduction*
 - **Account:** *758000*
 - **Subaccount:** *000-00-00*
 - **Tran. Date:** *6/30/2014*
 - **Addition Period:** *06-2014*
3. In the row with the **Orig. Amount** of \$1375 posted to the *758000* account for the *000086* AP batch, enter *850* in the **Selected Amount** box, as shown in the following screenshot.

Western office of Computers Inc, headquarters - Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE ACTIONS

Asset ID: 00000003 Parent Asset: []
 Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Reconciliation: Deduction Acquisition Cost: 8,000.00 Selection Total: 850.00
 Account: 758000 - Repair & Maintenance Expr Current Cost: 10,500.00 Expected Cost: 9,650.00
 Subaccount: 000-00-00 - Non-specific Accrual Balan... 10,500.00 Expected Accr... 9,650.00
 * Tran. Date: 6/30/2014 Unreconciled... 0.00 REDUCE UNRECONCILED COST
 * Addition Period: 06-2014
 Show transactions marked as reconciled

PROCESS

Component	Asset Class	Reconciled	Branch	Inventory ID	UOM	Selected Quantity	Selected Amount	Open Quantity	Open Amount	Orig. Quantity	Unit Cost	Orig. Amount	Transaction Date	Transaction Description	Module	Batch Number	Ref. Number
<input checked="" type="checkbox"/>		<input type="checkbox"/>				0.00	850.00	0.00	525.00	0.00	1,375.00	1,375.00	6/30/2014	Discount from vendor	AP	000086	000035

Figure: Selection of the line to be processed as a deduction

- On the table toolbar, click **Process** to process the deduction, and then on the form toolbar, click **Save** to save the created transactions.
- On the **Transaction History** tab, review the transactions created for the deduction (see the following screenshot).

Western office of Computers Inc, headquarters - Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE ACTIONS 00.00.01

Asset ID: 00000003 Parent Asset: []
 Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book: []

+

*Book	*Tran. Date	*Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	6/30/2014	06-2014	Purchasing+	152000	Buildings and Improv...	ADM-00-00	Administrative	150000	Accrued Purcha...	000-00-00	Non-specific	8,000.00	000004	000075	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Reconciliation+	150000	Accrued Purchases -...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	4,400.00	000005	000076	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Reconciliation+	150000	Accrued Purchases -...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	1,400.00	000005	000076	<input checked="" type="checkbox"/>
FIN	6/15/2014	06-2014	Reconciliation+	150000	Accrued Purchases -...	000-00-00	Non-specific	758000	Repair & Mainte...	000-00-00	Non-specific	2,200.00	000005	000077	<input checked="" type="checkbox"/>
FIN	6/15/2014	06-2014	Purchasing+	152000	Buildings and Improv...	ADM-00-00	Administrative	150000	Accrued Purcha...	000-00-00	Non-specific	2,500.00	000010	000083	<input checked="" type="checkbox"/>
FIN	6/15/2014	06-2014	Reconciliation+	150000	Accrued Purchases -...	000-00-00	Non-specific	758000	Repair & Mainte...	000-00-00	Non-specific	2,500.00	000010	000083	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Reconciliation-	758000	Repair & Maintenanc...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	850.00	000012	000087	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Purchasing-	150000	Accrued Purchases -...	000-00-00	Non-specific	152000	Buildings and Im...	ADM-00-00	Administ...	850.00	000012	000087	<input checked="" type="checkbox"/>

Figure: The created transactions

The system has created and released the following transactions:

- A *Purchasing-* transaction that updates the current cost and the basis of the asset, and generates a GL transaction that debits the FA Accrual account (150000) and credits the Fixed Assets account (152000).
 - A *Reconciliation-* transaction that credits the FA Accrual account (150000) and debits the GL account that was used in the AP bill (758000). The transaction also decreases the open amount of the reconciled GL entry to avoid converting the same amount to a fixed asset multiple times. *Reconciliation-* transactions are generated automatically when you decrease the net book value of an asset.
- On the **Balance** tab, review the current cost of the fixed asset, which is shown in the following screenshot. The current cost of the asset has been decreased and is now \$9650 (\$10,500 - \$850).

Western office of Computers Inc, headquarters - Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE ACTIONS 00:00:01

Asset ID: 00000003 Parent Asset:
 Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

*Book	Depreciation Method	Status	Update GL	*Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day
FIN	SL	Active	<input checked="" type="checkbox"/>	6/30/2014	06-2014		06-2019	8,000.00	9,650.00	100.0000	9,650.00	0.00	0.00	9,650.00	0.00	5.0000	5.00	Mid Period	Fixed Day	15

Figure: The updated asset balance

7. On the Reconciliation History by Account report form (FA620020; Finance > Fixed Assets > Reports > Audit), specify the following settings, and run and review the report:

- **Branch:** WEST
- **Ledger:** ACTUALCOMP
- **From Period:** 06-2014
- **To Period:** 06-2014
- **Account:** 758000
- **Subaccount:** 000-00-00

The report shows the transactions that have been posted to the 758000 account in the 06-2014 period. For each transaction, you see the original amount of the transaction, the amount that was reconciled with a particular fixed asset, and the open amount, which is still available for reconciliation. A positive amount means that this transaction debits the selected account and could be reconciled as an acquisition of the asset or an addition to the fixed asset's cost; a negative amount means that this transaction credits the selected account and could be reconciled as a deduction from the fixed asset's cost. Below each transaction, you can see the list of the fixed assets that have been reconciled with the transaction. (See the following screenshot.)

Reconciliation History by Account

Company: Consolidating branch for User: admin, admin Branch: WEST From Period: 06-2014 To Period: 06-2014 Ledger: ACTUALCOMP Account: 758000 Sub: 0000000 Page: 1 of 1 Date: 2/19/2018 9:02 AM

Period	Date	Module	Batch Number	Ref. Number	Transaction Description	Original Amount	Open Amount	Reconciled Amount
06-2014	6/15/2014	AP	000074	000030	Materials for	6,750.00	2,050.00	4,700.00
	AssetID	Description	Status	Class	Placed-in-Service Date		Acquisition Cost	Reconciled Amount
	00000003	Roof repair (Western office)	Active	BUILDING	6/30/2014		8,000.00	4,700.00
06-2014	6/30/2014	AP	000086	000035	Discount from vendor	-1,375.00	-525.00	-850.00
	AssetID	Description	Status	Class	Placed-in-Service Date		Acquisition Cost	Reconciled Amount
	00000003	Roof repair (Western office)	Active	BUILDING	6/30/2014		8,000.00	-850.00
Total:						5,375.00	1,525.00	3,850.00

Figure: The reconciliation history for the 758000 account

Related Links

- [Fixed Asset Entry](#)
- [Fixed Assets \(FA303000\)](#)

Lesson Summary

In this lesson, you have learned how to increase or decrease an asset's current cost. To increase the current cost of the existing fixed asset, you processed an addition to the existing fixed asset. You made an addition by converting a purchase to an asset. To do this, when converting a purchase on the Convert Purchases to Assets form (FA504500), you specified the ID of the asset to which the selected amount would be added.

You have also made additions and deductions manually from the **Reconciliation** tab of the Fixed Assets form (FA303000). You did this by selecting the reconciliation type (addition or deduction), selecting the needed transaction in the table, and specifying the amount to be processed.

Review Questions

Answer the following questions to check your understanding of the material:

1. You can make additions to existing fixed assets ... (select all possible locations)
 - A. On the **Balance** tab of the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage).
 - B. On the **Reconciliation** tab of the Fixed Assets form (FA303000).
 - C. On the Convert Purchases to Assets form (FA504500; Finance > Fixed Assets > Processes > Asset Management).
2. When you make a deduction from an existing fixed asset, ...
 - A. The current cost is decreased, the net value is not changed, and the original acquisition cost is not changed.
 - B. The current cost is not changed, the net value is decreased, and the original acquisition cost is decreased.
 - C. The current cost is decreased, the net value is decreased, and the original acquisition cost is not changed.
3. If the **Automatically Release Acquisition Transactions** check box is selected on the Fixed Assets Preferences form (Finance > Fixed Assets > Configuration > Setup), the transactions generated when additions and deductions are processed ...
 - A. Are released automatically when they are generated.
 - B. Are generated but not released, because this option does not affect additions and deductions.

Lesson 4: Managing Fixed Assets

In this lesson, you will learn how to perform additional operations with fixed assets, such as splitting them, disposing of them, and transferring them between departments.

Lesson Objectives

In this lesson, you will learn how to:

- Transfer a fixed asset from one department to another.
- Split a part of a fixed asset.
- Dispose of a fixed asset.

Step 4.1: Transferring Fixed Assets

When you create a fixed asset, you assign it to one of the company departments in one of the company branches. The branch and the department to which a particular fixed asset belongs are shown on the **General Settings** tab of the Fixed Assets form (FA303000) for the selected fixed asset. If the location of the fixed asset changes, you need to transfer the fixed asset from one department to another, or from one company branch to another. There are two possible ways of performing asset transfer in Acumatica ERP:

- You can transfer a particular asset by changing the branch or department to which the asset belongs directly on the Fixed Assets form (FA303000).
- You can transfer one asset or multiple assets between branches and departments by using the Transfer Assets form (FA507000).

Suppose that on 6/30/2014, one of the computers and one antivirus software license were transferred from the Administrative department to the Sales department. In this step, you will learn how to transfer fixed assets between departments on the Fixed Assets form (FA303000) and on the Transfer Assets form (FA507000). Perform the following steps:

1. To transfer the 00000006 (*Desktop computer*) asset, do the following:
 - a. On the Fixed Assets form (FA303000), open the 00000006 (*Desktop computer*) asset, and review the **GL Accounts** tab, shown in the screenshot below. As you can see, the ADM-00-00 subaccount is currently specified for all accounts, because the asset belongs to the ADMIN department.

Western office of Computers Inc, headquarters ▾ Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

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Asset ID: Parent Asset:

Description:

GENERAL SETTINGS PURCHASE/TANGIBLE INFO **GL ACCOUNTS** BALANCE >>

Fixed Assets Account:	153000 - Computers
Fixed Assets Sub.:	ADM-00-00 - Administrative
FA Accrual Account:	150000 - Accrued Purchases - Fixed As
FA Accrual Sub.:	000-00-00 - Non-specific
* Accumulated Depreciation Acc.:	163000 - Accumulated Depreciation (
* Accumulated Depreciation Sub.:	ADM-00-00 - Administrative
* Depreciation Expense Account:	600000 - Depreciation Expense
* Depreciation Expense Sub.:	ADM-00-00 - Administrative
Proceeds Account:	
Proceeds Sub.:	
* Gain Account:	700000 - Gain/Loss on Fixed Assets
* Gain Sub.:	ADM-00-00 - Administrative
* Loss Account:	700000 - Gain/Loss on Fixed Assets
* Loss Sub.:	ADM-00-00 - Administrative

Figure: Subaccounts before the fixed asset is transferred

- b. In the info area (in the right corner of the top pane of the screen), click the **Business Date** menu button to change the business date to 6/30/2014, as shown in the screenshot below. This will be the date of the transaction generated by the transfer.

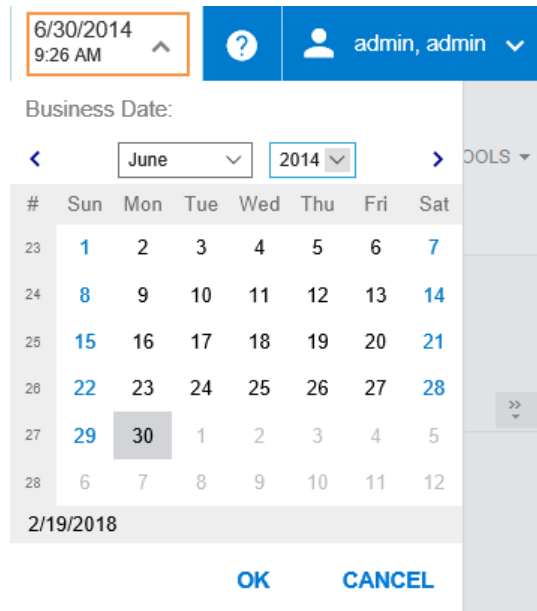


Figure: The new business date

- c. On the **General Settings** tab of the form, in the **Department** box, select *SALES*, and save your changes.
- d. Review the generated transfer transactions on the **Transaction History** tab (see the screenshot below). They have not been released yet.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE + - K < > X ACTIONS

Asset ID: 00000006 Parent Asset:

Description: Desktop computer

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:

	*Book	*Tran. Date	*Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
	FIN	6/1/2014	06-2014	Purchasing+	153000	Computers	ADM-00-00	Administrative	150000	Accrued Purcha...	000-00-00	Non-specific	450 00	000007	000079	<input checked="" type="checkbox"/>
	FIN	6/1/2014	06-2014	Reconciliation+	150000	Accrued Purchases - Fix...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	450 00	000007	000079	<input checked="" type="checkbox"/>
	FIN	6/30/2014	06-2014	Transfer Purchasing	153000	Computers	SAL-00-00	Sales	153000	Computers	ADM-00-00	Administr...	450 00	000013		<input type="checkbox"/>
	FIN	6/30/2014	06-2014	Transfer Depreciation	163000	Accumulated Depreciati...	ADM-00-00	Administrative	163000	Accumulated De...	SAL-00-00	Sales	0.00	000013		<input type="checkbox"/>

Figure: The generated transfer transactions

The system has generated the following transfer transactions:

- The *Transfer Purchasing* transaction debits the Fixed Assets account (153000) with the SAL-00-00 subaccount and credits the Fixed Assets account (153000) with the ADM-00-00 subaccount to transfer the cost between departments.
- The *Transfer Depreciation* transaction debits the Accumulated Depreciation account (163000) with the subaccount of the original department (ADM-00-00) and credits the Accumulated Depreciation account (163000) with the subaccount of the destination department (SAL-00-00) to transfer the accumulated depreciation. Because the asset hasn't yet been depreciated, the transaction amount is 0.00.

Both transactions are posted to the asset's current period—the nearest period in which the asset should be depreciated.

In this course, for the Fixed Assets account and Accumulated Depreciation account, you have specified the DDD-CC-CC subaccount mask; therefore, the cost and accumulated depreciation of the assets are posted to different subaccounts, depending on the department to which the asset belongs. After the transfer transaction is released, the system will change the account-subaccount pairs to which the cost and accumulated

depreciation were posted to the account-subaccount pairs of the new location of the asset. Thus, when you make a transfer of a fixed asset from the Administrative department to the Sales department, the cost and accumulated depreciation of the asset are transferred from the *ADM-00-00* subaccount to the *SAL-00-00* subaccount. The assets that you transfer in this step of the lesson do not have accumulated depreciation, so only the cost is transferred.

2. To transfer the *00000008 (Antivirus software)* asset on the Transfer Assets form (FA507000), do the following:

a. In the **Selection** area of the Transfer Assets form (FA507000; Finance > Fixed Assets > Processes > Asset Management), specify the following settings:

- **Transfer Date:** 6/30/2014
- **Transfer Period:** 06-2014
- **Asset Transfer From** section, **Branch:** WEST, **Department:** ADMIN,
- **Asset Transfer To** section, **Branch:** WEST, **Department:** SALES



You could also specify the reason for the transfer in the **Reason** box. If you did, after transfer, it would be shown in the **Reason** box on the **General Settings** tab of the Fixed Assets form (FA303000).

b. In the table, select the unlabeled check box in the row of the *00000008 (Antivirus software)* asset, as shown in the following screenshot.



On this form, you could transfer multiple fixed assets from one location to another by clicking **Prepare All** on the form toolbar or by selecting multiple fixed assets and clicking **Prepare**.

Western office of Computers Inc, headquarters - Transfer Assets CUSTOMIZATION TOOLS ▾

PREPARE PREPARE ALL SEARCH

* Transfer Date: 6/30/2014 ▾

* Transfer Period: 06-2014 ▾

Reason:

ASSET TRANSFER FROM **TO**

* Branch: WEST - Western office of Computers ▾ * Branch: WEST - Western office of Computers ▾

Department: ADMIN - Administrative ▾ Department: SALES - Sales ▾

Asset Class: ▾ Asset Class: ▾

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Branch	Asset Class	Asset ID	Description	Parent Asset	Basis	Receipt Date	Useful Life, Years	Transfer Period	Fixed Assets Account	Fixed Assets Sub.	Tag Number	Fixed Assets Account Class
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	LAND	00000001	Land			5/1/2014		05-2014	151000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	BUILDING	00000002	Computers Inc. Western office building			5/1/2014	39.0000	06-2014	152000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	BUILDING	00000003	Roof repair (Western office building)			6/30/2014	5.0000	06-2014	152000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	COMPUTERS	00000004	Desktop computer			6/1/2014	5.0000	06-2014	153000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	COMPUTERS	00000005	Desktop computer			6/1/2014	5.0000	06-2014	153000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	COMPUTERS	00000007	Server			6/1/2014	5.0000	06-2014	153000	ADM-00-00		FIXEDASSET
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000008	Antivirus software		0.00	6/1/2014	3.0000	06-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000009	Antivirus software			6/1/2014	3.0000	06-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000010	Antivirus software			6/1/2014	3.0000	06-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000011	Antivirus software			6/1/2014	3.0000	06-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000012	Antivirus software			6/1/2014	3.0000	06-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000013	Office software			6/15/2014	3.0000	06-2014	154000	ADM-00-00		FIXEDASSET

Figure: Transfer settings

c. On the form toolbar, click **Prepare**. The system generates the transfer transactions and displays the Fixed Asset Transfer Transaction Journal report (FA642000), shown in the following screenshot.

Fixed Asset Transfer Transaction Journal

Company: Consolidating branch for
User: admin, admin

From Period: 06-2014
To Period: 06-2014

Page: 1 of 1
Date: 2/19/2018 9:44 AM

Fixed Asset	Description								
00000008	Antivirus software								
Ref. Number	Branch	Tran. Date	Account	Description	Sub.	Description	Tran. Type	Amount	Reason
000014	WEST	6/30/2014	154000	Software	SAL-00-00	Sales	Transfer Cost	330.00	*
000014	WEST	6/30/2014	154000	Software	ADM-00-00	Administrative	Transfer Cost	-330.00	*
000014	WEST	6/30/2014	164000	Accumulated Depreciation	ADM-00-00	Administrative	Transfer Depr.	0.00	*
000014	WEST	6/30/2014	164000	Accumulated Depreciation	SAL-00-00	Sales	Transfer Depr.	0.00	*

Figure: Transfer transactions

- On the form toolbar of the Release FA Transactions form (FA503000; Finance > Fixed Assets > Processes > Daily), which opens, click the **Release All** button to release both transfer transactions.
- On the Fixed Assets form (FA303000), on the **Transaction History** tab for the 00000008 (Antivirus software) asset, click the link in the **Batch Nbr.** box in the row for the *Transfer Purchasing* transaction, and review the generated batch (see the following screenshot) on the Journal Transactions form (GL301000). The cost of the fixed assets was transferred from the ADM-00-00 subaccount to the SAL-00-00 subaccount for both processed assets.

Western office of Computers Inc, headquarters Journal Transactions

SAVE & CLOSE [Icons] RELEASE ACTIONS REPORTS

Module: FA Branch: WEST - Western office of Computers Inc Type: Normal
 Batch Number: 000088 Ledger: ACTUALCOMP - Computers Inc posting Orig. Batch Number:
 Status: Posted Auto Reversing Reversing Entry Debit Total: 780.00
 Hold Credit Total: 780.00
 Transaction Date: 6/30/2014
 Post Period: 06-2014
 Description:

Branch	Account	Description	Subaccount	Ref. Number	Transaction Date	Quantity	UOM	Debit Amount	Credit Amount	Transaction Description	Reclass. Batch Number
WEST	154000	Software	SAL-00-00	000014	6/30/2014	0.00		330.00	0.00	Transfer Purchasing for Asset 00000008	
WEST	154000	Software	ADM-00-00	000014	6/30/2014	0.00		0.00	330.00	Transfer Purchasing for Asset 00000008	
WEST	153000	Computers	SAL-00-00	000013	6/30/2014	0.00		450.00	0.00	Transfer Purchasing for Asset 00000006	
WEST	153000	Computers	ADM-00-00	000013	6/30/2014	0.00		0.00	450.00	Transfer Purchasing for Asset 00000006	

Figure: Batch generated on release of transfer transactions

- Return to the Fixed Assets form (FA303000) and on the **Location History** tab for the 00000008 (Antivirus software) asset, review the list of locations (see the following screenshot). The 00000008 (Antivirus software) fixed asset has been located in the ADMIN department since 6/1/2014 (the placed-in-service date of the asset). On 6/30/2014, the fixed asset was transferred to the SALES department and the subaccounts were changed for the asset. The most recent location is displayed at the top of the list of locations.

Western office of Computers Inc, headquarters Fixed Assets

SAVE & CLOSE [Icons] ACTIONS

Asset ID: 00000008 Parent Asset:
 Description: Antivirus software

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY **LOCATION HISTORY** TRANSACTION HISTORY RECONCILIATION

Transaction Date	Branch	Building	Floor	Room	Custodian	Employee Name	Department	Reason	Fixed Assets Account	Fixed Assets Sub.	Accumulated Depreciation Account	Accumulated Depreciation Sub.	Depreciation Expense Account	Depreciation Expense Sub.	Last Modified By	Modification Date
6/30/2014	WEST						SALES		154000	SAL-00-00	164000	SAL-00-00	600000	SAL-00-00	admin admin	2/19/2018
6/1/2014	WEST						ADMIN		154000	ADM-00-00	164000	ADM-00-00	600000	ADM-00-00	admin admin	2/16/2018

Figure: Fixed asset locations

- On the **GL Accounts** tab, review the changed subaccounts for the 0000008 asset (see the following screenshot). The subaccounts have been changed when the transfer transaction was released.

Western office of Computers Inc, headquarters ▾ Fixed Assets

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Asset ID: 00000008 ⌵ Parent Asset: ⌵

Description: Antivirus software

GENERAL SETTINGS PURCHASE/TANGIBLE INFO **GL ACCOUNTS** BALANCE >>

Fixed Assets Account: 154000 - Software

Fixed Assets Sub.: SAL-00-00 - Sales

FA Accrual Account: 150000 - Accrued Purchases - Fixed As

FA Accrual Sub.: 000-00-00 - Non-specific

* Accumulated Depreciation Acc...: 164000 - Accumulated Depreciation ⌵

* Accumulated Depreciation Sub.: SAL-00-00 - Sales

* Depreciation Expense Account: 600000 - Depreciation Expense ⌵

* Depreciation Expense Sub.: SAL-00-00 - Sales

Proceeds Account: ⌵

Proceeds Sub.: ⌵

* Gain Account: 700000 - Gain/Loss on Fixed Assets ⌵

* Gain Sub.: SAL-00-00 - Sales

* Loss Account: 700000 - Gain/Loss on Fixed Assets ⌵

* Loss Sub.: SAL-00-00 - Sales

Figure: Changed subaccounts after asset transfer

- On the Asset Summary form (FA402000; Finance > Fixed Assets > Work Area > Explore), select **SALES** in the **Department** box, and review the fixed assets that currently belong to the Sales department (see the following screenshot).

Western office of Computers Inc, headquarters ▾ Asset Summary ☆

C 🔍 📄 ▾

CUSTOMIZATION TOOLS ▾

Asset Class: ⌵ * Branch: WEST - Western office of Computers ⌵ PO Number: ⌵

Asset Type: ⌵ Building: ⌵ Receipt Nbr.: ⌵

Property Type: ⌵ Floor: ⌵ Room: ⌵ Bill Number: ⌵

Condition: ⌵ Custodian: ⌵

Placed-in-Service Date... To: ⌵ Department: SALES - Sales ⌵

Asset ID	Description	Asset Class	Parent Asset	* Asset Type	Useful Life, in Years	Placed-in-Service Date	Orig. Acquisition Cost	Property Type	Condition	Receipt Nbr.	PO Number	Bill Number	Branch	Building	Floor	Room	Custodian	Department
00000006	Desktop computer	COMPUTERS		COMPUTERS	5.0000	6/1/2014	450.00	Property	Good			000032	WEST					SALES
00000008	Antivirus software	SOFTWARE		SOFTWARE	3.0000	6/1/2014	330.00	Property	Good			000032	WEST					SALES

Figure: Transferred fixed assets on the Asset Summary form

- On the Fixed Assets Preferences form (FA101000), select the **Automatically Release Transfer Transactions** check box to cause the transfer transactions to be released automatically, and save your changes.

Related Links

- [Transfers of Fixed Assets](#)
- [How to Transfer an Individual Asset](#)
- [Fixed Assets \(FA303000\)](#)

Step 4.2: Splitting a Fixed Asset

Suppose that on 9/1/2014, the management of Computers Inc. decided to sell a part of the land near the office building. Earlier you have recorded the land near and under the office building as a single fixed asset. To process the sale of the part of the land, you need to split the *LAND* fixed asset into two assets.

In this step, you will learn how to split fixed assets. Perform the following instructions:

1. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), open the 00000001 (*Land*) fixed asset, and on the form toolbar, click **Actions** > **Split**; the system opens the Split Assets form (FA506000) with the 00000001 (*Land*) asset selected.
2. In the Selection area of this form, set the **Split Date** to 9/1/2014 and the **Split Period** to 09-2014.
3. In the table, add a row, and specify a **Cost** of 72,000. After you specify the cost, the system will automatically calculate the ratio and quantity for the row (see the screenshot below). Instead of specifying the cost, you could have specified the ratio of a new asset (that is, the percentage of the original asset cost to be assigned to the new asset) or its quantity.

After the split, the cost of the original asset will be decreased by the specified cost, and a new asset with the specified cost will be created. The asset created by the split belongs to the same branch and department as those of the original asset.

Western office of Computers Inc, headquarters > Split Assets CUSTOMIZATION TOOLS >

← ↻ SPLIT ↻

Fixed Asset: 00000001 - Land * Split Date: 9/1/2014
 Cost: 120,000.00 * Split Period: 09-2014
 Quantity: 1.00

C + × ⇄ ✕

Cost	Quantity	Ratio	Asset ID
72,000.00	0.60	60.000000	

Figure: Percentage of the asset to be split

4. On the form toolbar, click **Split**. The system creates the new fixed asset and shows its ID in the **Asset ID** column. Although the asset has been created, the split transactions have not been released yet.
5. On the Release FA Transactions form (FA503000; Finance > Fixed Assets > Processes > Daily), click the link in the **Reference Number** box of the only row, and review the generated split transaction on the Fixed Asset Transactions form (FA301000), which the system has opened (see the following screenshot). The generated transaction creates a new fixed asset and transfers the selected cost (\$72,000) from the original asset to the new asset. The created asset belongs to the same department and branch as those of the original asset. The amount of the original asset is decreased by the specified cost. Because you have split the non-depreciable asset, no transaction to update the accumulated depreciation account has been generated. An example of splitting a fixed asset with depreciation is described later in this course.

Western office of Computers Inc, headquarters Fixed Asset Transactions NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS >

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Reference Nu.: 000015 Document Total: 288,000.00
 * Document Date: 6/30/2014
 Status: **Balanced**
 On Hold
 Origin: Split
 Description: Split of Asset 00000001

C + ✕ ⇄ ✕

Asset	Description	* Book	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Batch Nbr.	Transaction Description	* Tran. Period	Method
00000001	Land	FIN	Purchasing-	150000	Accrued Purchases...	000-00-00	Non-specific	151000	Land	ADM-00-00	Administrative	72,000.00		Split of Asset 00000001	09-2014	
00000014	Land - split from 00000001	FIN	Purchasing+	151000	Land	ADM-00-00	Administrative	150000	Accrued Purch...	000-00-00	Non-specific	72,000.00		Split of Asset 00000001	09-2014	
00000001	Land	FIN	Reconciliation-	150000	Accrued Purchases...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	72,000.00		Split of Asset 00000001	09-2014	
00000014	Land - split from 00000001	FIN	Reconciliation+	150000	Accrued Purchases...	000-00-00	Non-specific	150000	Accrued Purch...	000-00-00	Non-specific	72,000.00		Split of Asset 00000001	09-2014	

Figure: Transaction generated on asset split

6. On the Release FA Transactions form (FA503000), select the unlabeled check box for the split transaction, and click **Release** on the form toolbar. The account balances remain the same after the release of the transaction, which is why no GL batch is generated for this transaction. After you release the transaction, it has the *Unposted* status, and the **Batch Nbr.** column is empty.
7. On the Fixed Assets Net Value report form (FA613000; Finance > Fixed Assets > Reports > Balances), specify the following parameters:
 - **Book:** *FIN*
 - **Period From:** *05-2014*
 - **Period To:** *09-2014*
 - **Class:** *LAND*
8. Click **Run Report** on the form toolbar, and review the report shown in the following screenshot.

Fixed Asset - Net Value		From Period:	05-2014	Class:	LAND	Location:	WEST	Page:	1 of 1
Company:	Consolidating branch for	To Period:	09-2014			Book:	FIN	Date:	2/19/2018 11:11 AM
User:	admin, admin								
Class ID	Description								
LAND	Land								
Fixed Asset	Description	Beginning Net	Addition	Disposal	Beg. Depr.	Depreciation	End. Depr.	Ending Net	
00000001	Land	0.00	48,000.00	0.00	0.00	0.00	0.00	48,000.00	
00000014	Land - split from 00000001	0.00	72,000.00	0.00	0.00	0.00	0.00	72,000.00	
Total by Class:		0.00	120,000.00	0.00	0.00	0.00	0.00	120,000.00	
Total:		0.00	120,000.00	0.00	0.00	0.00	0.00	120,000.00	

Figure: LAND fixed assets after the split

9. On the Fixed Assets form (FA303000), select the *00000001 (Land)* asset, and on the **Balance** tab, review the current cost of the asset. (See the following screenshot.) The current cost of the asset has decreased by \$72,000 and is now \$48,000.

Western office of Computers Inc, headquarters ▾ Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE [Icons] ACTIONS ▾

Asset ID:	00000001	Parent Asset:										
Description:	Land											
GENERAL SETTINGS		PURCHASE/TANGIBLE INFO										
GL ACCOUNTS		BALANCE										
COMPONENTS		LOCATION HISTORY										
[Icons]												
*Book	Status	Update GL	Placed-in-Service Date	Placed-in-Service Period	Orig. Acquisition Cost	Current Cost	Busines Use, %	Basis	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years
> FIN	Active	<input checked="" type="checkbox"/>	5/1/2014	05-2014	120,000.00	48,000.00	100.0000	48,000.00	48,000.00	0.00		

Figure: Current cost of the LAND fixed asset after the split

10. On the Fixed Assets Preferences form (FA101000), select the **Automatically Release Split Transactions** check box to cause future split transactions to be released automatically, and save your changes.

Related Links

- [Fixed Assets Splits](#)
- [How to Split an Asset](#)
- [Fixed Assets \(FA303000\)](#)
- [Fixed Assets Net Value \(FA613000\)](#)

Step 4.3: Disposing a Fixed Asset

Suppose that the management of Computers Inc. has decided to sell a part of the land near the office building for \$75,000. After the split of the original land asset, the land near the building is now represented by the 00000014 (*Land - split from 00000001*) fixed asset with a current cost of \$72,000. To process the sale of the land, you need to dispose of the fixed asset by using the *SOLD* disposal method that you created earlier.

You can dispose of fixed assets in either of the following ways:

- You can dispose of a particular asset directly on the Fixed Assets form (FA303000).
- You can perform mass disposal of assets with the same disposal method (or dispose of a single asset) on the Dispose Assets form (FA505000).

In this step, you will learn how to dispose of a single fixed asset. Perform the following steps:

1. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), open the 00000014 (*Land - split from 00000001*) fixed asset, which has a current cost of \$72,000.
2. On the form toolbar, click **Actions** > **Dispose**.
3. In the **Disposal Parameters** dialog box, which opens, specify the following parameters (see the screenshot below):
 - **Disposal Date:** 9/1/2014
 - **Disposal Period:** 09-2014
 - **Proceeds Amount:** 75,000
 - **Disposal Method:** *SOLD*
 - **Proceeds Account:** 111000 (*Accounts Receivable Accrual*)
 - **Proceeds Sub.:** 000-00-00
 - **Reason:** Sold

Western office of Computers Inc, headquarters ▾ Fixed Assets

← SAVE & CLOSE < > >| ACTIONS ▾

Asset ID: 00000014 Parent Asset:

Description: Land - split from 00000001

GENERAL SETTINGS | PURCHASE/TANGIBLE INFO | GL ACCOUNTS | BALANCE | COMPONENTS | LOCATION HISTORY

ASSET SUMMARY

* Asset Class: LAND - Land

* Property Type: Property ▾

Status: Active
 Hold

* Asset Type: LAND - Land

Tangible
 Depreciate

Quantity: 0.60

Useful Life, Years:

* Receipt Date: 5/1/2014 ▾

* Placed-in-Service Date: 5/1/2014 ▾

Disposal Parameters

* Disposal Date: 9/1/2014 ▾

Disposal Period: 09-2014

Proceeds Amount: 75,000.00

* Disposal Method: SOLD - Sold

* Proceeds Account: 111000 - Accounts Receivable Accru

* Proceeds Sub.: 000-00-00 - Non-specific

Reason: Sold

OK CANCEL

Figure: Parameters for disposing of a fixed asset

4. Click **OK**. The system generates the disposal transactions, which have not been released yet.
5. On the Release FA Transactions form (FA503000; Finance > Fixed Assets > Processes > Daily), select the unlabeled check box for the only transaction, and click **Release** on the form toolbar.

- Click the link in the **Reference Number** column, and on the Fixed Asset Transactions form (FA301000), which the system has opened, review the disposal transactions that have been generated (see the following screenshot).

Western office of Computers Inc, headquarters Fixed Asset Transactions

SAVE & CLOSE [Icons] RELEASE

Reference Nu.: 000016 Document Total: 147,000.00

* Document Date: 9/1/2014

Status: Posted On Hold

Origin: Disposal

Reason: Sold

Description:

Asset	Description	*Book	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Batch Nbr.	Transaction Description	* Tran. Period
00000014	Land - split from 00000001	EN	Purchasing Disposal	700000	Gain/Loss on Fixed Asset...	ADM-00-00	Administrative	151000	Land	ADM-00-00	Administrative	72,000.00	000089	Cost Disposal for Asse...	09-2014
00000014	Land - split from 00000001	EN	Sale/Dispose+	111000	Accounts Receivable Accr...	000-00-00	Non-specific	700000	Gain/Loss on...	ADM-00-00	Administrative	75,000.00	000089	Sale of Asset 00000014	09-2014

Figure: Disposal transactions

The system has generated the following transactions:

- A *Purchasing Disposal* transaction that credits the Fixed Assets account (151000) in the amount of \$72,000 (the asset's acquisition cost) and debits the Gain/Loss on Fixed Asset Disposal account (700000) to dispose of the cost of the asset.
- A *Sale/Dispose+* transaction that credits the Gain/Loss on Fixed Asset Disposal account (700000) in the amount of \$75,000 (proceeds amount), and debits the Proceeds account (111000) in the proceeds amount of \$75,000. Because we have disposed of the non-depreciable asset, no transaction has been generated to update the accumulated depreciation account.



If you have disposed of the asset by mistake, or have specified disposal parameters incorrectly, you can reverse the asset disposal by clicking **Actions > Reverse Disposal** on the form toolbar on the Fixed Assets form (FA303000).

- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), notice that the 00000014 (*Land - split from 00000001*) asset now has a status of *Disposed* (see the following screenshot).

Western office of Computers Inc, headquarters

← SAVE & CLOSE [Icons]

Asset ID: 00000014 Parent Asset:

Description: Land - split from 00000001

GENERAL SETTINGS PURCHASE/TANGIBLE INFO

ASSET SUMMARY

Asset Class: LAND - Land

* Property Type: Property

Status: **Disposed** Hold

Figure: Status of the disposed asset

- On the Fixed Assets Preferences form (FA101000), select the **Automatically Release Disposal Transactions** check box to cause future disposal transactions to be released automatically, and save your changes.



If the **Automatically Release Depreciation Transactions** check box is selected, you can select the **Depreciate Before Disposal** check box on the Dispose Assets form (FA505000) to make the system automatically depreciate the depreciable assets before it disposes of them.

9. On the Invoices and Memos form (AR301000; Finance > Accounts > Receivable > Work Area > Enter), create an Accounts Receivable invoice to the buyer of the land with the following settings:

- **Customer:** C000000044 (Rich Vision)
- **Date:** 9/1/2014
- **Post Period:** 09-2014
- **Description:** Selling land near the Computers Inc. office building
- **Document Details tab:** **Branch:** WEST, **Ext. Price:** 75,000, **Account:** 111000, **Subaccount:** 000-00-00

10. Save your changes, and release the invoice you have created.

11. On the Account Summary form (GL401000; Finance > General Ledger > Work Area > Explore), specify 09-2014 as the **Period** and review the balance of the 110000, 111000, 151000, and 700000 accounts, as shown in the following screenshot. The ending balance of the 111000 (Accounts Receivable Accrual) account is now \$0.00 because you have released an invoice when the land was sold, so this amount was recorded to the 110000 (Accounts Receivable) account. The balance of the 151000 (Land) account was decreased by \$72,000, which is the cost of the disposed asset. The resulting balance of the 700000 (Gain/Loss on Fixed Asset Disposal) expense account is -\$3000, which means that disposing of the asset yields a profit of \$3000.

Western office of Computers Inc, headquarters - Account Summary ★

ACCOUNT DETAILS ACCOUNT BY SUBACCOUNT ACCOUNT BY PERIOD

* Branch	Account	Type	Description	Beg. Balance	Debit Total	Credit Total	Ending Balance	Consolidation Account	Account Class
WEST	101000	Asset	Cash on Hand	3,418.60	0.00	0.00	3,418.60		CASHASSET
WEST	102000	Asset	Checking Account	12,698.81	0.00	0.00	12,698.81		CASHASSET
WEST	110000	Asset	Accounts Receivable	0.00	75,000.00	0.00	75,000.00		AR
WEST	111000	Asset	Accounts Receivable Accrual	0.00	75,000.00	75,000.00	0.00		AR
WEST	140000	Asset	Prepaid Expenses	0.00	0.00	0.00	0.00		PREPEXP
WEST	150000	Asset	Accrued Purchases - Fixed Assets	0.00	0.00	0.00	0.00		FIXEDASSET
WEST	151000	Asset	Land	120,000.00	0.00	72,000.00	48,000.00		FIXEDASSET
WEST	152000	Asset	Buildings and Improvements	189,650.00	0.00	0.00	189,650.00		FIXEDASSET
WEST	153000	Asset	Computers	2,565.00	0.00	0.00	2,565.00		FIXEDASSET
WEST	154000	Asset	Software	2,400.00	0.00	0.00	2,400.00		FIXEDASSET
WEST	200000	Liability	Accounts Payable	31,140.00	0.00	0.00	31,140.00		AP
WEST	230000	Liability	Accrued Expenses	0.00	0.00	0.00	0.00		OTHCURLIAB
WEST	244000	Liability	Customer Deposits	0.00	0.00	0.00	0.00		OTHCURLIAB
WEST	270800	Liability	Bank Loans Payable	5,000.00	0.00	0.00	5,000.00		LTDEBTS
WEST	301000	Liability	Capital	295,000.00	0.00	0.00	295,000.00		CAPITAL
WEST	302000	Liability	Year-to-Date Net Income	-1,525.00	72,000.00	75,000.00	1,475.00		NETINCOME
WEST	303000	Liability	Retained Earnings	1,117.41	0.00	0.00	1,117.41		RETEARN
WEST	700000	Expense	Gain/Loss on Fixed Assets Disposal	0.00	72,000.00	75,000.00	-3,000.00		EXOTHER
WEST	758000	Expense	Repair & Maintenance Expense	1,525.00	0.00	0.00	1,525.00		EXSERVICE

Figure: Account balances in the 09-2014 period

Related Links

[Managing Fixed Asset Disposals](#)

Fixed Assets (FA303000)

Lesson Summary

In this lesson, you have learned how to perform additional operations with fixed assets: split, transfer, and dispose. You have also learned how to transfer an individual fixed asset from one department to another, and from one branch to another, directly on the Fixed Assets form (FA303000). You have also used the Transfer Assets form (FA507000), from which you can transfer one asset or multiple assets.

You also have learned how to split an asset. On the Split Assets form (FA506000), you can split one part or multiple parts of a fixed asset to a new asset or to new assets. You can specify the cost of the new asset, the quantity to be split, or the ratio of the original asset to be split.

You have also learned how to dispose of fixed assets directly from the Fixed Assets form (FA303000). When disposing of an asset, you need to select the disposal method, date, proceeds account and subaccount, and proceeds amount. After the asset is disposed of, it gets the *Disposed* status and is no longer available for depreciation, additions, or deductions.

Review Questions

Answer the following questions to check your understanding of the material:

- 1.** You can transfer assets ... (select all possible variants)
 - A. Between the departments within one branch.
 - B. Between branches within the same department.
 - C. Between different departments of different branches.
- 2.** When splitting a fixed asset, you can specify the part to split by entering the ... (select all correct variants)
 - A. Quantity.
 - B. Number of assets to split.
 - C. Ratio.
 - D. Amount.
- 3.** The disposal method specifies ...
 - A. The disposal period.
 - B. The proceeds amount.
 - C. The proceeds account and subaccount.
 - D. The reason for disposal.

Lesson 5: Depreciating Fixed Assets

In this lesson, you will learn how to calculate depreciation and depreciate fixed assets. You will also configure a second depreciation book (you configured the *FIN* book in Step 1.5) and learn how to depreciate fixed assets in two books by using different depreciation methods.

Lesson Objectives

In this lesson, you will learn how to:

- Calculate depreciation for a single fixed asset.
- Depreciate multiple fixed assets.
- Calculate depreciation in two depreciation books.

Step 5.1: Calculating Depreciation

In this lesson, you will calculate depreciation through *09-2014* for the fixed assets that you have created. Perform the following steps:

1. On the Calculate Depreciation form (FA502000; Finance > Fixed Assets > Processes > Recurrent), in the **To Period** box, select *09-2014*. This is the financial period through which the system will calculate depreciation.
2. In the **Action** box, select *Calculate Only* to calculate depreciation without generating depreciation transactions.
3. On the form toolbar, click **Process All**. The system calculates depreciation through the specified period for each fixed asset.



Notice that the Calculate Depreciation form (FA502000) shows only active fixed assets. If for some reason you do not want to depreciate a fixed asset for some number of periods, on the Fixed Assets form (FA303000), select the asset, and then click **Actions > Suspend** on the form toolbar. The asset is assigned the *Suspended* status, so the system suspends the posting of the depreciation transactions to all the books assigned to the asset for some number of periods. Later, you can unsuspend the asset by using the **Unsuspend** action and continue depreciating the asset.

4. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), review the **Depreciation History** tab for the *00000004 (Desktop computer)* asset (see the following screenshot). The system calculates depreciation from the period the fixed asset was put into use (**Depr. from Period** on the **Balance** tab) through the period you specified in the **To Period** box. The **Depreciated** column currently shows 0.00 for the calculated periods, because no depreciation transactions have been released.

Western office of Computers Inc, headquarters - Fixed Assets

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Asset ID: 00000004 Parent Asset: Desktop computer

DESCRIPTION: Desktop computer

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book: FIN - Posting book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated
> 01-2014			01-2015			01-2016			01-2017			01-2018			01-2019		
02-2014			02-2015			02-2016			02-2017			02-2018			02-2019		
03-2014			03-2015			03-2016			03-2017			03-2018			03-2019		
04-2014			04-2015			04-2016			04-2017			04-2018			04-2019		
05-2014			05-2015			05-2016			05-2017			05-2018			05-2019		
06-2014	16.07	0.00	06-2015			06-2016			06-2017			06-2018			06-2019		
07-2014	16.07	0.00	07-2015			07-2016			07-2017			07-2018			07-2019		
08-2014	16.07	0.00	08-2015			08-2016			08-2017			08-2018			08-2019		
09-2014	16.07	0.00	09-2015			09-2016			09-2017			09-2018			09-2019		
10-2014			10-2015			10-2016			10-2017			10-2018			10-2019		
11-2014			11-2015			11-2016			11-2017			11-2018			11-2019		
12-2014			12-2015			12-2016			12-2017			12-2018			12-2019		

Figure: Depreciation calculated for the 00000004 fixed asset

5. On the FA Balance Projection by Account report form (FA670010; Finance > Fixed Assets > Reports > Balances), enter *05-2014* as the **Period From** and *09-2014* as the **Period To**, click **Run Report**, and review the generated report (see the following screenshot). The generated report displays the projection of fixed asset balances for the specified financial periods, grouped by account-subaccount pairs. The calculated accumulated depreciation is also shown in the report.

Fixed Assets Balance Projection by Account			FIN		Page:	1 of 1
Company:	Consolidating branch for	From Period:	05-2014		Date:	2/19/2018 1:03 PM
User:	admin, admin	To Period:	09-2014			
Account/Sub.		05-2014	06-2014	07-2014	08-2014	09-2014
151000/ADM-00-00	Acquisitions	120,000.00	120,000.00	120,000.00	120,000.00	48,000.00
	Accumulated Depreciation	0.00 *	0.00 *	0.00 *	0.00 *	0.00 *
	Net Balance	120,000.00 *	120,000.00 *	120,000.00 *	120,000.00 *	48,000.00 *
152000/ADM-00-00	Acquisitions	180,000.00	189,650.00	189,650.00	189,650.00	189,650.00
162000/ADM-00-00	Accumulated Depreciation	0.00 *	272.73 *	818.18 *	1,363.63 *	1,909.08 *
	Net Balance	180,000.00 *	189,377.27 *	188,831.82 *	188,286.37 *	187,740.92 *
153000/ADM-00-00	Acquisitions		2,115.00	2,115.00	2,115.00	2,115.00
163000/ADM-00-00	Accumulated Depreciation		75.53 *	151.06 *	226.59 *	302.13 *
	Net Balance		2,039.47 *	1,963.94 *	1,888.41 *	1,812.87 *
153000/SAL-00-00	Acquisitions		450.00	450.00	450.00	450.00
163000/SAL-00-00	Accumulated Depreciation		16.07 *	32.14 *	48.21 *	64.28 *
	Net Balance		433.93 *	417.86 *	401.79 *	385.72 *
154000/ADM-00-00	Acquisitions		2,070.00	2,070.00	2,070.00	2,070.00
164000/ADM-00-00	Accumulated Depreciation		57.51 *	114.99 *	172.47 *	229.95 *
	Net Balance		2,012.49 *	1,955.01 *	1,897.53 *	1,840.05 *
154000/SAL-00-00	Acquisitions		330.00	330.00	330.00	330.00
164000/SAL-00-00	Accumulated Depreciation		9.17 *	18.33 *	27.49 *	36.65 *
	Net Balance		320.83 *	311.67 *	302.51 *	293.35 *
Total:						
	Acquisitions	300,000.00	314,615.00	314,615.00	314,615.00	242,615.00
	Accumulated Depreciation	0.00 *	431.01 *	1,134.70 *	1,838.39 *	2,542.09 *
	Net Balance	300,000.00 *	314,183.99 *	313,480.30 *	312,776.61 *	240,072.91 *

Figure: Calculated depreciation in the FA Balance Projection by Account report

Related Links

- [Depreciation of Fixed Assets](#)
- [Depreciation Methods](#)
- [Calculate Depreciation \(FA502000\)](#)
- [FA Balance Projection by Account \(FA670010\)](#)

Step 5.2: Depreciating Fixed Assets

To generate depreciation transactions for the specified period or periods, you process fixed assets by using the Calculate Depreciation form (FA502000).

In this lesson, you will depreciate fixed assets for the specified period. Perform the following steps:

1. On the Calculate Depreciation form (FA502000; Finance > Fixed Assets > Processes > Recurrent), in the **To Period** box, select *06-2014*.
2. In the **Action** box, select *Depreciate* to calculate depreciation through the specified period and generate the depreciation transaction.
3. On the form toolbar, click **Process All**. The system calculates depreciation through the specified period for each fixed asset in the table and generates the depreciation transaction, which is not released yet.
4. On the Release FA Transactions form (FA503000; Finance > Fixed Assets > Processes > Daily), click the link in the **Reference Number** column in the only row displayed in the table, and on the Fixed Asset Transactions form (FA301000), which the system has opened, review the entries of the fixed asset transaction generated for the *06-2014* period (see the following screenshot). The generated fixed asset transaction includes entries of the *Calculated+* type—one for each fixed asset for the *06-2014* period.

Western office of Computers Inc, headquarters Fixed Asset Transactions

SAVE & CLOSE [Icons] RELEASE

Reference Nu... 000017 Document Total: 431.01
 Document Date: 6/30/2014
 Status: Balanced
 Origin: Depreciation
 Description:

Asset	Description	Book	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Batch Nbr.	Transaction Description	Tran. Period	Method
00000002	Computers Inc. Western offi...	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depre...	ADM-00-00	Administrative	192.31		Depreciation for Asset...	06-2014	
00000003	Roof repair (Western office...	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depre...	ADM-00-00	Administrative	80.42		Depreciation for Asset...	06-2014	
00000004	Desktop computer	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Depre...	ADM-00-00	Administrative	16.07		Depreciation for Asset...	06-2014	
00000005	Desktop computer	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Depre...	ADM-00-00	Administrative	16.07		Depreciation for Asset...	06-2014	
00000006	Desktop computer	FIN	Calculated+	600000	Depreciation Expense	SAL-00-00	Sales	163000	Accumulated Depre...	SAL-00-00	Sales	16.07		Depreciation for Asset...	06-2014	
00000007	Server	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Depre...	ADM-00-00	Administrative	43.39		Depreciation for Asset...	06-2014	
00000008	Antivirus software	FIN	Calculated+	600000	Depreciation Expense	SAL-00-00	Sales	164000	Accumulated Depre...	SAL-00-00	Sales	9.17		Depreciation for Asset...	06-2014	
00000009	Antivirus software	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17		Depreciation for Asset...	06-2014	
00000010	Antivirus software	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17		Depreciation for Asset...	06-2014	
00000011	Antivirus software	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17		Depreciation for Asset...	06-2014	
00000012	Antivirus software	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17		Depreciation for Asset...	06-2014	
00000013	Office software	FIN	Calculated+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	20.83		Depreciation for Asset...	06-2014	

Figure: Depreciation calculated for fixed assets



If you have generated the depreciation transaction for the particular period and then recognized that an addition or deduction must be processed for a particular asset in this period, you can delete this transaction if it has not been released yet. After you delete the transaction, you process needed addition or deduction, and regenerate depreciation transaction for the period. To delete unreleased transactions, you can use either the Delete Unreleased Transactions form (FA508000; Finance > Fixed Assets > Processes > Daily) or the Fixed Asset Transactions form (FA301000; Finance > Fixed Assets > Work Area > Enter).

5. On the form toolbar of the Fixed Asset Transactions form (FA301000), click the **Release** button. The system has released and posted the fixed asset transaction and displayed the corresponding GL batch number in the **Batch Nbr.** column for each depreciation entry, as the following screenshot shows. The type of each entry was changed from *Calculated+* to *Depreciation+* as these entries were posted. Each *Depreciation+* entry debits the Depreciation Expense account (600000) in the amount of the depreciation calculated for the period for the particular asset, and credits the Accumulated Depreciation contra account specified for the fixed asset in the same amount.

Western office of Computers Inc, headquarters Fixed Asset Transactions

SAVE & CLOSE RELEASE 00:00:01

Reference Nu... 000017 Document Total: 431.01
 Document Date: 6/30/2014
 Status: Posted
 Origin: Depreciation

Asset	Description	* Book	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Batch Nbr.	Transaction Description	* Tran. Period
00000002	Computers Inc. Western off...	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depre...	ADM-00-00	Administrative	192.31	000091	Depreciation for As...	06-2014
00000003	Roof repair (Western office...	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depre...	ADM-00-00	Administrative	80.42	000091	Depreciation for As...	06-2014
00000004	Desktop computer	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Depre...	ADM-00-00	Administrative	16.07	000091	Depreciation for As...	06-2014
00000005	Desktop computer	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Depre...	ADM-00-00	Administrative	16.07	000091	Depreciation for As...	06-2014
00000006	Desktop computer	FIN	Depreciation+	600000	Depreciation Expense	SAL-00-00	Sales	163000	Accumulated Depre...	SAL-00-00	Sales	16.07	000091	Depreciation for As...	06-2014
00000007	Server	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Depre...	ADM-00-00	Administrative	43.39	000091	Depreciation for As...	06-2014
00000008	Antivirus software	FIN	Depreciation+	600000	Depreciation Expense	SAL-00-00	Sales	164000	Accumulated Depre...	SAL-00-00	Sales	9.17	000091	Depreciation for As...	06-2014
00000009	Antivirus software	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17	000091	Depreciation for As...	06-2014
00000010	Antivirus software	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17	000091	Depreciation for As...	06-2014
00000011	Antivirus software	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17	000091	Depreciation for As...	06-2014
00000012	Antivirus software	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	9.17	000091	Depreciation for As...	06-2014
00000013	Office software	FIN	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	164000	Accumulated Depre...	ADM-00-00	Administrative	20.83	000091	Depreciation for As...	06-2014

Figure: Released fixed asset transactions

- On the FA Balance by GL Account report form (FA630000; Finance > Fixed Assets > Reports > Balances), specify the following parameters, run the report, and review the balances of the accumulated depreciation accounts (see the screenshot below):
 - Report Format:** *Detailed*
 - Branch:** *WEST*
 - Financial Period:** *06-2014*

The report shows the actual balances of the accumulated depreciation accounts after you have released the depreciation transactions for the 06-2014 period. The report also displays the account balance (split by subaccounts) for each fixed asset and the total balance for each subaccount.

FA Balance by GL Account (Detailed)

Company: Consolidating branch for Computers
User: admin, admin

Branch: WEST
Fin. Period: 06-2014

Page: 1 of 2
Date: 2/19/2018 1:21 PM

Account	Sub						
151000	ADM-00-00	Land					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000001	Land	Active	LAND	5/1/2014	WEST	ADMIN	120,000.00
Account / Sub Total:							120,000.00
152000	ADM-00-00	Buildings and Improvements					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000002	Computers Inc. Western office	Active	BUILDING	6/1/2014	WEST	ADMIN	180,000.00
00000003	Roof repair (Western office)	Active	BUILDING	6/30/2014	WEST	ADMIN	9,850.00
Account / Sub Total:							189,850.00
153000	ADM-00-00	Computers					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000004	Desktop computer	Active	COMPUTERS	6/1/2014	WEST	ADMIN	450.00
00000005	Desktop computer	Active	COMPUTERS	6/1/2014	WEST	ADMIN	450.00
00000007	Server	Active	COMPUTERS	6/1/2014	WEST	ADMIN	1,215.00
Account / Sub Total:							2,115.00
153000	SAL-00-00	Computers					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000006	Desktop computer	Active	COMPUTERS	6/1/2014	WEST	SALES	450.00
Account / Sub Total:							450.00
154000	ADM-00-00	Software					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000009	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	330.00
00000010	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	330.00
00000011	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	330.00
00000012	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	330.00
00000013	Office software	Active	SOFTWARE	6/15/2014	WEST	ADMIN	750.00
Account / Sub Total:							2,070.00
154000	SAL-00-00	Software					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000008	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	SALES	330.00
Account / Sub Total:							330.00
162000	ADM-00-00	Accumulated Depreciation (Buildings and Improvements)					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000002	Computers Inc. Western office	Active	BUILDING	6/1/2014	WEST	ADMIN	-192.31
00000003	Roof repair (Western office)	Active	BUILDING	6/30/2014	WEST	ADMIN	-80.42
Account / Sub Total:							-272.73
163000	ADM-00-00	Accumulated Depreciation (Computers)					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000004	Desktop computer	Active	COMPUTERS	6/1/2014	WEST	ADMIN	-16.07
00000005	Desktop computer	Active	COMPUTERS	6/1/2014	WEST	ADMIN	-16.07
00000007	Server	Active	COMPUTERS	6/1/2014	WEST	ADMIN	-43.39
Account / Sub Total:							-75.53
163000	SAL-00-00	Accumulated Depreciation (Computers)					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000006	Desktop computer	Active	COMPUTERS	6/1/2014	WEST	SALES	-16.07
Account / Sub Total:							-16.07
164000	ADM-00-00	Accumulated Depreciation (Software)					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000009	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	-9.17
00000010	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	-9.17
00000011	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	-9.17
00000012	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	ADMIN	-9.17
00000013	Office software	Active	SOFTWARE	6/15/2014	WEST	ADMIN	-20.83
Account / Sub Total:							-57.51
164000	SAL-00-00	Accumulated Depreciation (Software)					
AssetID	Description	Status	Class	Placed-in-Service Date	Branch	Department	Balance
00000008	Antivirus software	Active	SOFTWARE	6/1/2014	WEST	SALES	-9.17
Account / Sub Total:							-9.17

Total: 314,183.99

Figure: Balances of the accumulated depreciation accounts

7. On the Fixed Assets Net Value report form (FA613000; Finance > Fixed Assets > Reports > Balances), specify the following parameters, and run and review the report (shown in the screenshot below):

- **Branch:** WEST
- **Book:** FIN
- **Period From:** 06-2014
- **Period To:** 06-2014

The **Ending Net** column shows the net value of the assets at the end of the 06-2014 period—that is, **Beginning Net** plus **Addition** minus **Disposal** minus **Depreciation**. The **End. Depr.** column shows the total accumulated depreciation for the asset.

Fixed Asset - Net Value		From Period: 06-2014	Location: WEST	Page: 1 of 1				
Company:	Consolidating branch for admin, admin	To Period: 06-2014	Book: FIN	Date: 2/19/2018 1:39 PM				
Class ID	Description							
BUILDING	Buildings and building improvements							
Fixed Asset	Description	Beginning Net	Addition	Disposal	Beg. Depr.	Depreciation	End. Depr.	Ending Net
00000002	Computers Inc. Western	180,000.00	0.00	0.00	0.00	192.31	192.31	179,807.69
00000003	Roof repair (Western office)	0.00	9,650.00	0.00	0.00	80.42	80.42	9,569.58
Total by Class:		180,000.00	9,650.00	0.00	0.00	272.73	272.73	189,377.27
COMPUTER: Computers and accessories								
Fixed Asset	Description	Beginning Net	Addition	Disposal	Beg. Depr.	Depreciation	End. Depr.	Ending Net
00000004	Desktop computer	0.00	450.00	0.00	0.00	16.07	16.07	433.93
00000005	Desktop computer	0.00	450.00	0.00	0.00	16.07	16.07	433.93
00000006	Desktop computer	0.00	450.00	0.00	0.00	16.07	16.07	433.93
00000007	Server	0.00	1,215.00	0.00	0.00	43.39	43.39	1,171.61
Total by Class:		0.00	2,565.00	0.00	0.00	91.60	91.60	2,473.40
LAND Land								
Fixed Asset	Description	Beginning Net	Addition	Disposal	Beg. Depr.	Depreciation	End. Depr.	Ending Net
00000001	Land	120,000.00	0.00	0.00	0.00	0.00	0.00	120,000.00
00000014	Land - split from 00000001	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total by Class:		120,000.00	0.00	0.00	0.00	0.00	0.00	120,000.00
SOFTWARE Software and web site								
Fixed Asset	Description	Beginning Net	Addition	Disposal	Beg. Depr.	Depreciation	End. Depr.	Ending Net
00000008	Antivirus software	0.00	330.00	0.00	0.00	9.17	9.17	320.83
00000009	Antivirus software	0.00	330.00	0.00	0.00	9.17	9.17	320.83
00000010	Antivirus software	0.00	330.00	0.00	0.00	9.17	9.17	320.83
00000011	Antivirus software	0.00	330.00	0.00	0.00	9.17	9.17	320.83
00000012	Antivirus software	0.00	330.00	0.00	0.00	9.17	9.17	320.83
00000013	Office software	0.00	750.00	0.00	0.00	20.83	20.83	729.17
Total by Class:		0.00	2,400.00	0.00	0.00	66.68	66.68	2,333.32
Total:		300,000.00	14,615.00	0.00	0.00	431.01	431.01	314,183.99

Figure: Net value of fixed assets for the 06-2014 period

- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), review the **Depreciation History** tab for the 00000003 (Roof repair (Western office building)) asset (see the following screenshot). The **Calculated** column shows the calculated depreciation for the 06-2014 through 09-2014 periods. For 06-2014 (the period for which the depreciation transaction was released), the **Depreciated** column shows the actual depreciation amount.

Western office of Computers Inc, headquarters - Fixed Assets

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Asset ID: 00000003 Parent Asset: Description: Roof repair (Western office building)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY** LOCATION HISTORY

Book: FIN - Posting book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period
> 01-2014			01-2015	160.84	0.00	01-2016	160.84	0.00	01-2017	160.83	0.00	01-2018
02-2014			02-2015	160.84	0.00	02-2016	160.83	0.00	02-2017	160.83	0.00	02-2018
03-2014			03-2015	160.84	0.00	03-2016	160.83	0.00	03-2017	160.83	0.00	03-2018
04-2014			04-2015	160.84	0.00	04-2016	160.83	0.00	04-2017	160.83	0.00	04-2018
05-2014			05-2015	160.84	0.00	05-2016	160.83	0.00	05-2017	160.83	0.00	05-2018
06-2014	80.42	80.42	06-2015	160.84	0.00	06-2016	160.83	0.00	06-2017	160.83	0.00	06-2018
07-2014	160.84	0.00	07-2015	160.84	0.00	07-2016	160.83	0.00	07-2017	160.83	0.00	07-2018
08-2014	160.84	0.00	08-2015	160.84	0.00	08-2016	160.83	0.00	08-2017	160.83	0.00	08-2018
09-2014	160.84	0.00	09-2015	160.84	0.00	09-2016	160.83	0.00	09-2017	160.83	0.00	09-2018
10-2014	160.84	0.00	10-2015	160.84	0.00	10-2016	160.83	0.00	10-2017	160.83	0.00	10-2018
11-2014	160.84	0.00	11-2015	160.84	0.00	11-2016	160.83	0.00	11-2017	160.83	0.00	11-2018
12-2014	160.84	0.00	12-2015	160.84	0.00	12-2016	160.83	0.00	12-2017	160.83	0.00	12-2018

Figure: Depreciation history of the 00000003 asset

- On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), select the **Automatically Release Depreciation Transactions** check box to cause future depreciation transactions be released automatically after they are generated, and save your changes.

Related Links

[*Depreciation of Fixed Assets*](#)

[*Calculate Depreciation \(FA502000\)*](#)

[*Fixed Assets Net Value \(FA613000\)*](#)

Step 5.3: Calculating Depreciation in Two Books

Suppose that on 5/1/2014, Computers Inc. has paid \$9000 to the Nixis Software Systems Co. for the development of a new website. You want to process the website as a new fixed asset of the *SOFTWARE* type and depreciate it through three years. For the company's internal accounting, you want to use the straight-line depreciation method, and for tax reporting, you want to depreciate the asset by using the *MACRS3-Y* method. To be able to depreciate the fixed asset with two different methods at the same time, you need to create a separate book to be used for taxes.

In this lesson, you will learn how to depreciate fixed assets by using two depreciation books. You will perform the following tasks:






1. *Configuring a non-posting book*
2. *Creating a fixed asset for the website*
3. *Calculating depreciation in two books*

1. Configuring a Non-Posting Book



1. Perform the following instructions to create a new book for calculating depreciation for tax reporting and to generate the calendar:
 - a. On the Books form (FA205000; Finance > Fixed Assets > Configuration > Setup), create a new row with the following settings:
 - **Book ID:** *TAX*
 - **Description:** *Tax book*
 - **Posting Book:** *Cleared*
 - **Mid-Period Type:** *Fixed Day*
 - **Mid-Period Day:** *15*
 - b. Click **Save** to save your changes.
 - c. On the form toolbar, click **Calendar**.
 - d. On the Book Calendars form (FA206000; Finance > Fixed Assets > Configuration > Setup), which the system has opened, enter *1/1/2014* in the **Year Starts On** box, leave *Month* in the **Period Type** box, and click **Generate Periods** on the form toolbar. The calendar for the year 2014 is set up, as shown in the following screenshot.

Western office of Computers Inc, headquarters - Book Calendars ★


NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾


← SAVE & CLOSE     < >  | GENERATE PERIODS

SHIFT THE FIRST YEAR DELETE BOOK PERIODS






* Book: TAX - Tax t  Number of Periods : 12 

First Year: 2014 Has Adjustment Period

Year Starts On: 1/1/2014  Belongs To Next Year

Period Type: Month 

First Period Starts On: 1/1/2014 Adjust To Period Start

Period Nbr.	Start Date	End Date	Description
> 01	1/1/2014	1/31/2014	January
02	2/1/2014	2/28/2014	February
03	3/1/2014	3/31/2014	March
04	4/1/2014	4/30/2014	April
05	5/1/2014	5/31/2014	May
06	6/1/2014	6/30/2014	June
07	7/1/2014	7/31/2014	July
08	8/1/2014	8/31/2014	August
09	9/1/2014	9/30/2014	September
10	10/1/2014	10/31/2014	October
11	11/1/2014	11/30/2014	November
12	12/1/2014	12/31/2014	December

Figure: Calendar for the TAX book for 2014



The calendar generated for the tax book can differ from the posting book calendar, and doesn't have to match the General Ledger calendar.

- e. On the form toolbar, click **Save** to save the calendar you have set up.
- f. On the Generate FA Calendars form (FA501000; Finance > Fixed Assets > Processes > Recurrent), enter 2018 in the **Generate Through Year** box, select the unlabeled check box in the row of the *TAX* book, and click **Process** on the form toolbar. The system generates the calendar for the *TAX* book from 2014 through 2018.

To depreciate a fixed asset in two books, you must assign the corresponding fixed asset class to both books. Because the *SOFTWARE* fixed asset class has already been created, you need to update its settings and assign it to the new depreciation book.

2. On the Fixed Asset Classes form (FA201000; Finance > Fixed Assets > Configuration > Setup), open the *SOFTWARE* fixed asset class. On the **Depreciation Settings** tab, add a row with the following settings (as shown in the screenshot below):
 - **Book:** *TAX*
 - **Useful Life:** 3
 - **Update GL:** Cleared
 - **Class Method:** *MACRS3-Y*
 - **Averaging Convention:** *Mid Year*



A fixed asset can be assigned to only the depreciation books that is assigned to the class to which this fixed asset belongs. Because you have already created the *SOFTWARE* class, you have to assign the newly created book to this class (and, optionally, other existing classes) manually.

If you create a new class after you have defined a new book, the system will automatically assign this new class to all books defined in the system. If needed, you can remove any specified book from the settings of the fixed asset class.

Western office of Computers Inc, headquarters - Fixed Asset Classes

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

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* Asset Class ID: SOFTWARE Active
 Parent Class: Hold on Entry
 Description: Software and web site

GENERAL SETTINGS DEPRECIATION SETTINGS GL ACCOUNTS

Book	Useful Life, Years	Update GL	Class Method	Averaging Convention	Bonus	Sect. 179	Mid-Period Type	Mid-Period Day
FIN	3.0000	<input checked="" type="checkbox"/>	SL	Full Period	<input type="checkbox"/>	<input type="checkbox"/>	Fixed Day	15
TAX	3.0000	<input type="checkbox"/>	MACRS3-Y	Mid Year	<input type="checkbox"/>	<input type="checkbox"/>	Fixed Day	15

Figure: Added depreciation book

3. Click **Save** to save your changes.

2. Creating a Fixed Asset for the Website

Create a fixed asset for the website as follows:

1. On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create an Accounts Payable bill with the following settings:
 - **Type:** *Bill*
 - **Vendor:** *V000000027 (Nixis Software Systems Co.)*
 - **Date:** *5/1/2014*
 - **Post Period:** *05-2014*
 - **Description:** *Developing website*
 - **Document Details** tab, **Branch:** *WEST*, **Transaction Descr.:** *Computers Inc. website*, **Ext. Cost.:** *9000*, **Account:** *150000*, **Subaccount:** *000-00-00*
2. Save and then release the bill you have created.
3. On the Convert Purchases to Assets form (FA504500; Finance > Fixed Assets > Processes > Asset Management), in the Selection area, make sure that *150000* is selected in the **Account** box.
4. In the upper table, in the row with an **Orig. Amount** of \$9000, do the following:
 - a. In the **Asset Class** column, select *SOFTWARE*.
 - b. In the **Department** column, select *ADMIN*.
 - c. Select the unlabeled check box for the row.

- On the form toolbar, click **Process** to convert the purchase to an asset.
- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), select the 00000015 (*Computers Inc. website*) fixed asset, and on the **Balance** tab, review the settings for both books (see the following screenshot). The **Balance** tab displays the settings of the fixed asset and the actual balance for each book.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

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Asset ID: 00000015 Parent Asset:

Description: Computers Inc. website

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY

Book	Depreciation Method	Status	Update GL	Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Averaging Life, Years	Convention
FIN	SL	Active	<input checked="" type="checkbox"/>	5/1/2014	05-2014		04-2017	9,000.00	9,000.00	100.0000	9,000.00	0.00	0.00	9,000.00	0.00	3.0000	3.00	Full Period
TAX	MACRS3-Y	Active	<input type="checkbox"/>	5/1/2014	05-2014		04-2017	9,000.00	9,000.00	100.0000	9,000.00	0.00	0.00	9,000.00	0.00	3.0000	3.00	Mid Year

Figure: Two books configured for the fixed asset

- On the **Transaction History** tab, review the generated transactions (see the following screenshot). The system has generated a pair of reconciliation and acquisition transactions for each book. All transactions were released automatically, because the **Automatically Release Acquisition Transactions** check box is selected on the Fixed Assets Preferences form (FA101000). The transactions generated for the TAX book are not posted to the General Ledger, so they do not have batch numbers specified in the **Batch Nbr.** column.

Western office of Computers Inc, headquarters - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

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Asset ID: 00000015 Parent Asset:

Description: Computers Inc. website

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:

Book	Tran. Date	Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	5/1/2014	05-2014	Purchasing+	154000	Software	ADM-00-00	Administrative	150000	Accrued Purcha...	000-00-00	Non-specific	9,000.00	000018	000093	<input checked="" type="checkbox"/>
TAX	5/1/2014	05-2014	Purchasing+	154000	Software	ADM-00-00	Administrative	150000	Accrued Purcha...	000-00-00	Non-specific	9,000.00	000018		<input checked="" type="checkbox"/>
FIN	5/1/2014	05-2014	Reconciliation+	150000	Accrued Purchases - Fix...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	9,000.00	000018	000093	<input checked="" type="checkbox"/>
TAX	5/1/2014	05-2014	Reconciliation+	150000	Accrued Purchases - Fix...	000-00-00	Non-specific	150000	Accrued Purcha...	000-00-00	Non-specific	9,000.00	000018		<input checked="" type="checkbox"/>

Figure: Transactions generated in two books



To view only the transactions of a particular book on the **Transaction History** tab, select the needed book in the **Book** box.

- On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), in the **Depreciation History View** box, select *Side by Side* and save your changes. This option specifies the way the depreciation history is displayed on the **Depreciation History** tab of the Fixed Assets form (FA303000). With *Side by Side* selected, the system shows the calculated and depreciated amount for all configured books in separate columns.

3. Calculating Depreciation in Two Books

Calculate depreciation for the 00000015 (*Computers Inc. website*) asset as follows:

- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), open the 00000015 (*Computers Inc. website*) asset, click **Actions** > **Calculate Depreciation** on the form toolbar, and review the **Depreciation History** tab (see the screenshot below). The **FIN Calculated** column displays the depreciation that was calculated for the *FIN* book. Because we use the straight-line method, the system spreads the amount of \$9000 across 36 months

(3 years)—that is, the depreciation expense for each month is \$250 ($\$9000 / 36 = \250). The **TAX Calculated** column displays the depreciation that was calculated for the *TAX* book. The system uses a different method of calculating depreciation for the *TAX* book (*MACRS3-Y*), so the depreciation expenses differ from those calculated for the *FIN* book.

Western office of Computers Inc, headquarters ▾ Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE + ACTIONS ▾

Asset ID: 00000015 Parent Asset:

Description: Computers Inc. website

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **DEPRECIATION HISTORY** >>

Period	FIN Calculated	FIN Depreciated	TAX Calculated	TAX Depreciated
> 05-2014	250.00	0.00	374.96	0.00
06-2014	250.00	0.00	374.96	0.00
07-2014	250.00	0.00	374.96	0.00
08-2014	250.00	0.00	374.97	0.00
09-2014	250.00	0.00	374.96	0.00
10-2014	250.00	0.00	374.96	0.00
11-2014	250.00	0.00	374.96	0.00
12-2014	250.00	0.00	374.97	0.00
01-2015	250.00	0.00	333.38	0.00
02-2015	250.00	0.00	333.37	0.00
03-2015	250.00	0.00	333.38	0.00
04-2015	250.00	0.00	333.37	0.00
05-2015	250.00	0.00	333.38	0.00
06-2015	250.00	0.00	333.37	0.00
07-2015	250.00	0.00	333.38	0.00
08-2015	250.00	0.00	333.37	0.00
09-2015	250.00	0.00	333.38	0.00

Figure: Depreciation calculated for the website fixed asset

2. On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), in the **Depreciation History View** box, select *By Book*, and save the changes to restore the viewing of depreciation history by particular books.

Related Links

- [Depreciation of Fixed Assets](#)
- [Books and Book Calendars](#)
- [Calculate Depreciation \(FA502000\)](#)
- [Convert Purchases to Assets \(FA504500\)](#)
- [Fixed Assets \(FA303000\)](#)
- [Books \(FA205000\)](#)
- [Book Calendars \(FA206000\)](#)
- [Fixed Asset Classes \(FA201000\)](#)

Step 5.4: Performing Full Depreciation for Additions to Fixed Assets

Suppose that on 05/01/2015, Computers Inc. paid for the additional search engine optimization of the website. The company's management has decided to capitalize these expenses.

To capitalize the additional site optimization, you will make an addition to the fixed asset for the website; the addition should be made on the start of the second year of website usage. Then you will calculate depreciation for the entire useful life of the asset. To make the asset's net value in the *FIN* book zero at the end of the useful life, you will switch the depreciation method for this particular asset to the *Remaining Value* method. After that, you will completely depreciate the website asset in two books and make a depreciation adjustment for the *TAX* book.

You will perform the following tasks:

1. *Calculating depreciation with the Remaining Value method*
2. *Fully depreciating a fixed asset*
3. *Manually adjusting depreciation*

1. Calculating Depreciation with the Remaining Value Method

Perform the following instructions:

1. On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create an Accounts Payable bill with the following settings:
 - **Type:** *Bill*
 - **Vendor:** *V000000027 (Nixis Software Systems Co.)*
 - **Date:** *5/1/2015*
 - **Post Period:** *05-2015*
 - **Description:** *Optimizing website*
 - **Document Details** tab, **Branch:** *WEST*, **Transaction Descr.:** *Optimizing website*, **Ext. Cost:** *720*, **Account:** *150000*, **Subaccount:** *000-00-00*
2. Save and then release the bill you have created.
3. On the Convert Purchases to Assets form (FA504500; Finance > Fixed Assets > Processes > Asset Management), create an addition to the existing *00000015 (Computers Inc. website)* fixed asset as follows:
 - a. Make sure that *150000* is selected in the **Account** box.
 - b. In the upper table, select the unlabeled check box for the row with an **Orig. Amount** of *720*.
 - c. In the lower table, add a new row, clear the **New Asset** check box, and in the **Asset** column, select *00000015 (Computers Inc. website)*. Leave the other settings of the row unchanged.
 - d. Click **Process** on the form toolbar to make the addition.
4. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), for the *00000015 (Computers Inc. website)* asset, click **Actions** > **Calculate Depreciation** on the form toolbar, and review the **Depreciation History** tab (see the following screenshot).

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← SAVE & CLOSE + - ↶ ↷ ACTIONS ▾

Asset ID: Parent Asset:

Description:

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY** >>

Book:

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated
> 01-2014			01-2015	250.00	0.00	01-2016	270.00	0.00	01-2017	270.00	0.00
02-2014			02-2015	250.00	0.00	02-2016	270.00	0.00	02-2017	270.00	0.00
03-2014			03-2015	250.00	0.00	03-2016	270.00	0.00	03-2017	270.00	0.00
04-2014			04-2015	250.00	0.00	04-2016	270.00	0.00	04-2017	270.00	0.00
05-2014	250.00	0.00	05-2015	270.00	0.00	05-2016	270.00	0.00	05-2017		
06-2014	250.00	0.00	06-2015	270.00	0.00	06-2016	270.00	0.00	06-2017		
07-2014	250.00	0.00	07-2015	270.00	0.00	07-2016	270.00	0.00	07-2017		
08-2014	250.00	0.00	08-2015	270.00	0.00	08-2016	270.00	0.00	08-2017		
09-2014	250.00	0.00	09-2015	270.00	0.00	09-2016	270.00	0.00	09-2017		
10-2014	250.00	0.00	10-2015	270.00	0.00	10-2016	270.00	0.00	10-2017		
11-2014	250.00	0.00	11-2015	270.00	0.00	11-2016	270.00	0.00	11-2017		
12-2014	250.00	0.00	12-2015	270.00	0.00	12-2016	270.00	0.00	12-2017		

Figure: Recalculated depreciation of the website after the addition

When you are depreciating a fixed asset with an addition, the depreciation amount is calculated as follows:

- Before the addition is made, the system calculates depreciation based on the cost of the original asset. For the 00000015 (*Computers Inc. website*) asset for the periods before the addition (from 05-2014 through 04-2015), the calculated depreciation in the *FIN* book is \$250 ($\$9000 / 36$).
- Starting from the date when the addition was made (5/1/2015), the depreciation for the period is calculated as the sum of the depreciation of the original asset plus the depreciation of the addition calculated for the period. The addition is depreciated as if it is a separate asset acquired on the addition date, with the basis equal to the addition cost (\$720) and the same depreciation method and recovery period that the original asset has. In the *FIN* book, the addition is depreciated using the *SL (Straight-Line)* method, so the cost of the addition is spread among 36 months; the calculated depreciation expense for the addition is \$20 ($\$720 / 36 = \20) per month.

Thus, the resulting depreciation expenses in the *FIN* book for each period from 05-2015 through 04-2017 is \$270 ($\$250 + \$20 = \270). The addition amount is not completely depreciated at the end of the useful life of the asset, because the addition period is later than the asset acquisition period. At the end of the recovery period of the asset (04-2017), the addition is depreciated by \$480 ($\$20 * 24 = \480). That is, the addition net value of \$240 ($\$720 - 24 * \$20 = \240) will be undepreciated at the end of the life of the asset.

To completely recover the cost of the addition during the rest of the useful life of the original asset, you can change the *Straight-Line* method to the *Remaining Value* method for this particular asset.

5. On the **Balance** tab, select *RV* in the **Depreciation Method** column for the first row, and save your changes. This will make the system fully depreciate the additions until the end of the recovery period of this fixed asset.

- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), for the 00000015 (Computers Inc. website) asset, click **Actions** > **Calculate Depreciation** on the form toolbar, and review the **Depreciation History** tab (see the following screenshot). Because the system fully depreciates the addition through 24 months (from 05-2015 through 04-2017), the depreciation expenses for the addition are \$30 ($\$720 / 24 = \30), and the total depreciation expenses are \$280 per month. At the end of the asset's life, the entire cost of the asset and asset addition will be fully depreciated.

Western office of Computers Inc, headquarters ▾ Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE + - ↩ ↪ ⏪ ⏩ ACTIONS ▾

Asset ID: Parent Asset:

Description:

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY** >>

Book:

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Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated
> 01-2014			01-2015	250.00	0.00	01-2016	280.00	0.00	01-2017	280.00	0.00
02-2014			02-2015	250.00	0.00	02-2016	280.00	0.00	02-2017	280.00	0.00
03-2014			03-2015	250.00	0.00	03-2016	280.00	0.00	03-2017	280.00	0.00
04-2014			04-2015	250.00	0.00	04-2016	280.00	0.00	04-2017	280.00	0.00
05-2014	250.00	0.00	05-2015	280.00	0.00	05-2016	280.00	0.00	05-2017		
06-2014	250.00	0.00	06-2015	280.00	0.00	06-2016	280.00	0.00	06-2017		
07-2014	250.00	0.00	07-2015	280.00	0.00	07-2016	280.00	0.00	07-2017		
08-2014	250.00	0.00	08-2015	280.00	0.00	08-2016	280.00	0.00	08-2017		
09-2014	250.00	0.00	09-2015	280.00	0.00	09-2016	280.00	0.00	09-2017		
10-2014	250.00	0.00	10-2015	280.00	0.00	10-2016	280.00	0.00	10-2017		
11-2014	250.00	0.00	11-2015	280.00	0.00	11-2016	280.00	0.00	11-2017		
12-2014	250.00	0.00	12-2015	280.00	0.00	12-2016	280.00	0.00	12-2017		

Figure: Depreciation of the website calculated with the Remaining Value method

2. Fully Depreciating a Fixed Asset

Depreciate the 00000015 (Computers Inc. website) asset through the asset's entire life as follows:

- On the Calculate Depreciation form (FA502000; Finance > Fixed Assets > Processes > Recurrent), in the **To Period** box, select 04-2017, and in the **Action** box, select *Depreciate*. Notice that you have two records for the 00000015 (Computers Inc. website) asset in the table: one for the FIN book, and another for the TAX book. You can calculate or depreciate the asset in one particular book or in multiple books.



If you have two or more depreciation books, to get up-to-date depreciation in all these books, in the **To Period** box, select the period that corresponds to the date through which you need to depreciate the assets. If you have two or more depreciation books with different book calendars, we recommend that you depreciate the fixed assets separately in each book.

- Select the check boxes in the rows of both records for the 00000015 (Computers Inc. website) asset in the table, as shown in the following screenshot, to generate depreciation transactions for both books.

Western office of Computers Inc, headquarters - Calculate Depreciation CUSTOMIZATION TOOLS

PROCESS PROCESS ALL

To Period: 04-2017
 Action: Depreciate
 Branch: WEST - Western office of Computers
 Asset Class:
 Parent Asset:
 Book:

Branch	Fixed Asset	Description	Asset Class	Parent Asset	Book	Current Period	Basis	Receipt Date	Useful Life	Fixed Assets Account	Fixed Assets Sub.	Tag Number	Account Class
<input type="checkbox"/>	WEST 00000002	Computers Inc. Western offi...	BUILDING		FIN	07-2014	180,000.00	5/1/2014	39.0000	152000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000003	Roof repair (Western office...	BUILDING		FIN	07-2014	9,650.00	6/30/2014	5.0000	152000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000004	Desktop computer	COMPUTERS		FIN	07-2014	450.00	6/1/2014	5.0000	153000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000005	Desktop computer	COMPUTERS		FIN	07-2014	450.00	6/1/2014	5.0000	153000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000006	Desktop computer	COMPUTERS		FIN	07-2014	450.00	6/1/2014	5.0000	153000	SAL-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000007	Server	COMPUTERS		FIN	07-2014	1,215.00	6/1/2014	5.0000	153000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000008	Antivirus software	SOFTWARE		FIN	07-2014	330.00	6/1/2014	3.0000	154000	SAL-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000009	Antivirus software	SOFTWARE		FIN	07-2014	330.00	6/1/2014	3.0000	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000010	Antivirus software	SOFTWARE		FIN	07-2014	330.00	6/1/2014	3.0000	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000011	Antivirus software	SOFTWARE		FIN	07-2014	330.00	6/1/2014	3.0000	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000012	Antivirus software	SOFTWARE		FIN	07-2014	330.00	6/1/2014	3.0000	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	WEST 00000013	Office software	SOFTWARE		FIN	07-2014	750.00	6/15/2014	3.0000	154000	ADM-00-00		FIXEDASSET
<input checked="" type="checkbox"/>	WEST 00000015	Computers Inc. website	SOFTWARE		FIN	05-2014	9,000.00	5/1/2014	3.0000	154000	ADM-00-00		FIXEDASSET
<input checked="" type="checkbox"/>	WEST 00000015	Computers Inc. website	SOFTWARE		TAX	05-2014	9,000.00	5/1/2014	3.0000	154000	ADM-00-00		FIXEDASSET

Figure: Depreciating the asset in two books

- On the form toolbar, click **Process**. The system will generate depreciation transactions for both books for all periods, from the asset being placed into service through the end of its useful life. The generated transactions will be automatically released, because the **Automatically Release Depreciation Transactions** check box is selected on the Fixed Assets Preferences form (FA101000).
- On the FA Balance report form (FA630000; Finance > Fixed Assets > Reports > Balances), clear the **Book** box, click **Run Report** on the report form toolbar, and review the generated report (see the following screenshot). The 00000015 (Computers Inc. website) asset balance now has the *Fully Depreciated* status for both books. This means that the asset was depreciated through all the periods of its useful life. The status of the asset on the **General Settings** tab is also *Fully Depreciated*.

As you can see, the net value of the 00000015 (Computers Inc. website) asset is \$0.00 in the *FIN* book. In the *TAX* book, you have a small undepreciated expense of \$124.44, which is the undepreciated amount of the addition that has been done on 5/1/2015. You can depreciate this amount manually by making an adjustment transaction.

Fixed Asset Balance Location: WEST Page: 1 of 1
 Company: Consolidating branch for User: admin, admin Date: 2/20/2018 7:30 AM

ID	Book	Class	Status	Useful Life	Depreciate	Method	Last Depr. Period	Business Use	Acquisition Cost	Basis	Accumulated Depreciation	Net Value
00000001	FIN	LAND	Active		False			100.0000	120,000.00	48,000.00	0.00	48,000.00
00000002	FIN	BUILDING	Active	39.0000	True	SL	06-2014	100.0000	180,000.00	180,000.00	192.31	179,807.69
00000003	FIN	BUILDING	Active	5.0000	True	SL	06-2014	100.0000	8,000.00	9,650.00	80.42	9,569.58
00000004	FIN	COMPUTERS	Active	5.0000	True	MACRS5-	06-2014	100.0000	450.00	450.00	16.07	433.93
00000005	FIN	COMPUTERS	Active	5.0000	True	MACRS5-	06-2014	100.0000	450.00	450.00	16.07	433.93
00000006	FIN	COMPUTERS	Active	5.0000	True	MACRS5-	06-2014	100.0000	450.00	450.00	16.07	433.93
00000007	FIN	COMPUTERS	Active	5.0000	True	MACRS5-	06-2014	100.0000	915.00	1,215.00	43.39	1,171.61
00000008	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83
00000009	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83
00000010	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83
00000011	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83
00000012	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83
00000013	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	750.00	750.00	20.83	729.17
00000014	FIN	LAND	Disposed		False			100.0000	72,000.00	72,000.00	0.00	0.00
00000015	FIN	SOFTWARE	Fully Depreciated	3.0000	True	RV	04-2017	100.0000	9,000.00	9,720.00	9,720.00	0.00
00000015	TAX	SOFTWARE	Fully Depreciated	3.0000	True	MACRS3-Y	04-2017	100.0000	9,000.00	9,720.00	9,595.56	124.44
Total:									402,665.00	334,055.00	19,746.57	242,308.43

Figure: Generated FA Balance report

3. Manually Adjusting Depreciation

To manually adjust depreciation, perform the following steps:

1. To make a depreciation adjustment in the *TAX* book, on the Fixed Asset Transactions form (FA301000; Finance > Fixed Assets > Work Area > Enter), create a new adjustment transaction as follows:
 - a. In the **Document Date** box, enter *4/30/2017*.
 - b. In the **Description** box, enter *Depreciation adjustment*.
 - c. In the table, create a row with the following settings: **Asset:** *00000015*, **Book:** *TAX*, **Transaction Type:** *Depreciation+*, **Transaction Amount:** *124.44*, **Transaction Description:** *00000015 Depreciation adjustment*
 - d. Click **Save**.

After you select the transaction type, the system automatically populates the needed debit and credit accounts and subaccounts (see the following screenshot).

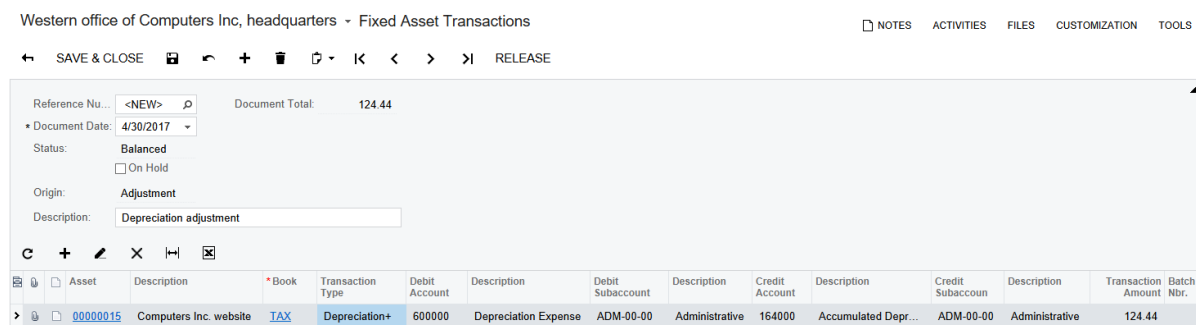


Figure: Depreciation adjustment transaction

2. On the form toolbar, click **Release** to release the transaction.
3. On the FA Balance report form (FA630000; Finance > Fixed Assets > Reports > Balances), clear the **Book** box, click **Run Report** on the report form toolbar, and review the generated report (see the following screenshot). The net value of the *00000015 (Computers Inc. website)* asset is now \$0.00 in both books.

Fixed Asset Balance										Location:	WEST	Page:	1 of 1
Company: Consolidating branch for												Date: 2/20/2018 7:39 AM	
User: admin, admin													
ID	Book	Class	Status	Useful Life	Depreciate	Depreciation Method	Last Depr. Period	Business Use	Acquisition Cost	Basis	Accumulated Depreciation	Net Value	
00000001	FIN	LAND	Active		False			100.0000	120,000.00	48,000.00	0.00	48,000.00	
00000002	FIN	BUILDING	Active	39.0000	True	SL	06-2014	100.0000	180,000.00	180,000.00	192.31	179,807.69	
00000003	FIN	BUILDING	Active	5.0000	True	SL	06-2014	100.0000	8,000.00	9,650.00	80.42	9,569.58	
00000004	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	450.00	450.00	16.07	433.93	
00000005	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	450.00	450.00	16.07	433.93	
00000006	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	450.00	450.00	16.07	433.93	
00000007	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	915.00	1,215.00	43.39	1,171.61	
00000008	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83	
00000009	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83	
00000010	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83	
00000011	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83	
00000012	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	9.17	320.83	
00000013	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	750.00	750.00	20.83	729.17	
00000014	FIN	LAND	Disposed		False			100.0000	72,000.00	72,000.00	0.00	0.00	
00000015	FIN	SOFTWARE	Fully Depreciated	3.0000	True	RV	04-2017	100.0000	9,000.00	9,720.00	9,720.00	0.00	
00000015	TAX	SOFTWARE	Fully Depreciated	3.0000	True	MACRS3-Y	04-2017	100.0000	9,000.00	9,720.00	9,720.00	0.00	
Total:									402,665.00	334,055.00	19,871.01	242,183.99	

Figure: Generated FA Balance report

Related Links

- [Depreciation of Fixed Assets](#)
- [Fixed Asset Adjustment Transactions](#)
- [FA Balance \(FA630000\)](#)

Fixed Assets (FA303000)

Convert Purchases to Assets (FA504500)

Fixed Asset Classes (FA201000)

Lesson Summary

In this lesson, you have learned how to depreciate fixed assets by using the Calculate Depreciation form (FA502000). On this form, you can depreciate one fixed asset or multiple assets through the period you specify.

You have also learned how to depreciate fixed assets in two books. You have configured a second depreciation book to be used for tax reporting needs, and assigned it to a specific fixed asset class. You can depreciate the assets of this class in two books using the same or different depreciation methods.

The lesson also has explained how the *Remaining Value* depreciation method works. This method can be used to completely recover the cost of the addition during the rest of the useful life of the original asset to which the addition had been made.

Review Questions

Answer the following questions to check your understanding of the material:

1. On the Calculate Depreciation form (FA502000; Finance > Fixed Assets > Processes > Recurrent), you can depreciate ... (select all possible variants)
 - A. One asset for one period.
 - B. Multiple assets for one period.
 - C. One asset for multiple periods.
 - D. Multiple assets for multiple periods.
2. The system generates depreciation transactions when you do which of the following on the Calculate Depreciation form (FA502000)? (Select all actions that apply.)
 - A. Select *Calculate Only* in the **Action** box, select the unlabeled check boxes in the rows of the fixed assets you want to process, and on the form toolbar, click **Process**.
 - B. Select *Depreciate* in the **Action** box, select the unlabeled check boxes in the rows of the fixed assets you want to process, and on the form toolbar, click **Process**.
 - C. Select *Calculate Only* in the **Action** box, and on the form toolbar, click **Process All**.
 - D. Select *Depreciate* in the **Action** box, and on the form toolbar, click **Process All**.
3. If multiple books are assigned to a fixed asset, ... (select the correct statements)
 - A. On the Calculate Depreciation form (FA502000), you can depreciate the asset in all books or in one particular book.
 - B. The depreciation amounts must be equal to one another in different books for a certain period.
 - C. The system calculates depreciation for all books when you click **Actions > Calculate Depreciation** on the form toolbar of the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage).

Lesson 6: Managing Fixed Assets with Depreciation

In this lesson, you will learn how to perform operations over assets with accumulated depreciation.

Lesson Objectives

In this lesson, you will learn how to:

- Transfer a fixed asset with depreciation from one department to another.
- Split a part of a fixed asset with depreciation.
- Dispose of a fixed asset with depreciation.

Step 6.1: Splitting an Asset with Depreciation

Suppose that on 7/15/2014, the management of Computers Inc. has decided to transfer one computer and one office software license from the Administrative department to the Development department. In a previous lesson, you have processed five office software licenses as one *SOFTWARE* fixed asset with a quantity of 5. To be able to transfer one license to another department, you need to split this license to an individual fixed asset with a quantity of 1.

Perform the following steps:

1. On the Split Assets form (FA506000; Finance > Fixed Assets > Processes > Asset Management), select *00000013 (Office software)* in the **Fixed Asset** box, and then set **Split Date** to *7/15/2014* and **Split Period** to *07-2014*.
2. Add a row to the table, and specify **1** in the **Quantity** box. The system automatically inserts *150* in the **Cost** box and *20* in the **Ratio** box, as shown in the following screenshot.

Western office of Computers Inc, headquarters - Split Assets ★

← SPLIT ↻

Fixed Asset: * Split Date:

Cost: * Split Period:

Quantity: Depreciate before split

C + X |⇌| ✕

	Cost	Quantity	Ratio	Asset ID
>	150.00	1.00	20.000000	

Figure: Settings for splitting a fixed asset

3. On the form toolbar, click **Split**.
4. Click the link that appears in the **Asset ID** column for the only row to open the *00000016 (Office software - split from 00000013)* asset on the Fixed Assets form (FA303000), and review the transactions generated for the split on the **Transaction History** tab (see the screenshot below).

Note that split transactions are released, but they are not posted to the General Ledger, because they do not change the balances of the GL accounts.

Western office of Computers Inc, headquarters - Fixed Assets ★

SAVE & CLOSE | ACTIONS -

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS -

Asset ID: Parent Asset:

Description:

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book:

C + X |⇌| ✕

	Book	Tran. Date	Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
>	FIN	7/15/2014	07-2014	Purchasing+	154000	Software	ADM-00-00	Administrative	150000	Accrued Purchas...	000-00-00	Non-specific	150.00	000057		<input checked="" type="checkbox"/>
	FIN	7/15/2014	07-2014	Reconciliation+	150000	Accrued Purchases - Fix...	000-00-00	Non-specific	150000	Accrued Purchas...	000-00-00	Non-specific	150.00	000057		<input checked="" type="checkbox"/>
	FIN	7/15/2014	07-2014	Depreciation Adjusting+	164000	Accumulated Depreciati...	ADM-00-00	Administrative	164000	Accumulated Dep...	ADM-00-00	Administr...	4.17	000057		<input checked="" type="checkbox"/>

Figure: Transactions generated for the split

For the *00000016 (Office software - split from 00000013)* asset that was created by the split, the system has generated the following transactions:

- A *Purchasing+* transaction that debits the Fixed Assets account (*154000*) and credits the FA Accrual account (*150000*) in the amount of the asset's cost to record the acquisition of the asset.
- A *Reconciliation+* transaction that updates the FA Accrual account (*150000*) and the FA Accrual account (*150000*) to reconcile the cost of the split.

- A *Depreciation Adjusting+* transaction that records the amount of depreciation that was added to the new asset. The accumulated depreciation amount is \$4.17, which is split to the new asset from the 00000013 asset by the specified ratio (20% of \$20.83). The transaction debits the Accumulated Depreciation account (164000) specified for the new asset and credits the Accumulated Depreciation account (164000) specified for the original asset.

For the original asset, 00000013 (*Office software*), the system has generated the appropriate *Purchasing-*, *Reconciliation-*, and *Depreciation Adjusting-* transactions to record the split of the asset's cost and accumulated depreciation.



If the **Automatically Release Depreciation Transactions** check box is selected on the Fixed Assets Preferences form (FA101000), you can select the **Depreciate Before Split** check box when splitting assets on the Split Assets form (FA506000). Thus, the system will automatically generate depreciation transactions for the undepreciated periods before splitting the asset.

5. On the **Balance** tab, review the accumulated depreciation for the 00000016 (*Office software - split from 00000013*) asset created by the split, shown on the screenshot below.

Western office of Computers Inc, headquarters - Fixed Assets ★

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

SAVE & CLOSE + - < > ACTIONS ▾

Asset ID: 00000016 Parent Asset:

Description: Office software - split from 00000013

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY ▾

* Book	Depreciation Method	Status	Update GL	* Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Busines Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type
> FIN	SL	Active	<input checked="" type="checkbox"/>	6/15/2014	06-2014	06-2014	05-2017	150.00	150.00	100.0000	150.00	0.00	4.17	145.83	0.00	3.0000	3.00	Full Period	Fixed Day

Figure: Accumulated depreciation for the asset created by the split

Related Links

- [Fixed Assets Splits](#)
- [How to Split an Asset](#)
- [Split Assets \(FA506000\)](#)
- [Fixed Assets \(FA303000\)](#)

Step 6.2: Transferring an Asset with Depreciation

To transfer one computer and one office software license from the Administrative department to the Development department, perform the following steps:

1. On the Transfer Assets form (FA507000; Finance > Fixed Assets > Processes > Asset Management), specify the following settings:
 - **Transfer Date:** 7/15/2014
 - **Transfer Period:** 07-2014
 - **Asset Transfer From** section, **Branch:** WEST, **Department:** ADMIN,
 - **Asset Transfer To** section, **Branch:** WEST, **Department:** DEV

The system filters the fixed assets displayed in the table by the values specified in the **Branch**, **Department**, and **Asset Class** boxes of the **Asset Transfer From** section. After you specify the settings listed above, the system displays the fixed assets that belong to the Administrative department of the WEST branch.

2. In the table, select the unlabeled check boxes in the rows of the 00000005 (Desktop computer) asset and the 00000016 (Office software - split from 00000013) asset, as shown in the following screenshot.

Western office of Computers Inc, headquarters - Transfer Assets CUSTOMIZATION TOOLS ▾

PROCESS PROCESS ALL 🔍

Transfer Date: 7/15/2014
 Transfer Period: 07-2014
 Reason:

ASSET TRANSFER FROM TO

Branch: WEST - Western office of Computers Department: ADMIN - Administrative
 Branch: WEST - Western office of Computers Department: DEV - Development

<input type="checkbox"/>	<input type="checkbox"/>	Branch	Asset Class	Asset ID	Description	Parent Asset	Basis	Receipt Date	Useful Life, Years	Transfer Period	Fixed Assets Account	Fixed Assets Sub.	Tag Number	Fixed Assets Account Class
<input type="checkbox"/>	<input type="checkbox"/>	WEST	BUILDING	00000002	Computers Inc. Western office building			5/1/2014	39.0000	07-2014	152000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	BUILDING	00000003	Roof repair (Western office building)			6/30/2014	5.0000	07-2014	152000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	COMPUTERS	00000004	Desktop computer			6/1/2014	5.0000	07-2014	153000	ADM-00-00		FIXEDASSET
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WEST	COMPUTERS	00000005	Desktop computer		0.00	6/1/2014	5.0000	07-2014	153000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	COMPUTERS	00000007	Server			6/1/2014	5.0000	07-2014	153000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000009	Antivirus software			6/1/2014	3.0000	07-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000010	Antivirus software			6/1/2014	3.0000	07-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000011	Antivirus software			6/1/2014	3.0000	07-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000012	Antivirus software			6/1/2014	3.0000	07-2014	154000	ADM-00-00		FIXEDASSET
<input type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000013	Office software			6/15/2014	3.0000	07-2014	154000	ADM-00-00		FIXEDASSET
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WEST	SOFTWARE	00000016	Office software - split from 00000013		0.00	6/15/2014	3.0000	07-2014	154000	ADM-00-00		FIXEDASSET

Figure: Selection of assets to transfer



You could also specify the reason for the transfer in the **Reason** box. After the transfer has been completed, the reason would be shown in the **Reason** box on the **General Settings** tab of the Fixed Assets form (FA303000) for the transferred asset.

3. On the form toolbar, click **Process**. The system generates the transfer transactions; it also releases them because the **Automatically Release Transfer Transactions** check box is selected on the Fixed Assets Preferences form (FA101000).
4. Click the 00000005 link in the **Asset ID** column, and on the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), which the system has opened, review the **Transaction History** tab.

Western office of Computers Inc, headquarters - Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

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Asset ID: 00000005 Parent Asset:
 Description: Desktop computer

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:

*Book	*Tran. Date	*Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	6/1/2014	06-2014	Purchasing+	153000	Computers	ADM-00-00	Administrative	150000	Accrued Purchas...	000-00-00	Non-specific	450.00	000007	000079	✓
FIN	6/1/2014	06-2014	Reconciliation+	150000	Accrued Purchases - Fixe...	000-00-00	Non-specific	150000	Accrued Purchas...	000-00-00	Non-specific	450.00	000007	000079	✓
FIN	6/30/2014	06-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Dep...	ADM-00-00	Administrative	16.07	000017	000091	✓
FIN	7/15/2014	07-2014	Transfer Purchasing	153000	Computers	DEV-00-00	Development	153000	Computers	ADM-00-00	Administrative	450.00	000058	000132	✓
FIN	7/15/2014	07-2014	Transfer Depreciation	163000	Accumulated Depreciatio...	ADM-00-00	Administrative	163000	Accumulated Dep...	DEV-00-00	Development	16.07	000058	000132	✓

Figure: Transfer transactions on the Transaction History tab

The system has created and released two transactions:

- A *Transfer Purchasing* transaction that records the transfer of the asset from one department to another. This transaction debits the Fixed Assets account with the subaccount of the destination location (153000 and DEV-00-00) in the amount of the asset's current cost, and credits the Fixed Assets account with the subaccount of the original location (153000 and ADM-00-00) in the same amount.
- A *Transfer Depreciation* transaction that transfers the accumulated depreciation between the subaccounts. This transaction credits the Accumulated Depreciation account with the subaccount of the destination location (163000 and DEV-00-00) in the amount of the depreciation accumulated for the asset, and debits the Accumulated Depreciation account in the same amount with the subaccount of the original location (163000 and ADM-00-00).

After the transfer transactions are released, the Fixed Assets subaccount and Accumulated Depreciation subaccount are changed on the **GL Accounts** tab on the Fixed Assets form (FA303000).

5. On the Asset Balance by Accounts form (FA403000; Finance > Fixed Assets > Work Area > Explore), enter the following settings and review the account balances for the asset:
 - **Asset ID:** 00000005 (*Desktop computer*)
 - **Fin. Period:** 07-2014
 - **Book:** FIN

In the selected period, the values in the **Period to Date** column convey that the amount of \$450 (the asset's cost) was transferred from the 153000 account with the ADM-00-00 subaccount to the 153000 account with the DEV-00-00 subaccount. The values in this column also indicate that the amount of \$16.07 (the accumulated depreciation) was transferred from the 163000 account with the ADM-00-00 subaccount to the 163000 account with the DEV-00-00 subaccount.

Western office of Computers Inc, headquarters ▾ Asset Balance by Accounts ★ CUSTOMIZATION TOOLS ▾

ASSET TRANSACTION HISTORY

* Asset ID: 00000005 - Desktop computer
 * Fin. Period: 07-2014
 Book: FIN - Posting book

Book	Account	Account Description	Subaccount	Subaccount Description	Branch	Inception to Date	Year to Date	Period to Date
FIN	153000	Computers	ADM-00-00	Administrative	WEST	0.00	0.00	-450.00
FIN	153000	Computers	DEV-00-00	Development	WEST	450.00	450.00	450.00
FIN	163000	Accumulated Depreciation (Computers)	ADM-00-00	Administrative	WEST	0.00	0.00	16.07
FIN	163000	Accumulated Depreciation (Computers)	DEV-00-00	Development	WEST	-16.07	-16.07	-16.07
FIN	600000	Depreciation Expense	ADM-00-00	Administrative	WEST	16.07	16.07	0.00

Figure: Account balances for the 0000005 asset for 07-2014

- In the table, click the line for the 153000 account with the ADM-00-00 subaccount, and on the form toolbar, click **Asset Transaction History** to review the transactions that update the selected account-subaccount pair through the 07-2014 period (see the following screenshot).

Western office of Computers Inc, headquarters ▾ Asset Transaction History ★ CUSTOMIZATION TOOLS ▾

* Asset ID: 00000005 - Desktop computer
 Period From:
 Period To: 07-2014
 Book: FIN - Posting book
 Account: 153000 - Computers
 Subaccount: ADM-00-00 - Administrative

Book	Reference Number	Batch Nbr.	Tran. Date	Tran. Period	Branch	Transaction Type	Transaction Description	Debit	Credit	Account	Subaccount
FIN	000007	000079	6/1/2014	06-2014	WEST	Purchasing+	Desktop computer	450.00	0.00	153000	ADM-00-00
FIN	000058	000132	7/15/2014	07-2014	WEST	Transfer Purchasing	Transfer Purchasing for Asset 00000005	0.00	450.00	153000	ADM-00-00

Figure: Transactions for the selected account-subaccount pair

Related Links

- [Transfers of Fixed Assets](#)
- [How to Transfer an Individual Asset](#)
- [Transfer Assets \(FA507000\)](#)
- [Fixed Assets \(FA303000\)](#)

Step 6.3: Disposing of an Asset with Depreciation

Suppose that on 8/1/2014, the management of the Computers Inc. company has decided to sell the desktop computer (the fixed asset 00000005 (*Desktop computer*)) for \$75 to Digitech Printers. Do the following:

- On the Dispose Assets form (FA505000; Finance > Fixed Assets > Processes > Asset Management), specify the following settings:
 - Disposal Date:** 8/1/2014
 - Disposal Period:** 08-2014
 - Disposal Method:** *SOLD*
 - Total Proceeds Amount:** 75
 - Proceeds Allocation:** *Automatic*
 - Proceeds Account:** 111000 (*Accounts Receivable Accrual*)
 - Proceeds Sub.:** 000-00-00
 - Depreciate Before Disposal:** *Selected*



The Dispose Assets form (FA505000) is intended for mass disposal of fixed assets. The **Proceeds Allocation** setting specifies the way the disposal amount is entered. *Automatic* means that the **Total Proceeds Amount** value will be distributed among the disposed assets automatically in proportion to their current cost. If you had selected *Manual*, you would need to manually specify the disposal proceeds amount for each of the assets in the **Proceeds Amount** column in the table.

- Select the unlabeled check box in the row of the 00000005 (*Desktop computer*) asset in the table, and click **Process** on the form toolbar. The system generates depreciation and disposal transactions and releases them automatically.



If the **Automatically Release Depreciation Transactions** check box had been cleared on the Fixed Assets Preferences form (FA101000), you would have had to depreciate the asset by using the Calculate Depreciation form (FA502000) before disposing of it.

- Click the 00000005 link in the **Asset ID** column, and on the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), which the system has opened, review the generated transactions on the **Transaction History** tab (see the following screenshot).

Western office of Computers Inc, headquarters Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

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Western office of Computers Inc, headquarters Fixed Assets															
ASSET INFORMATION															
Asset ID: 00000005		Parent Asset:													
Description: Desktop computer															
GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION															
Book: <input type="text" value=""/>															
*Book	*Tran. Date	*Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	6/1/2014	06-2014	Purchasing+	153000	Computers	ADM-00-00	Administrative	150000	Accrued Purchas...	000-00-00	Non-specific	450.00	000007	000079	<input checked="" type="checkbox"/>
FIN	6/1/2014	06-2014	Reconciliation+	150000	Accrued Purchases - Fixed Assets	000-00-00	Non-specific	150000	Accrued Purchas...	000-00-00	Non-specific	450.00	000007	000079	<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	163000	Accumulated Dep...	ADM-00-00	Administrative	16.07	000017	000091	<input checked="" type="checkbox"/>
FIN	7/15/2014	07-2014	Transfer Purchasing	153000	Computers	DEV-00-00	Development	153000	Computers	ADM-00-00	Administrative	450.00	000058	000132	<input checked="" type="checkbox"/>
FIN	7/15/2014	07-2014	Transfer Depreciation	163000	Accumulated Depreciation (Com...	ADM-00-00	Administrative	163000	Accumulated Dep...	DEV-00-00	Development	16.07	000058	000132	<input checked="" type="checkbox"/>
FIN	7/31/2014	07-2014	Depreciation+	600000	Depreciation Expense	DEV-00-00	Development	163000	Accumulated Dep...	DEV-00-00	Development	16.07	000059	000133	<input checked="" type="checkbox"/>
FIN	8/1/2014	08-2014	Depreciation+	600000	Depreciation Expense	DEV-00-00	Development	163000	Accumulated Dep...	DEV-00-00	Development	16.07	000060	000134	<input checked="" type="checkbox"/>
FIN	8/1/2014	08-2014	Purchasing Disposal	700000	Gain/Loss on Fixed Assets Dispo...	DEV-00-00	Development	153000	Computers	DEV-00-00	Development	450.00	000060	000134	<input checked="" type="checkbox"/>
FIN	8/1/2014	08-2014	Depreciation Adjusting-	163000	Accumulated Depreciation (Com...	DEV-00-00	Development	700000	Gain/Loss on Fix...	DEV-00-00	Development	48.21	000060	000134	<input checked="" type="checkbox"/>
FIN	8/1/2014	08-2014	Sale/Dispose+	111000	Accounts Receivable Accrual	000-00-00	Non-specific	700000	Gain/Loss on Fix...	DEV-00-00	Development	75.00	000060	000134	<input checked="" type="checkbox"/>

Figure: Generated depreciation and disposal transactions

The system has automatically depreciated the asset for the 07-2014 and 08-2014 periods and then disposed of the asset. The following transactions have been generated and released:

- Depreciation+* transactions that debit the Depreciation Expense account (600000) for the depreciation amount and credit the Accumulated Depreciation account (163000) for the same amount. The system has generated two *Depreciation+* transactions to depreciate the asset until the disposal date.

- A *Purchasing Disposal* transaction that credits the Fixed Assets account (153000) and debits the Gain/Loss on Fixed Asset Disposal account (700000) in the asset's cost (\$450) to record the cost disposal.
 - A *Depreciation Adjusting-* transaction that debits the Accumulated Depreciation account in the total amount of the accumulated depreciation (\$48.21) for all the depreciation periods, and credits the Gain/Loss on Fixed Asset Disposal account (700000) in the same amount.
 - A *Sale/Dispose+* transaction that credits the Gain/Loss on Fixed Asset Disposal account (700000) and debits the Proceeds account (111000) in the proceeds amount of \$75.
4. Review the **General Settings** tab (see the screenshot below). The status of the fixed asset has changed to *Disposed*, and the **Disposal Date**, **Disposal Method**, and **Disposal Amount** boxes show disposal information for this asset.

Western office of Computers Inc, headquarters Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

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Asset ID: 00000005 Parent Asset: _____
 Description: Desktop computer

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS >>

ASSET SUMMARY		TRACKING INFO	
Asset Class:	COMPUTERS - Computers and	* Branch:	WEST - Western office of Cc
* Property Type:	Property	Building:	
Status:	Disposed	Floor:	
	<input type="checkbox"/> Hold	Room:	
Asset Type:	COMPUTERS - Computers and	Custodian:	
	<input checked="" type="checkbox"/> Tangible	* Department:	DEV - Development
Quantity:	1.00	Reason:	
	<input checked="" type="checkbox"/> Depreciate	Tag Number:	
Useful Life, Years:	5.0000		
* Receipt Date:	6/1/2014		
* Placed-in-Service Date:	6/1/2014		
Orig. Acquisition Cost:	450.00		
Salvage Amount:	0.00		
Replacement Cost:	0.00		
Disposal Date:	8/1/2014		
Disposal Method:	SOLD - Sold		
Disposal Amount:	75.00		

Figure: Asset with the Disposed status

If the fixed asset is assigned to multiple books, when you dispose of this asset, it is assigned the *Disposed* status in all these books.

5. On the Invoices and Memos form (AR301000; Finance > Accounts > Receivable > Work Area > Enter), create an invoice with the following settings to the buyer of the computer:
- **Customer:** C00000008 (*Digitech Printers*)
 - **Date:** 8/1/2014
 - **Post Period:** 08-2014

- **Description:** Selling desktop computer
- **Document Details** tab: **Branch:** WEST, **Ext. Price:** 75, **Account:** 111000, **Subaccount:** 000-00-00

6. Release the invoice you have created.

Related Links

[Managing Fixed Asset Disposals](#)

[Fixed Assets \(FA303000\)](#)

[Dispose Assets \(FA505000\)](#)

[Disposal Methods \(FA207000\)](#)

Lesson Summary

In this lesson, you have learned how to split, dispose of, and transfer assets with accumulated depreciation. When you split assets, the accumulated depreciation is also split in the specified proportions. When you transfer assets between departments, if a department-specific mask has been defined for an asset, the accumulated depreciation is transferred between subaccounts. When you dispose of a fixed asset with depreciation, the accumulated depreciation amount is recorded to the Gain/Loss on Fixed Asset Disposal account. You can perform mass disposal of fixed assets on the Dispose Assets form (FA505000).

Review Questions

Answer the following questions to check your understanding of the material:

1. When the asset is split, the accumulated depreciation amount ...
 - A. Is transferred to the newly created asset or assets.
 - B. Is still with the original asset, and the newly created asset has no accumulated depreciation (or the assets have no accumulated depreciation).
 - C. Is split in the specified proportions between the original asset and the newly created asset or assets.
2. When the asset is transferred from one department to another, ... (select all correct statements)
 - A. The system transfers the accumulated depreciation from the original account–subaccount pair to the account–subaccount pair of the destination location.
 - B. The system transfers the cost of the asset from the account–subaccount of the original location to the account–subaccount pair of the destination location with the Fixed Assets account.
 - C. The system always releases transfer transactions automatically.
3. To make the system automatically depreciate the asset before disposing of it, you need to ... (select all required actions)
 - A. Select the **Automatically Release Depreciation Transactions** check box on the Fixed Assets Preferences form (FA101000).
 - B. Clear the **Automatically Release Depreciation Transactions** check box on the Fixed Assets Preferences form (FA101000).
 - C. Select the **Depreciate Before Disposal** check box on the Dispose Assets form (FA505000).
 - D. Clear the **Depreciate Before Disposal** check box on the Dispose Assets form (FA505000).

Part 3: Financial Period Closing Process

This part of the course explains the process of closing financial periods in the Fixed Assets module. In this part, you will learn how to:

- Ensure that all needed fixed assets were created in the specified financial period.
- Ensure that all fixed asset transactions have been processed in the specified financial period.
- Ensure that all fixed assets have been depreciated in the specified financial period.
- Reconcile fixed assets with the general ledger.
- Close the financial periods.

Closing a Financial Period in the Fixed Assets Module

You close active financial periods in the Fixed Assets module to prevent transactions from being posted to these periods, and to be able to close these financial periods in the General Ledger module. After a financial period is closed, you cannot depreciate or dispose of fixed assets in this period.

To close a financial period in the Fixed Assets module, you perform the following steps:

- 1.** Review the Unreconciled Transactions for Period report (FA620010; Finance > Fixed Assets > Reports > Audit) for the needed period to recognize the transactions that have been posted to the FA Accrual account in the period but have not been converted to fixed assets yet.
- 2.** Convert purchases to assets, if needed.
- 3.** Review the Unreleased FA Documents report (FA651000; Finance > Fixed Assets > Reports > Audit) for the needed period to find the fixed asset transactions that were created in this period but not released.
- 4.** Release the unreleased fixed asset transactions.
- 5.** Depreciate all the needed fixed assets for the period that you are going to close. To review the list of fixed assets that must be depreciated in a certain period, generate and review the Non-Depreciated Fixed Assets report (FA652000; Finance > Fixed Assets > Reports > Audit) for this period.
- 6.** Reconcile fixed assets with the GL account balances by using the FA Balance by GL Account report (FA643000; Finance > Fixed Assets > Reports > Balances) and the Trial Balance Detailed report (GL632500; Finance > General Ledger > Reports > Balance). Compare the balances of all Fixed Assets and Accumulated Depreciation accounts that are in use in the Fixed Assets module.
- 7.** On the Close Financial Periods form (FA509000; Finance > Fixed Assets > Processes > Closing), close the financial period in the Fixed Assets module.

Lesson 7: Reconciling Fixed Assets Accounts with General Ledger Accounts

To perform the reconciliation of the Fixed Assets module with the General Ledger module, you need to compare the Fixed Assets balance of General Ledger accounts for the specified period with the account balances in the trial balance report. The FA Balance by GL Accounts report (FA643000) shows the balances for all Fixed Assets accounts and Accumulated Depreciation accounts according to the *FIN* book, which updates the General Ledger.

To reconcile the Fixed Assets module with the General Ledger module, perform the following steps:

1. On the Unreconciled Transactions for Period report form (FA620010; Finance > Fixed Assets > Reports > Audit), specify the following parameters, and run the report:
 - **Branch:** Cleared
 - **Period From:** 01-2013
 - **Period To:** 06-2014
 - **Account:** 150000 (*Accrued Purchases - Fixed Assets*)
 - **Sub.:** 000-00-00

The generated report is empty. This means that there are no purchases posted to the 150000 account that must be converted to fixed assets.

2. On the Unreleased FA Documents report form (FA651000; Finance > Fixed Assets > Reports > Audit), enter 01-2013 as the **From Period** and 06-2014 as the **To Period**, and run the report. There are no unreleased transactions for the selected periods.
3. On the Non-Depreciated Fixed Assets report form (FA652000; Finance > Fixed Assets > Reports > Audit), enter 01-2013 as the **From Period** and 06-2014 as the **To Period**, and run the report. Currently there are no assets that must be depreciated through the 06-2014 period, because you have depreciated all of these assets earlier. Now you can reconcile the account balances.
4. On the Trial Balance Detailed report form (GL632500; Finance > General Ledger > Reports > Balance), specify the following parameters, and run and review the report (which is shown in the following screenshot):
 - **Branch:** Cleared
 - **Ledger:** ACTUALCOMP
 - **Financial Period:** 06-2014
 - **Suppress Zero Balances:** Selected

Trial Balance Detailed				Ledger: ACTUALCOMP	Page: 1 of 1		
Company: Consolidating branch for		User: admin, admin		Fin. Period: 06-2014	Date: 2/20/2018 9:23 AM		
Branch	Account	Type Sub	Description	Beginning Balance	Debit	Credit	Ending Balance
WEST	101000	A 000-00-00	Cash on Hand	3,418.60	0.00	0.00	3,418.60
WEST	102000	A 000-00-00	Checking Account	12,698.81	0.00	0.00	12,698.81
WEST	150000	A 000-00-00	Accrued Purchases - Fixed Assets	0.00	27,080.00	27,080.00	0.00
WEST	151000	A ADM-00-00	Land	120,000.00	0.00	0.00	120,000.00
WEST	152000	A ADM-00-00	Buildings and Improvements	180,000.00	10,500.00	850.00	189,650.00
WEST	153000	A ADM-00-00	Computers	0.00	2,565.00	450.00	2,115.00
WEST	153000	A SAL-00-00	Computers	0.00	450.00	0.00	450.00
WEST	154000	A ADM-00-00	Software	9,000.00	2,400.00	330.00	11,070.00
WEST	154000	A SAL-00-00	Software	0.00	330.00	0.00	330.00
WEST	162000	A ADM-00-00	Accumulated Depreciation (Buildings and	0.00	0.00	272.73	-272.73
WEST	163000	A ADM-00-00	Accumulated Depreciation (Computers)	0.00	0.00	75.53	-75.53
WEST	163000	A SAL-00-00	Accumulated Depreciation (Computers)	0.00	0.00	16.07	-16.07
WEST	164000	A ADM-00-00	Accumulated Depreciation (Software)	-250.00	0.00	307.51	-557.51
WEST	164000	A SAL-00-00	Accumulated Depreciation (Software)	0.00	0.00	9.17	-9.17
Assets Total				324,867.41	43,325.00	29,391.01	338,801.40
WEST	200000	L 000-00-00	Accounts Payable	24,000.00	1,375.00	17,515.00	40,140.00
WEST	270800	L 000-00-00	Bank Loans Payable	5,000.00	0.00	0.00	5,000.00
WEST	301000	L 000-00-00	Capital	295,000.00	0.00	0.00	295,000.00
WEST	302000	L 000-00-00	Year-to-Date Net Income	0.00	7,600.00	6,075.00	-1,525.00
WEST	302000	L ADM-00-00	Year-to-Date Net Income	-250.00	655.77	0.00	-905.77
WEST	302000	L SAL-00-00	Year-to-Date Net Income	0.00	25.24	0.00	-25.24
WEST	303000	L 000-00-00	Retained Earnings	-2,902.59	0.00	0.00	-2,902.59
WEST	303000	L 000-CO-00	Retained Earnings	7,300.00	0.00	0.00	7,300.00
WEST	303000	L 000-CU-00	Retained Earnings	1,300.00	0.00	0.00	1,300.00
WEST	303000	L 000-SU-00	Retained Earnings	-30.00	0.00	0.00	-30.00
WEST	303000	L 000-TR-00	Retained Earnings	130.00	0.00	0.00	130.00
WEST	303000	L CON-00-00	Retained Earnings	-4,540.00	0.00	0.00	-4,540.00
WEST	303000	L DEV-00-00	Retained Earnings	-80.00	0.00	0.00	-80.00
WEST	303000	L SAL-00-00	Retained Earnings	-60.00	0.00	0.00	-60.00
Liability Total				324,867.41	9,656.01	23,590.00	338,801.40
WEST	600000	E ADM-00-00	Depreciation Expense	250.00	655.77	0.00	905.77
WEST	600000	E SAL-00-00	Depreciation Expense	0.00	25.24	0.00	25.24
WEST	758000	E 000-00-00	Repair & Maintenance Expense	0.00	7,600.00	6,075.00	1,525.00
Expense Total				250.00	8,281.01	6,075.00	2,456.01

Figure: Trial Balance Detailed report for 06-2014

- On the FA Balance by GL Account report form (FA643000; Finance > Fixed Assets > Reports > Balances), specify the following parameters, and run and review the report:
 - Report Format: Summary
 - Branch: WEST
 - Financial Period: 06-2014

FA Balance by GL Account				Page: 1 of 1
Company: Consolidating branch for		Branch: WEST		Date: 2/20/2018 9:26 AM
User: admin, admin		Fin. Period: 06-2014		
Account	Sub			Balance
151000	ADM-00-00	Land		120,000.00
152000	ADM-00-00	Buildings and Improvements		189,650.00
153000	ADM-00-00	Computers		2,115.00
153000	SAL-00-00	Computers		450.00
154000	ADM-00-00	Software		11,070.00
154000	SAL-00-00	Software		330.00
162000	ADM-00-00	Accumulated Depreciation (Buildings and Improvements)		-272.73
163000	ADM-00-00	Accumulated Depreciation (Computers)		-75.53
163000	SAL-00-00	Accumulated Depreciation (Computers)		-16.07
164000	ADM-00-00	Accumulated Depreciation (Software)		-557.51
164000	SAL-00-00	Accumulated Depreciation (Software)		-9.17
Total:				322,683.99

Figure: FA Balance by GL Account report for 06-2014



If you want to review account balances broken down by individual assets, select the *Detailed* report format on the FA Balance by GL Account report form.

- Compare the balance of Fixed Assets accounts (15x000) and Accumulated Depreciation accounts (16x000) by using the Trial Balance Detailed report (GL632500) and FA Balance by GL Account report (FA643000). Both reports show the same balances for each account, so the balances are reconciled for the 06-2014 period. Now you can close the financial period along with all preceding periods.

Lesson Summary

In this lesson, you have learned how to reconcile Fixed Assets accounts with General Ledger accounts before closing the financial period. Before reconciliation, you have made sure that all the accrued purchases have been converted to fixed assets, all fixed asset transactions have been posted, and all existing fixed assets have been depreciated. To ensure that all purchases have been converted to fixed assets, you have used the Unreconciled Transactions for Period report (FA620010). To view the list of unreleased transactions, you have used the Unreleased FA Documents report (FA651000). To check whether there are any undepreciated assets in the needed period, you have used the Non-Depreciated Fixed Assets report (FA652000).

After you have completed these steps, you have compared the balances of Fixed Assets accounts and Accumulated Depreciation accounts according to the Trial Balance Detailed report (GL632500) and the FA Balance by GL Account report (FA643000). Because the balances were equal, you have proceeded with closing the financial period.

Related Links

[*Closing Periods*](#)

[*Unreconciled Transactions for Period \(FA620010\)*](#)

[*Unreleased FA Documents \(FA651000\)*](#)

[*Non-depreciated Fixed Assets \(FA652000\)*](#)

[*FA Balance by GL Account \(FA643000\)*](#)

[*Trial Balance Detailed \(GL632500\)*](#)

Lesson 8: Closing Financial Periods

To prevent the posting of fixed asset transactions to financial periods, you have to close these periods. You have already depreciated all assets through the *06-2014* period and reconciled the account balances. Now you can close all the periods of the year 2013 and the first half of the year 2014 (through *06-2014*). Perform the following steps:

1. On the Close Financial Periods form (FA509000; Finance > Fixed Assets > Processes > Closing), select the unlabeled check box in the row with *12-2013*. Notice that the system selects all the previous periods as well.



To review the list of unreleased documents for the selected periods, on the form toolbar, you can click **Unreleased Documents**. To review the list of fixed assets that are not depreciated in the selected periods yet, on the form toolbar, you can click **Show Fixed Assets**.

2. On the form toolbar, click **Close Periods** to close all the periods of 2013 in the Fixed Assets module.
3. Select the check box in the row of the *06-2014* period, so that the system selects the periods from *01-2014* through *06-2014*.
4. On the form toolbar, click **Close Periods** to close the periods from *01-2014* through *06-2014*.

Now the year 2013 and the first half of the year 2014 are closed for posting transactions. In the closed periods, new assets cannot be acquired, existing assets cannot be disposed of, and the depreciation cannot be calculated, even if the **Allow Posting to Closed Periods** check box is selected on the General Ledger Preferences form (GL102000; Finance > General Ledger > Configuration > Setup).

Lesson Summary

In this lesson, you have learned how to close financial periods in the Fixed Assets module. After you have reconciled the Fixed Assets account balances with the General Ledger module for the needed financial periods, you have closed the periods on the Close Financial Periods form (FA509000).

Related Links

[Closing Periods](#)

[Close Financial Periods \(FA509000\)](#)

Review Questions

Answer the following questions to check your understanding of the material:

1. To reconcile fixed assets with the general ledger, which of the following reports do you use?
 - A. Trial Balance Summary report (GL632000; Finance > General Ledger > Reports > Balance)
 - B. Trial Balance Detailed report (GL632500; Finance > General Ledger > Reports > Balance)
 - C. FA Balance by GL Account report (FA643000; Finance > Fixed Assets > Reports > Balances)
 - D. Fixed Assets List report (FA610500; Finance > Fixed Assets > Reports > Audit)
2. Before you can close the financial period in the Fixed Assets module, you need to ... (select all required actions)
 - A. Verify the balance of the FA Accrual account, and make sure that all assets that were put in service in the period have been created in the Fixed Assets module.
 - B. Make sure that all fixed asset transactions are released for the period.
 - C. Close the period in all other modules.
 - D. Reconcile the balances of fixed asset accounts with general ledger accounts.
 - E. Close all previous periods.
 - F. Depreciate all existing assets for the period.
3. Select the correct statement if a period is closed in the Fixed Assets module.
 - A. You can still depreciate assets in this period if the **Allow Posting to Closed Period** check box is selected on the General Ledger Preferences form (GL102000).
 - B. You can still acquire new assets in this period if the **Allow Posting to Closed Period** check box is selected on the General Ledger Preferences form (GL102000).
 - C. You cannot depreciate existing assets and acquire new assets in this period.

Part 4: Data Migration

In this part of the course, you will learn how to migrate fixed assets from a legacy system. Specifically, you will learn how to:

- Create a partially depreciated asset and enter the accumulated depreciation into the system.
- Create an import scenario for importing fixed asset data.
- Import fixed asset data.
- Apply a Section 179 deduction to a fixed asset's cost.

Company Story: Data Migration

In this part of the course, you will work with the *SOFT* branch of the company, which represents the Software Inc. company. Suppose that another system has been used to manage the financial data of the Software Inc. company since January 2013.

In the middle of 2014, the Software Inc. company is migrating to Acumatica ERP from the legacy system. The trial balances for the previous periods have already been imported into Acumatica ERP. Because the company has been operating since 2013, it has multiple fixed assets in the old database, and these assets have the depreciation accumulated from the start of their useful life through the June 2014 period. The Software Inc. accountant wants to import these assets along with the accumulated depreciation and start fully operating in Acumatica ERP on 7/1/2014.

Lesson 9: Creating Partially Depreciated Assets

The accountant of Software Inc. wants to start using Acumatica ERP for production use on 7/1/2014. The legacy system will be used through 6/30/2014 and data will be migrated through this date. Before migration, Software Inc. has multiple fixed assets that have been maintained in the previous system from 1/1/2013 through 6/30/2014. To import the existing assets with accumulated depreciation without updating the general ledger, you need to turn on initialization mode. When you create fixed assets in initialization mode, acquisition and reconciliation transactions are marked as released. However, they do not update the General Ledger module and thus will not affect account balances.

In this lesson, you will learn how to manually create a partially depreciated asset. You will create the asset for the Software Inc. office building, which has been in use since 1/1/2013. It has an acquisition cost of \$117,000 and accumulated depreciation of \$4375. Perform the following steps:

1. On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), clear the **Update GL** check box to switch on initialization mode, and save your changes.
2. Select the *SOFT* branch as the current one. You are going to work with this branch in the remaining lessons of this course.
3. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), click **Add New Record**, and create a new fixed asset with the following settings:
 - **Asset ID:** Inserted automatically
 - **Description:** Software Inc. office building
 - **Asset Class:** BUILDING
 - **Asset Type:** BUILDING (inserted automatically from the fixed asset class)
 - **Useful Life, Years:** 39 (inserted automatically from the fixed asset class)
 - **Receipt Date:** 1/1/2013
 - **Placed-in-Service Date:** 1/1/2013
 - **Orig. Acquisition Cost:** 117,000
 - **Branch:** SOFT
 - **Department:** ADMIN
4. On the **Balance** tab, enter 06-2014 in the **Last Depr. Period** column of the row for the *FIN* book, and enter 4375 in the **Accum. Depr.** column, as shown in the following screenshot.

Software Inc - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE + - K < > |> ACTIONS

GENERAL SETTINGS		PURCHASE/TANGIBLE INFO		GL ACCOUNTS		BALANCE		COMPONENTS		DEPRECIATION HISTORY		LOCATION HISTORY		TRANSACTION HISTORY		RECONCILIATION				
* Book	Depreciation Method	Status	Update GL	* Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Busines Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day
> FIN	SL	Active	<input checked="" type="checkbox"/>	1/1/2013	01-2013	06-2014	01-2052	117,000.00	0.00	100.0000	0.00	0.00	4,375.00	0.00	0.00	39.0000	39.00	Mid Period	Fixed Day	15

Figure: Accumulated depreciation and last depreciation period for the new asset

5. Save the asset with the *Active* status, and review the transactions on the **Transaction History** tab, shown in the following screenshot. The system has generated the *Purchasing+* and *Depreciation+* transactions to register the asset's acquisition cost and the accumulated depreciation amount, and the *Reconciliation+* transaction to make the unreconciled cost equal to 0. Although the transactions are marked as released, they do not update the general ledger, so the **Batch Nbr.** column is empty.

Software Inc - Fixed Assets

Asset ID: 00000017 Parent Asset: Software Inc. office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book: FIN

Book	Tran. Date	Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.	Released
FIN	1/1/2013	01-2013	Purchasing+	152000	Buildings and Improvements	ADM-00-00	Administrative	150000	Accrued Purchas...	000-00-00	Non-specific	117,000.00	000061		<input checked="" type="checkbox"/>
FIN	6/30/2014	06-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Dep...	ADM-00-00	Administrative	4,375.00	000061		<input checked="" type="checkbox"/>
FIN	1/1/2013	01-2013	Reconciliation+	150000	Accrued Purchases - Fixed Assets	000-00-00	Non-specific	150000	Accrued Purchas...	000-00-00	Non-specific	117,000.00	000061		<input checked="" type="checkbox"/>

Figure: Transactions generated for the partially depreciated asset

- On the form toolbar, click **Actions > Calculate Depreciation**. The system calculates the depreciation by using the depreciation method and recovery period specified for the asset. If the entered accumulated depreciation does not equal the calculated value, the system calculates the depreciation adjustment to be posted in the first open period.
- On the **Depreciation History** tab, select **FIN** in the **Book** box, and review the calculated depreciation amounts (see the screenshot below). The **Calculated** column displays the calculated depreciation amounts for the periods. The total calculated depreciation for the periods from **01-2013** through **06-2014** is \$4375 (\$125 + \$250 * 17). The **Depreciated** column shows the recorded depreciation amounts. For the periods from **01-2013** through **06-2014**, the recorded depreciation is \$0.00. The accumulated depreciation that you have entered (\$4375) is recorded to the last depreciation period (**06-2014**).

Software Inc - Fixed Assets

Asset ID: 00000017 Parent Asset: Software Inc. office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY** LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book: FIN - Posting book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period			
01-2013	125.00	0.00	01-2014	250.00	0.00	01-2015	250.00	0.00	01-2016	250.00	0.00	01-2017	250.00	0.00	01-2018	250.00	0.00	01-2019
02-2013	250.00	0.00	02-2014	250.00	0.00	02-2015	250.00	0.00	02-2016	250.00	0.00	02-2017	250.00	0.00	02-2018	250.00	0.00	02-2019
03-2013	250.00	0.00	03-2014	250.00	0.00	03-2015	250.00	0.00	03-2016	250.00	0.00	03-2017	250.00	0.00	03-2018	250.00	0.00	03-2019
04-2013	250.00	0.00	04-2014	250.00	0.00	04-2015	250.00	0.00	04-2016	250.00	0.00	04-2017	250.00	0.00	04-2018	250.00	0.00	04-2019
05-2013	250.00	0.00	05-2014	250.00	0.00	05-2015	250.00	0.00	05-2016	250.00	0.00	05-2017	250.00	0.00	05-2018	250.00	0.00	05-2019
06-2013	250.00	0.00	06-2014	250.00	4,375.00	06-2015	250.00	0.00	06-2016	250.00	0.00	06-2017	250.00	0.00	06-2018	250.00	0.00	06-2019
07-2013	250.00	0.00	07-2014	250.00	0.00	07-2015	250.00	0.00	07-2016	250.00	0.00	07-2017	250.00	0.00	07-2018	250.00	0.00	07-2019
08-2013	250.00	0.00	08-2014	250.00	0.00	08-2015	250.00	0.00	08-2016	250.00	0.00	08-2017	250.00	0.00	08-2018	250.00	0.00	08-2019
09-2013	250.00	0.00	09-2014	250.00	0.00	09-2015	250.00	0.00	09-2016	250.00	0.00	09-2017	250.00	0.00	09-2018	250.00	0.00	09-2019
10-2013	250.00	0.00	10-2014	250.00	0.00	10-2015	250.00	0.00	10-2016	250.00	0.00	10-2017	250.00	0.00	10-2018	250.00	0.00	10-2019
11-2013	250.00	0.00	11-2014	250.00	0.00	11-2015	250.00	0.00	11-2016	250.00	0.00	11-2017	250.00	0.00	11-2018	250.00	0.00	11-2019
12-2013	250.00	0.00	12-2014	250.00	0.00	12-2015	250.00	0.00	12-2016	250.00	0.00	12-2017	250.00	0.00	12-2018	250.00	0.00	12-2019

Figure: Recorded accumulated depreciation

- On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), select the **Show Accurate Depreciation** check box in the **Other** section, and save your changes. When this check box is selected, on the **Depreciation History** tab of the Fixed Assets form (FA303000), the system shows the depreciation amounts recorded for the previous financial periods along with the depreciation adjustment calculated for the current period.
- On the Fixed Assets form (FA303000), for the **00000017 (Software Inc. office building)** asset, review the **Depreciation History** tab (see the screenshot below). For the periods before the current period, in the **Depreciated** column, the system shows the depreciation amounts that have been recorded to the Accumulated Depreciation account for the asset: \$0.00 for the periods through **05-2014**, and \$4375 for the last depreciation period (**06-2014**). For the current period (**07-2014**), in the **Calculated** column, the system shows the calculated depreciation plus the calculated depreciation adjustment. Because the calculated depreciation amount (\$4375) is equal to the entered accumulated depreciation, no adjustment is needed for the asset in **07-2014**. For the periods after the current period, in the **Calculated** column, the system shows the depreciation amounts calculated according to the settings of the asset. If no changes to

the asset's cost are made, when the asset is depreciated, these amounts will be posted to the Accumulated Depreciation account.

Software Inc - Fixed Assets

Asset ID: 0000017 Parent Asset: Description: Software Inc. office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY** LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book: FIN - Posting book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period
> 01-2013	0.00	0.00	01-2014	0.00	0.00	01-2015	250.00	0.00	01-2016	250.00	0.00	01-2017	250.00	0.00	01-2018	250.00	0.00	01-2019
02-2013	0.00	0.00	02-2014	0.00	0.00	02-2015	250.00	0.00	02-2016	250.00	0.00	02-2017	250.00	0.00	02-2018	250.00	0.00	02-2019
03-2013	0.00	0.00	03-2014	0.00	0.00	03-2015	250.00	0.00	03-2016	250.00	0.00	03-2017	250.00	0.00	03-2018	250.00	0.00	03-2019
04-2013	0.00	0.00	04-2014	0.00	0.00	04-2015	250.00	0.00	04-2016	250.00	0.00	04-2017	250.00	0.00	04-2018	250.00	0.00	04-2019
05-2013	0.00	0.00	05-2014	0.00	0.00	05-2015	250.00	0.00	05-2016	250.00	0.00	05-2017	250.00	0.00	05-2018	250.00	0.00	05-2019
06-2013	0.00	0.00	06-2014	4,375.00	4,375.00	06-2015	250.00	0.00	06-2016	250.00	0.00	06-2017	250.00	0.00	06-2018	250.00	0.00	06-2019
07-2013	0.00	0.00	07-2014	250.00	0.00	07-2015	250.00	0.00	07-2016	250.00	0.00	07-2017	250.00	0.00	07-2018	250.00	0.00	07-2019
08-2013	0.00	0.00	08-2014	250.00	0.00	08-2015	250.00	0.00	08-2016	250.00	0.00	08-2017	250.00	0.00	08-2018	250.00	0.00	08-2019
09-2013	0.00	0.00	09-2014	250.00	0.00	09-2015	250.00	0.00	09-2016	250.00	0.00	09-2017	250.00	0.00	09-2018	250.00	0.00	09-2019
10-2013	0.00	0.00	10-2014	250.00	0.00	10-2015	250.00	0.00	10-2016	250.00	0.00	10-2017	250.00	0.00	10-2018	250.00	0.00	10-2019
11-2013	0.00	0.00	11-2014	250.00	0.00	11-2015	250.00	0.00	11-2016	250.00	0.00	11-2017	250.00	0.00	11-2018	250.00	0.00	11-2019
12-2013	0.00	0.00	12-2014	250.00	0.00	12-2015	250.00	0.00	12-2016	250.00	0.00	12-2017	250.00	0.00	12-2018	250.00	0.00	12-2019

Figure: Accurate depreciation for the 0000017 asset



If the calculated depreciation for the previous periods is not equal to the entered accumulated depreciation, the system calculates the depreciation adjustment and posts it the next time you run depreciation for the asset. If the **Show Accurate Depreciation** check box is selected on the Fixed Assets Preferences form (FA101000), you can review the depreciation adjustment on the **Depreciation History** tab of the Fixed Assets form (FA303000) before you depreciate the asset in the current period.

Suppose that for the 0000017 (*Software Inc. office building*) asset, you have entered the accumulated depreciation in the amount of \$5000. That is, the difference between the calculated amount and entered amount is \$625 (\$5000 – \$4375). The calculated depreciation for the 07-2014 period is \$250. Thus, the adjustment to be posted is –\$375 (\$250 – \$625), as shown in the following screenshot.

Software Inc - Fixed Assets

Asset ID: 0000017 Parent Asset: Description: Software Inc. office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY** LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book: FIN - Posting book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period
> 01-2013	0.00	0.00	01-2014	0.00	0.00	01-2015	250.00	0.00	01-2016	250.00	0.00	01-2017	250.00	0.00	01-2018	250.00	0.00	01-2019
02-2013	0.00	0.00	02-2014	0.00	0.00	02-2015	250.00	0.00	02-2016	250.00	0.00	02-2017	250.00	0.00	02-2018	250.00	0.00	02-2019
03-2013	0.00	0.00	03-2014	0.00	0.00	03-2015	250.00	0.00	03-2016	250.00	0.00	03-2017	250.00	0.00	03-2018	250.00	0.00	03-2019
04-2013	0.00	0.00	04-2014	0.00	0.00	04-2015	250.00	0.00	04-2016	250.00	0.00	04-2017	250.00	0.00	04-2018	250.00	0.00	04-2019
05-2013	0.00	0.00	05-2014	0.00	0.00	05-2015	250.00	0.00	05-2016	250.00	0.00	05-2017	250.00	0.00	05-2018	250.00	0.00	05-2019
06-2013	0.00	0.00	06-2014	5,000.00	5,000.00	06-2015	250.00	0.00	06-2016	250.00	0.00	06-2017	250.00	0.00	06-2018	250.00	0.00	06-2019
07-2013	0.00	0.00	07-2014	-375.00	0.00	07-2015	250.00	0.00	07-2016	250.00	0.00	07-2017	250.00	0.00	07-2018	250.00	0.00	07-2019
08-2013	0.00	0.00	08-2014	250.00	0.00	08-2015	250.00	0.00	08-2016	250.00	0.00	08-2017	250.00	0.00	08-2018	250.00	0.00	08-2019
09-2013	0.00	0.00	09-2014	250.00	0.00	09-2015	250.00	0.00	09-2016	250.00	0.00	09-2017	250.00	0.00	09-2018	250.00	0.00	09-2019
10-2013	0.00	0.00	10-2014	250.00	0.00	10-2015	250.00	0.00	10-2016	250.00	0.00	10-2017	250.00	0.00	10-2018	250.00	0.00	10-2019
11-2013	0.00	0.00	11-2014	250.00	0.00	11-2015	250.00	0.00	11-2016	250.00	0.00	11-2017	250.00	0.00	11-2018	250.00	0.00	11-2019
12-2013	0.00	0.00	12-2014	250.00	0.00	12-2015	250.00	0.00	12-2016	250.00	0.00	12-2017	250.00	0.00	12-2018	250.00	0.00	12-2019

Figure: Depreciation adjustment calculated for the open period.

- On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), clear the **Show Accurate Depreciation** check box, and save your changes.

Lesson Summary

In this lesson, you have learned how to enter a partially depreciated fixed asset in the system. To enter a fixed asset with accumulated depreciation, you have switched on initialization mode to be able to

create fixed assets without updating the General Ledger module. To switch on initialization mode, you cleared the **Update GL** check box on the Fixed Assets Preferences form (FA101000).

When you enter a partially depreciated fixed asset, you need to specify, along with other settings, the last depreciation period and the depreciation amount that was accumulated from the placed-in-service date through the end of the last depreciation period.

Lesson 10: Migrating Fixed Assets by Using an Import Scenario

To speed data migration, you can use an import scenario. An import scenario is a set of instructions for the system that specifies the actions to be executed for each record of the imported data as if the data is being entered manually on the specified form. To prepare the import scenario for migrating data and then use it to migrate the fixed assets, you will perform the following steps:

1. [Preparing the data provider](#)
2. [Preparing the import scenario](#)
3. [Migrating data](#)
4. [Reviewing the import results](#)

1. Preparing the Data Provider

To import data by using the import scenario, you must convert the data in the external format to data in the format of Acumatica ERP. For this purpose, you create a data provider in the system and specify it for the import scenario. In this case, the data provider defines the data source type (Excel), the name of the spreadsheet that should be used for the data import, the list of the columns on the spreadsheet, and the data type of each column. On the Data Providers form (SM206015; System > Integration > Manage), create a new data provider as follows:

1. In the **Name** box, type `Import Fixed Assets`.
2. In the **Provider Type** box, select *Excel Provider*; save your changes.
3. Click the **Files** link at the top-right of the form, and upload the *FA_ImportData.xlsx* file that is provided with the course.
4. On the **Schema** tab, on the toolbar of the **Source Objects** pane, click **Fill Schema Objects**.
5. In the table of the **Source Objects** pane, select the **Active** check box in the *FAImport* row.
6. On the toolbar of the **Source Fields** pane, click **Fill Schema Fields**. The system populates the schema fields copied from the uploaded file, as shown in the following screenshot.

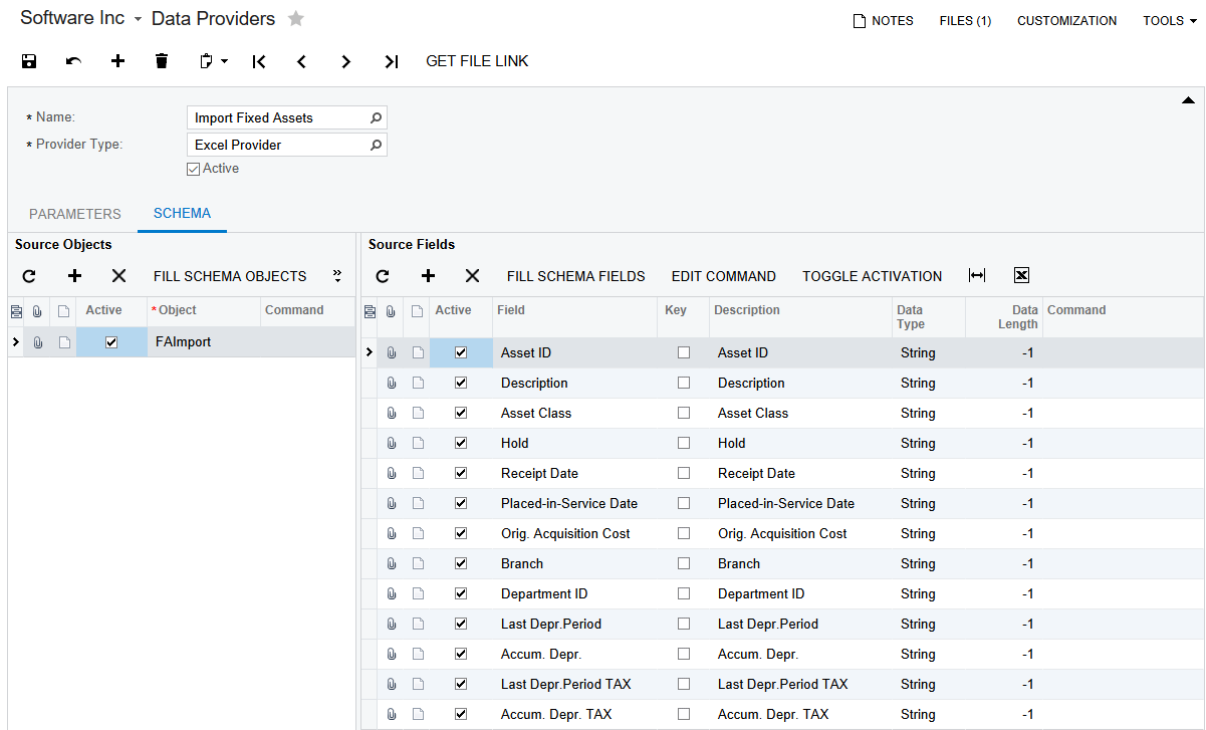


Figure: Configured data provider

7. Save your changes.

2. Preparing the Import Scenario

After you have created a data provider, you need to prepare the import scenario that uses it. An import scenario defines the mapping of the source columns to the destination fields of the entry in the system. In this step, you will upload the prepared import scenario from the provided file instead of creating it. On the Import Scenarios form (SM206025; System > Integration > Manage), prepare the new scenario as follows:

1. In the **Name** box, type `Import Fixed Assets`.
2. In the **Screen Name**, select **Company > Finance > Fixed Assets > Work Area > Manage > Fixed Assets**. This is the path to the form to which the data will be imported.
3. In the **Provider** box, select *Import Fixed Assets*, the data provider you created in the previous step.
4. In the **Provider Object** box, select *FAImport*; save your changes.
5. On the table toolbar, click **Load Records From File**, and select the *ImportScenario_FA.xlsx* file. Leave the default settings in the **Common Settings** and **Columns** dialog boxes, and click **OK**.

The system uploads the scenario from the file (see the screenshot below). The **Mapping** tab holds the list of steps of the scenario that import the records into the system as if each record is being manually entered through the corresponding data entry form—in this case, the Fixed Assets form (FA303000). For each imported record, the system executes the mapping steps one after another in the order in which they are listed on this tab.

Software Inc ▾ Import Scenarios ★ NOTES FILES (1) CUSTOMIZATION

VIEW SCREEN 00:00:00

* Name: Import Fixed Assets Active
 * Screen Name: Fixed Assets
 * Provider: Import Fixed Assets
 * Provider Object: FAlmport
 Sync Type: Full
 Format Locale:
 Inverse Mapping ID:

MAPPING SOURCE RESTRICTIONS TARGET RESTRICTIONS

Active	Target Object	*Field / Action Name	Commit	Source Field / Value	Ignore Error
<input checked="" type="checkbox"/>	Fixed Assets	<Key: AssetCD>	<input type="checkbox"/>	=[Asset.AssetCD]	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Fixed Assets	<Action: Cancel>	<input type="checkbox"/>		<input type="checkbox"/>
<input checked="" type="checkbox"/>	Fixed Assets	Asset ID	<input checked="" type="checkbox"/>	Asset ID	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Fixed Assets	Description	<input checked="" type="checkbox"/>	Description	<input type="checkbox"/>
<input checked="" type="checkbox"/>	General Settings -> Asset Summary -> Asset Class	Asset Class -> Asset Class ID	<input type="checkbox"/>	Asset Class	<input type="checkbox"/>
<input checked="" type="checkbox"/>	General Settings -> Asset Summary -> Property Type	Hold	<input checked="" type="checkbox"/>	'=False'	<input type="checkbox"/>
<input checked="" type="checkbox"/>	General Settings -> Asset Summary	Receipt Date	<input checked="" type="checkbox"/>	Receipt Date	<input type="checkbox"/>
<input checked="" type="checkbox"/>	General Settings -> Asset Summary	Placed-in-Service Date	<input checked="" type="checkbox"/>	Placed-in-Service Date	<input type="checkbox"/>
<input checked="" type="checkbox"/>	General Settings -> Asset Summary	Orig. Acquisition Cost	<input checked="" type="checkbox"/>	Orig. Acquisition Cost	<input type="checkbox"/>
<input checked="" type="checkbox"/>	General Settings -> Tracking Info	Branch -> Branch	<input type="checkbox"/>	Branch	<input type="checkbox"/>
<input checked="" type="checkbox"/>	General Settings -> Tracking Info	Department -> Department ID	<input checked="" type="checkbox"/>	Department ID	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Balance	<Key: BookID>	<input type="checkbox"/>	'=FIN'	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Balance	Last Depr. Period	<input checked="" type="checkbox"/>	Last Depr. Period	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Balance	Accum. Depr.	<input checked="" type="checkbox"/>	Accum. Depr.	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Balance	<Key: BookID>	<input type="checkbox"/>	'=TAX'	<input type="checkbox"/>

Figure: Uploaded import scenario

6. Save your changes to the scenario.

3. Migrating Data

To import fixed assets, you will use the prepared *Import Fixed Assets* scenario, which defines how the data from the source file should be imported into the system as fixed asset records. Import the data as follows:

1. Make sure that the *SOFT* branch is selected as the current branch.
2. On the Import by Scenario form (SM206036; System > Integration > Process), in the **Name** box, select *Import Fixed Assets*. This is the import scenario you have prepared.
3. On the form toolbar, click **Prepare** to prepare the already-uploaded *FA_ImportData.xlsx* file for import. The system uploads the data to the table (see the following screenshot).

Software Inc ▾ Import by Scenario ★ NOTES FILES (1) CUSTOMIZATION TOOLS

PREPARE & IMPORT **PREPARE** IMPORT UPLOAD FILE VERSION GET FILE VIEW SCREEN 00:00:00

Name: Import Fixed Assets Status: Prepared Simple Scenario
 Screen Name: Fixed Assets Number of Records: 10 Discard Previous Result

PREPARED DATA HISTORY DETAILS

Number	Active	Processed	Error	Asset ID	Description	Asset Class	Hold	Receipt Date	Placed-in-Service Date	Orig. Acquisition Cost	Branch	Department ID	Last Depr. Period	Accum. Depr.	Last Depr. Period TAX	Accum. Depr. TAX
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000040	Land (imported)	LAND	False	01/01/2013	01/01/2013	88000	SOFT	ADMIN				
2	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000041	Server (import...	COMPUTERS	False	02/01/2013	02/01/2013	750	SOFT	ADMIN	062014	360		
3	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000042	Desktop comp...	COMPUTERS	False	02/01/2013	02/01/2013	280	SOFT	ADMIN	062014	140.47		
4	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000043	Desktop comp...	COMPUTERS	False	02/01/2013	02/01/2013	280	SOFT	ADMIN	062014	140.47		
5	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000044	Desktop comp...	COMPUTERS	False	02/01/2013	02/01/2013	280	SOFT	ADMIN	062014	170.8		
6	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000045	Desktop comp...	COMPUTERS	False	12/01/2013	01/01/2014	415	SOFT	ADMIN	062014	84.72		
7	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000046	Desktop comp...	COMPUTERS	False	12/01/2013	01/01/2014	415	SOFT	ADMIN	062014	84.72		
8	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000047	Antivirus licens...	SOFTWARE	False	01/01/2014	01/01/2014	330	SOFT	ADMIN	062014	66	062014	64.17
9	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000048	Antivirus licens...	SOFTWARE	False	02/01/2014	02/01/2014	330	SOFT	ADMIN	062014	44	062014	50
10	<input checked="" type="checkbox"/>	<input type="checkbox"/>		00000049	Graphics edito...	SOFTWARE	False	01/01/2014	01/01/2014	2500	SOFT	ADMIN	062014	500	062014	800

Figure: Prepared data

- Click **Import** on the form toolbar. The system processes the records and creates the fixed assets. The created assets will be numbered according to the auto-numerated *FASSET* numbering sequence, which has been specified in the **Asset Numbering Sequence** box on the Fixed Asset Preferences form (FA101000).



If you want to keep the original asset IDs as they have been specified in the imported file, you could disable auto-numbering of the *FASSET* numbering sequence before you import the data. To do this, on the Numbering Sequences form (CS201010; Configuration > Common Settings > Common Settings), you would select the *FASSET* numbering sequence, select the **Manual Numbering** check box, and save your changes.

4. Reviewing the Import Results

Review the results of the data migration as follows:

- On the FA Balance report form (FA630000; Finance > Fixed Assets > Reports > Balances), make sure that *SOFT* is selected in the **Branch** box and *FIN* is selected in the **Book** box, and then run the report (see the following screenshot).

Fixed Asset Balance Location: SOFT Page: 1 of 1
 Company: Software Inc Date: 2/20/2018 12:33 PM
 User: admin, admin

ID	Book	Class	Status	Useful Life	Depreciate	Depreciation Method	Last Depr. Period	Business Use	Acquisition Cost	Basis	Accumulated Depreciation	Net Value
00000017	FIN	BUILDING	Active	39.0000	True	SL	06-2014	100.0000	117.000.00	117.000.00	4,375.00	112,625.00
00000018	FIN	LAND	Active		False			100.0000	88,000.00	88,000.00	0.00	88,000.00
00000019	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	750.00	750.00	360.00	390.00
00000020	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	280.00	280.00	140.47	139.53
00000021	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	280.00	280.00	140.47	139.53
00000022	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	280.00	280.00	170.80	109.20
00000023	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	415.00	415.00	84.72	330.28
00000024	FIN	COMPUTERS	Active	5.0000	True	MACRSS-	06-2014	100.0000	415.00	415.00	84.72	330.28
00000025	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	66.00	264.00
00000026	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	330.00	330.00	44.00	286.00
00000027	FIN	SOFTWARE	Active	3.0000	True	SL	06-2014	100.0000	2,500.00	2,500.00	500.00	2,000.00
Total:									210,580.00	210,580.00	5,966.18	204,613.82

Figure: Imported fixed assets



You can also review the FA Balance by GL Account report (FA643000; Finance > Fixed Assets > Reports > Balances) to make sure that the total balances of GL accounts are correct after the import process.

- On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), for the *00000027 (Graphics editor (imported))* asset, review the **Balance** tab to make sure that the accumulated depreciation has been imported along with all other data (see the following screenshot).

Software Inc ▾ Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

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Asset ID: 00000027 Parent Asset: ⌵

Description: Graphics editor (imported)

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY »

*Book	Depreciation Method	Status	Update GL	*Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years
> FIN	SL	Active	<input checked="" type="checkbox"/>	1/1/2014	01-2014	06-2014	12-2016	2,500.00	2,500.00	100.0000	2,500.00	0.00	500.00	2,000.00	0.00	3.0000
TAX	MACRS3-Y	Active	<input type="checkbox"/>	1/1/2014	01-2014	06-2014	01-2017	2,500.00	2,500.00	100.0000	2,500.00	0.00	800.00	1,700.00	0.00	3.0000

Figure: Imported accumulated depreciation

Now all the migrated data is imported and you can maintain fixed assets for the *SOFT* branch in the system.



In production, after you have imported the data, you need to reconcile the fixed assets with the general ledger to make sure that all account balances are correct.

- On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), select the **Update GL** check box, and save your changes. Now you can continue maintaining the imported fixed assets.

Lesson Summary

In this lesson, you have learned how to migrate fixed asset data from the legacy system. To migrate data, you created an import scenario that defines how the data from the source file is imported into the system. You created and edited import scenarios on the Import Scenarios form (SM206025). Then you imported data on the Import by Scenario form (SM206036) by using the import scenario that you created.

Related Links

- [Configuring Import Scenarios](#)
- [Overview \(Integration\)](#)
- [FA Balance \(FA630000\)](#)
- [Data Providers \(SM206015\)](#)
- [Import Scenarios \(SM206025\)](#)
- [Import by Scenario \(SM206036\)](#)

Lesson 11: Applying the Section 179 Deduction



This lesson covers concepts that are relevant for only businesses operating in the United States. The lesson is not required for certification.

One of the features of the U.S. tax system is Section 179 of the United States Internal Revenue Code. If this section is applied for an asset, you may deduct the full cost of the asset in the first year of its useful life instead of depreciating the asset over its useful life, or deduct a part of the cost and depreciate the remaining amount. In this lesson, you will learn how to apply the Section 179 deduction to a fixed asset.

Suppose that on 7/1/2014, Software Inc. has purchased a 10-user license of the TextEditor word processor to be used by the workers of the Sales department. The accountant of Software Inc. has decided to apply the Section 179 deduction for this software. Perform the following instructions:

1. Select the *SOFT* branch as the current one.
2. On the Fixed Asset Classes form (FA201000; Finance > Fixed Assets > Configuration > Setup), open the *SOFTWARE* class, and on the **Depreciation Settings** tab, select the **Sect. 179** check box in the row for the *TAX* book (see the screenshot below); save your changes. If the **Sect. 179** check box is selected for a specific book in a particular class, you can specify the deduction amount to be applied in this book for an asset of this class on the **Balance** tab of the Fixed Assets form (FA303000).

Software Inc ▾ Fixed Asset Classes NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

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* Asset Class ID: Active

Parent Class: Hold on Entry

Description:

GENERAL SETTINGS DEPRECIATION SETTINGS GL ACCOUNTS

Book	Useful Life, Years	Update GL	Class Method	Averaging Convention	Bonus	Sect. 179	Mid-Period Type	Mid-Period Day
FIN	3.0000	<input checked="" type="checkbox"/>	SL	Full Period	<input type="checkbox"/>	<input type="checkbox"/>	Fixed Day	15
TAX	3.0000	<input type="checkbox"/>	MACRS3-Y	Mid Year	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Fixed Day	15

Figure: Section 179 deduction enabled for the SOFTWARE class

3. On the Bills and Adjustments form (AP301000; Finance > Accounts Payable > Work Area > Enter), create the bill for the purchased software, and specify the following settings:
 - **Type:** *Bill*
 - **Vendor:** *V000000051 (Jevy Computers)*
 - **Date:** *7/1/2014*
 - **Post Period:** *07-2014*
 - **Description:** *TextEditor 10-user license*
 - **Document Details** tab, **Branch:** *SOFT*, **Transaction Desc.:** *TextEditor 10-user license*, **Ext. Cost:** *5000*, **Account:** *150000*, **Subaccount:** *000-00-00*
4. Save and then release the bill you have created.
5. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), click **Add New Record**, and create a fixed asset with the following settings in the **Summary** area and the **General Settings** tab:
 - **Asset ID:** Inserted automatically
 - **Description:** *TextEditor 10-user license*

- **Asset Class:** *SOFTWARE*
 - **Asset Type:** *SOFTWARE* (inserted automatically from the fixed asset class)
 - **Useful Life, Years:** *3* (inserted automatically from the fixed asset class)
 - **Receipt Date:** *7/1/2014*
 - **Placed-in-Service Date:** *7/1/2014*
 - **Orig. Acquisition Cost:** *5000*
 - **Branch:** *SOFT*
 - **Department:** *SALES*
6. On the **Balance** tab, in the row for the *TAX* book, enter *5000* in the **Tax 179 Amount** column, as shown in the following screenshot; save the asset.

Software Inc - Fixed Assets NOTES ACTIVITIES FILES CUSTOMIZATION

SAVE & CLOSE + - K < > | ACTIONS

Asset ID: 00000028 Parent Asset:

Description: TextEditor 10-user license

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book	Depreciation Method	Status	Update GL	Depr. From	Depr. To	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day	Tax 179 Amount	Tax 179 Recap
FIN	SL	Active	<input checked="" type="checkbox"/>	7/1/2014	07-2014	06-2017	06-2017	5,000.00	0.00	100.0000	0.00	0.00	0.00	0.00	0.00	3.0000	3.00	Full Period	Fixed Day	15	0.00	0.00
TAX	MACRS3-Y	Active	<input type="checkbox"/>	7/1/2014	07-2014	06-2017	06-2017	5,000.00	0.00	100.0000	0.00	0.00	0.00	0.00	0.00	3.0000	3.00	Mid Year	Fixed Day	15	5,000.00	0.00

Figure: Entry of tax 179 deduction for the asset



Another possible way to enter a Section 179 deduction is to disable the auto-release of acquisition transactions and convert the related purchase to the asset; after converting the purchase, you would open the created asset on the Fixed Assets form (FA303000), and on the **Balance** tab, you would enter the **Tax 179 Amount** for the appropriate book.

7. On the **General Settings** tab, remove the asset from hold, and save it again.
8. On the **Reconciliation** tab, reconcile the asset's cost with the \$5000 bill. To do this, select the unlabeled check box in the row with the **Orig. Amount** of \$5000, click **Process** on the form toolbar, and then click **Save**.
9. On the Calculate Depreciation form (FA502000; Finance > Fixed Assets > Processes > Recurrent), in the **To Period** box, enter *07-2014*, and in the **Action** box, select *Depreciate*.
10. In the table, select both rows for the *00000028 (TextEditor 10-user license)* asset (one for the *FIN* book and one for the *TAX* book), and click **Process** on the form toolbar.
11. On the Fixed Assets form (FA303000), review the **Depreciation History** tab for the *FIN* book and for the *TAX* book (see the screenshots below). The depreciation for the *FIN* book is calculated by the usual rule because you have not selected the **Sect. 179** check box for this book in the settings of the *SOFTWARE* class.

Software Inc - Fixed Assets

Asset ID: 00000028 Parent Asset: Description: TextEditor 10-user license

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY

Book: FIN - Posting book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated
> 01-2014			01-2015			01-2016			01-2017		
02-2014			02-2015			02-2016			02-2017		
03-2014			03-2015			03-2016			03-2017		
04-2014			04-2015			04-2016			04-2017		
05-2014			05-2015			05-2016			05-2017		
06-2014			06-2015			06-2016			06-2017		
07-2014	138.89	138.89	07-2015			07-2016			07-2017		
08-2014	0.00	0.00	08-2015			08-2016			08-2017		
09-2014			09-2015			09-2016			09-2017		
10-2014			10-2015			10-2016			10-2017		
11-2014			11-2015			11-2016			11-2017		
12-2014			12-2015			12-2016			12-2017		

Figure: Depreciation calculated for 07-2014 for the FIN book

In the TAX book, the cost of the 0000028 asset has been fully recovered in the first period of the first year.

Software Inc - Fixed Assets

Asset ID: 00000028 Parent Asset: Description: TextEditor 10-user license

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY

Book: TAX - Tax book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated
> 01-2014			01-2015			01-2016			01-2017		
02-2014			02-2015			02-2016			02-2017		
03-2014			03-2015			03-2016			03-2017		
04-2014			04-2015			04-2016			04-2017		
05-2014			05-2015			05-2016			05-2017		
06-2014			06-2015			06-2016			06-2017		
07-2014	5,000.00	5,000.00	07-2015			07-2016			07-2017		
08-2014	0.00	0.00	08-2015			08-2016			08-2017		
09-2014			09-2015			09-2016			09-2017		
10-2014			10-2015			10-2016			10-2017		
11-2014			11-2015			11-2016			11-2017		
12-2014			12-2015			12-2016			12-2017		

Figure: Depreciation calculated for 07-2014 for the TAX book

12. On the Balance tab, review the Accum. Depr. and Net Value columns (see the following screenshot), and notice that net value is now 0.00 for the TAX book.

Software Inc - Fixed Assets

Asset ID: 00000028 Parent Asset: Description: TextEditor 10-user license

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY TRANSACTION HISTORY RECONCILIATION

Book	Depreciation Method	Status	Update GL	*Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years	ADS Life, Years	Averaging Convention	Mid-Period Type	Mid-Period Day	Tax 179 Amount
> FIN	SL	Active	<input checked="" type="checkbox"/>	7/1/2014	07-2014	07-2014	06-2017	5,000.00	5,000.00	100.0000	5,000.00	0.00	138.89	4,861.11	0.00	3.0000	3.00	Full Period	Fixed Day	15	0.00
TAX	MACRS3-Y	Active	<input type="checkbox"/>	7/1/2014	07-2014	07-2014	06-2017	5,000.00	5,000.00	100.0000	5,000.00	0.00	5,000.00	0.00	0.00	3.0000	3.00	Mid Year	Fixed Day	15	5,000.00

Figure: Net value and accumulated depreciation in two books

Lesson Summary

In this lesson, you have learned to apply the Section 179 deduction for the fixed asset. To be able to apply the Section 179 deduction to the asset, you selected the **Sect. 179** check box for the needed class and specify the amount to be deducted in the **Tax 179 Amount** box for the needed asset. The specified amount will be taken as the depreciation amount in the first depreciation period.

Related Links

[*U.S.-Based Fixed Asset Depreciation*](#)

[*Fixed Asset Classes*](#)

[*Fixed Asset Classes \(FA201000\)*](#)

Review Questions

Answer the following questions to check your understanding of the material:

- 1.** To import a partially depreciated fixed asset into the system, you need to ... (select the correct statement or statements)
 - A. Enable initialization mode before creating the asset, and then specify the last depreciation period and the accumulated depreciation for the created asset, along with the current cost and placed-in-service date.
 - B. Create and release the *Depreciation Adjusting* transaction to correct the account balances.
 - C. Create the purchase and convert it to an asset.
 - D. Reverse the GL batch that was created when the asset was acquired.
- 2.** Select the correct statement or statements about creating fixed assets in initialization mode.
 - A. Acquisition and reconciliation transactions are not created.
 - B. Acquisition and reconciliation transactions are created and marked as released.
 - C. Acquisition and reconciliation transactions do not update the General Ledger module.
- 3.** Before you migrate data by using the import scenario, you need to ...
 - A. Enable initialization mode.
 - B. Disable initialization mode.

Fixed Asset Troubleshooting: Making Corrections to Fixed Assets

This topic describes how you can correct errors in existing fixed asset records. You will perform the following tasks:

1. *Changing the useful life of a fixed asset*
2. *Re-converting purchases to assets*
3. *Entering assets with a placed-in-service date that is earlier than the first calendar year in the system*
4. *Increasing or decreasing the depreciable basis in a non-posting book*

1. Changing the Useful Life of a Fixed Asset

Suppose that you have created a fixed asset with an acquisition cost of \$1000, a useful life of three years, and the *SL (Straight-Line)* method, and that you have depreciated the asset for two periods (see the following screenshot).

Western office of Computers Inc, headquarters ▾ Fixed Assets ★ NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE 📄 ↶ + 🗑️ 📁 ⏪ ⏩ ⏴ ⏵ ACTIONS ▾

Asset ID: Parent Asset:

Description:

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY** >>

Book:

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated
> 01-2015	13.89	13.89	01-2016			01-2017			01-2018		
02-2015	13.88	13.88	02-2016			02-2017			02-2018		
03-2015	0.00	0.00	03-2016			03-2017			03-2018		
04-2015			04-2016			04-2017			04-2018		
05-2015			05-2016			05-2017			05-2018		
06-2015			06-2016			06-2017			06-2018		
07-2015			07-2016			07-2017			07-2018		
08-2015			08-2016			08-2017			08-2018		
09-2015			09-2016			09-2017			09-2018		
10-2015			10-2016			10-2017			10-2018		
11-2015			11-2016			11-2017			11-2018		
12-2015			12-2016			12-2017			12-2018		

Figure: Asset with a useful life of three years depreciated through 02-2015

Then you have decided to increase the useful life of the asset to five years. To change the useful life of the asset, on the **General Settings** tab of the Fixed Assets form (FA303000) for the needed asset, enter 5 in the **Useful Life, Years** box, as shown in the screenshot below, and save your changes.

Western office of Computers Inc, headquarters ▾ Fixed Assets ★

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

SAVE & CLOSE ↻ ↶ + ↷ ⌵ ⌴ ⌵ ⌴ ACTIONS ▾

Asset ID: 00000030 Parent Asset:

Description: Server

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS

ASSET SUMMARY **TRACKING INFO**

* Asset Class: COMPUTERS - Computers : * Branch: WEST - Western office of Cc

* Property Type: Property Building:

Status: Active Floor:

Hold Room:

* Asset Type: COMPUTERS - Computers : * Department: ADMIN - Administrative

Tangible Reason:

Quantity: 1.00 Tag Number:

Depreciate

Useful Life, Years: 5.0000

* Receipt Date: 1/1/2015

* Placed-in-Service Date: 1/1/2015

Orig. Acquisition Cost: 1,000.00

Salvage Amount: 0.00

Replacement Cost: 0.00

Disposal Date:

Disposal Method:

Disposal Amount: 0.00

Figure: New useful life of asset



You cannot change the useful life of the fixed asset if a table depreciation method is selected for the asset.

Depreciate the asset for 03-2015 and 04-2015, and then review the **Depreciation History** tab (see the following screenshot).

Western office of Computers Inc, headquarters ▾ Fixed Assets ★

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

SAVE & CLOSE ↻ ↶ + ↷ ⌵ ⌴ ⌵ ⌴ ACTIONS ▾

Asset ID: 00000030 Parent Asset:

Description: Server

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS **DEPRECIATION HISTORY**

Book: FIN - Posting book

Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated	Period	Calculated	Depreciated
> 01-2015	8.33	13.89	01-2016			01-2017			01-2018		
02-2015	8.32	13.88	02-2016			02-2017			02-2018		
03-2015	8.32	-2.80	03-2016			03-2017			03-2018		
04-2015	16.66	16.66	04-2016			04-2017			04-2018		
05-2015	0.00	0.00	05-2016			05-2017			05-2018		
06-2015			06-2016			06-2017			06-2018		
07-2015			07-2016			07-2017			07-2018		
08-2015			08-2016			08-2017			08-2018		
09-2015			09-2016			09-2017			09-2018		
10-2015			10-2016			10-2017			10-2018		
11-2015			11-2016			11-2017			11-2018		
12-2015			12-2016			12-2017			12-2018		

Figure: Depreciation recalculated for changed useful life

The system has calculated depreciation for *03-2015* and *04-2015*, and recalculated depreciation for the previous periods. Because the depreciation expenses for *01-2015* and *02-2015* exceed the newly calculated amount, the system posts a negative depreciation amount in *03-2015*.



You can also change the depreciation method for an asset. The system recalculates accumulated depreciation by using the new settings and posts a depreciation adjustment to the asset's current period.

2. Re-Converting Purchases to Assets

Suppose that you have converted a purchase to a fixed asset; the acquisition transaction is released for the asset. Then you have realized that you have converted the full purchase amount instead of the partial amount you intended to convert. You cannot correct the asset's acquisition cost, because the acquisition transaction has been released. To correct the asset, perform the following steps:

1. On the form toolbar of the Fixed Assets form (FA303000), click **Actions > Reverse** to reverse the wrongly created fixed asset.
2. Release the generated reversal transaction. After you do, the corresponding purchase or purchases will reappear on the Convert Purchases to Assets form (FA504500).
3. On the Fixed Assets Preferences form (FA101000; Finance > Fixed Assets > Configuration > Setup), clear the **Automatically Release Acquisition Transactions** check box to be able to review the newly created fixed asset before acquisition.
4. On the Convert Purchases to Assets form (FA504500; Finance > Fixed Assets > Processes > Asset Management), again convert the needed purchase with the correct settings.
5. Review the created fixed asset to make sure that all settings are correct now, and release the generated acquisition transaction.

3. Entering Assets with a Placed-In-Service Date That Is Earlier Than the First Calendar Year in the System

Suppose that you need to migrate an asset with an accumulated depreciation that was placed in service in 2011. When you try to enter the fixed asset, the system shows an error, as shown in the screenshot below. This error occurs because the specified date is within a financial period that is not defined for the books assigned to the fixed asset.

Western office of Computers Inc, headquarters ▾ Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE [Icons] ACTIONS ▾

Asset ID: <NEW> Parent Asset: [Field]
 Description: Office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS

ASSET SUMMARY **TRACKING INFO**

* Asset Class: BUILDING - Buildings and br
 * Property Type: Property
 Status: On Hold
 Hold
 * Asset Type: BUILDING - Building
 Tangible
 Quantity: 1.00
 Depreciate
 Useful Life, Years: 39.0000
 * Receipt Date: 1/1/2011
 * Placed-in-Service Date: [Dropdown]
 Orig. Acquisition Cost: 0.00
 Salvage: [Field]
 Replace: [Field]
 Dispos: [Field]
 Disposal Method: [Field]
 Disposal Amount: 0.00

* Branch: WEST - Western office of Cc
 Building: [Field]
 Floor: [Field]
 Room: [Field]
 Custodian: [Field]
 * Department: ADMIN - Administrative
 Reason: [Field]
 Tag Number: [Field]

FA Error: Asset will be depreciated from 1/1/2011, book 'FIN' does not have financial periods generated from 2011. You need to go to 'Generate FA Calendars' screen and generate financial periods before changing this asset.

Figure: Error when you specify the placed-in-service date

To fix the issue, you need to do the following:

1. Review the **Balance** tab, which shows to which books the fixed asset is assigned (see the screenshot below). You need to regenerate the Fixed Assets calendars for both posting (*FIN*) and non-posting (*TAX*) books starting from the financial year to which the placed-in-service date belongs.

Western office of Computers Inc, headquarters ▾ Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE [Icons] ACTIONS ▾

Asset ID: <NEW> Parent Asset: [Field]
 Description: Office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY

*Book	Depreciation Method	Status	Update GL	*Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value
FIN	SL	Active	<input checked="" type="checkbox"/>					0.00	0.00	100.0000	0.00	0.00	0.00	0.00
TAX	DB 125	Active	<input type="checkbox"/>					0.00	0.00	100.0000	0.00	0.00	0.00	0.00

Figure: Books assigned to the fixed asset

2. Open the Financial Year form (GL101000; Finance > General Ledger > Configuration > Setup). The first financial year defined in the system is 2013 (see the screenshot below). The posting book (*FIN*) uses the General Ledger calendar; therefore, to be able to generate the Fixed Assets calendar for this book from 2011, you need to shift the first financial year two years earlier.

Western office of Computers Inc, headquarters ▾ Financial Year ★ CUSTOMIZATION TOOLS ▾

GENERATE PERIODS SHIFT THE FIRST YEAR

First Financial Year: **2013** Number of Financial Periods : **12**

Financial Year Starts On: **1/1/2013** Has Adjustment Period

Belongs to Next Year

Period Type: **Month**

First Period Start Date: **1/1/2013** Adjust to Period Start

Period Nbr.	Start Date	End Date	Description
01	1/1/2013	1/31/2013	January
02	2/1/2013	2/28/2013	February
03	3/1/2013	3/31/2013	March
04	4/1/2013	4/30/2013	April
05	5/1/2013	5/31/2013	May
06	6/1/2013	6/30/2013	June
07	7/1/2013	7/31/2013	July
08	8/1/2013	8/31/2013	August
09	9/1/2013	9/30/2013	September
10	10/1/2013	10/31/2013	October
11	11/1/2013	11/30/2013	November
12	12/1/2013	12/31/2013	December

Figure: The first financial year

- On the form toolbar, click **Shift the First Year**, and in the dialog box with the warning message (which the system has opened), click **Yes**. The system shifts the first financial year one year earlier (to 2012). Click **Shift the First Year** one more time, and confirm the operation again. The first financial year is now 2011 (see the following screenshot).

Western office of Computers Inc, headquarters ▾ Financial Year ★ CUSTOMIZATION TOOLS ▾

GENERATE PERIODS **SHIFT THE FIRST YEAR**

First Financial Year:
 Number of Financial Periods :

Financial Year Starts On:
 Has Adjustment Period

Belongs to Next Year

Period Type:

First Period Start Date:
 Adjust to Period Start

Period Nbr.	Start Date	End Date	Description
01	1/1/2011	1/31/2011	January
02	2/1/2011	2/28/2011	February
03	3/1/2011	3/31/2011	March
04	4/1/2011	4/30/2011	April
05	5/1/2011	5/31/2011	May
06	6/1/2011	6/30/2011	June
07	7/1/2011	7/31/2011	July
08	8/1/2011	8/31/2011	August
09	9/1/2011	9/30/2011	September
10	10/1/2011	10/31/2011	October
11	11/1/2011	11/30/2011	November
12	12/1/2011	12/31/2011	December

Figure: The shifted financial year in the General Ledger module

4. Save your changes to the form.
5. On the Book Calendars form (FA206000; Finance > Fixed Assets > Configuration > Setup), in the **Book** box, select **TAX**.
6. On the form toolbar, click **Shift the First Year** until the first year becomes 2011, as shown in the screenshot below.

Western office of Computers Inc, headquarters ▾ Book Calendars

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

← SAVE & CLOSE GENERATE PERIODS **SHIFT THE FIRST YEAR**

DELETE BOOK PERIODS

* Book: **TAX - Tax t. 0** Number of Periods : 12
 First Year: **2011** Has Adjustment Period
 Year Starts On: 1/1/2011 Belongs To Next Year
 Period Type: **Month**
 First Period Starts On: 1/1/2011 Adjust To Period Start

Period Nbr.	Start Date	End Date	Description
> 01	1/1/2011	1/31/2011	January
02	2/1/2011	2/28/2011	February
03	3/1/2011	3/31/2011	March
04	4/1/2011	4/30/2011	April
05	5/1/2011	5/31/2011	May
06	6/1/2011	6/30/2011	June
07	7/1/2011	7/31/2011	July
08	8/1/2011	8/31/2011	August
09	9/1/2011	9/30/2011	September
10	10/1/2011	10/31/2011	October
11	11/1/2011	11/30/2011	November
12	12/1/2011	12/31/2011	December

Figure: The shifted first financial year for the non-posting book

- Save your changes to the form.
- On the Generate FA Calendars form (FA501000; Finance > Fixed Assets > Processes > Recurrent), specify the needed year in the **Generate Through Year** box (in this example, 2053), and on the form toolbar, click **Process All** to regenerate the Fixed Assets calendars for both books.

Western office of Computers Inc, headquarters ▾ Generate FA Calendars ★

PROCESS **PROCESS ALL**

Generate Through Year: 2053

<input type="checkbox"/>	Book ID	Description	First Calendar Year	Last Calendar Year
> <input type="checkbox"/>	FIN	Posting book	2013	2053
<input type="checkbox"/>	TAX	Tax book	2014	2018

Figure: Fixed Assets calendars to be regenerated

- Click Esc to refresh the form. Now the first calendar year in both books is 2011, as shown in the screenshot below.

Western office of Computers Inc, headquarters ▾ Generate FA Calendars ★

PROCESS PROCESS ALL

Generate Through Year:		2054	
Book ID	Description	First Calendar Year	Last Calendar Year
FIN	Posting book	2011	2053
TAX	Tax book	2011	2053

Figure: Regenerated Fixed Assets calendars

10. On the Fixed Assets form (FA303000), create the asset and specify *1/1/2011* as the **Receipt Date**. The **Placed-in-Service Date** is also set to *1/1/2011* (see the following screenshot).

Western office of Computers Inc, headquarters ▾ Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS ▾

SAVE & CLOSE

Asset ID:	<NEW>	Parent Asset:	
Description:	Office building		
<p>GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS</p> <p>ASSET SUMMARY TRACKING INFO</p> <p>* Asset Class: BUILDING - Buildings and b * Property Type: Property Status: On Hold <input checked="" type="checkbox"/> Hold * Asset Type: BUILDING - Building <input checked="" type="checkbox"/> Tangible Quantity: 1.00 <input checked="" type="checkbox"/> Depreciate Useful Life, Years: 39.0000 * Receipt Date: 1/1/2011 * Placed-in-Service Date: 1/1/2011 Orig. Acquisition Cost: 10,000.00 Salvage Amount: 0.00 Replacement Cost: 0.00 Disposal Date: Disposal Method: Disposal Amount: 0.00</p>			
* Branch:	WEST - Western office of Cc		
Building:			
Floor:			
Room:			
* Custodian:			
* Department:	ADMIN - Administrative		
Reason:			
Tag Number:			

Figure: The Placed-in-Service Date

11. Now you can specify the last depreciation periods and accumulated depreciation for the asset. Notice that the asset is depreciated starting from *01-2011* in both books (see the following screenshot).

Western office of Computers Inc, headquarters - Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE

Asset ID: 00000031 Parent Asset: Description: Office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY

* Book	Depreciation Method	Status	Update GL	* Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value
FIN	SL	Active	<input checked="" type="checkbox"/>	1/1/2011	01-2011		01-2050	10,000.00	0.00	100.0000	0.00	0.00	0.00	0.00
TAX	DB 125	Active	<input type="checkbox"/>	1/1/2011	01-2011		12-2049	10,000.00	0.00	100.0000	0.00	0.00	0.00	0.00

Figure: Depreciation periods

4. Increasing or Decreasing the Depreciable Basis in a Non-Posting Book

Suppose that you have a fixed asset (00000031 - Office building) assigned to two books (one a posting book and the other a non-posting book) and you want to decrease its depreciable basis by \$8055.60 in a non-posting book (TAX) starting from the 08-2014 period (see the following screenshot).

Western office of Computers Inc, headquarters - Fixed Assets

NOTES ACTIVITIES FILES CUSTOMIZATION TOOLS

SAVE & CLOSE

Asset ID: 00000031 Parent Asset: Description: Office building


GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY

* Book	Depreciation Method	Status	Update GL	* Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Business Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount
FIN	SL	Active	<input checked="" type="checkbox"/>	1/1/2014	01-2014	07-2014	01-2053	130,000.00	130,000.00	100.0000	130,000.00	0.00	1,805.51	128,194.49	0.00
TAX	SL	Active	<input type="checkbox"/>	1/1/2014	01-2014	07-2014	01-2053	130,000.00	130,000.00	100.0000	130,000.00	0.00	1,805.51	128,194.49	0.00

Figure: Fixed asset assigned to two books

To decrease the depreciable basis, perform the following steps:

- On the Fixed Asset Transactions form (FA301000; Finance > Fixed Assets > Work Area > Enter), create a *Purchasing+* transaction with the following settings:
 - Document Date:** 8/1/2014
 - Description:** Adjusting asset cost
- Click **Add Row**, and specify the following settings in the row (see the following screenshot):
 - Asset:** 00000031 - Office building
 - Book:** TAX
 - Transaction Type:** *Purchasing+*
 - Transaction Amount:** -8055.60

 To increase the depreciable basis of the asset, you would specify a positive value for the transaction amount, such as 8500.

 - Transaction Description:** Adjusting asset cost

Western office of Computers Inc, headquarters - Fixed Asset Transactions

SAVE & CLOSE + - K < > RELEASE

Reference Nu... <NEW> Document Total: -8,055.60

Document Date: 8/1/2014

Status: Balanced
 On Hold

Origin: Adjustment

Description: Adjusting asset cost

Asset	Description	*Book	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transac Amount	Batch Nbr.	Transaction Description
00000031	Office building	TAX	Purchasing+	152000	Buildings a...	ADM-00-00	Administrative	150000	Accrued Purchases...	000-00-00	Non-specific	-8,055.60		Adjusting asset cost

Figure: Manually created Purchasing+ transaction

3. Save and release the transaction.

4. On the Fixed Assets form (FA303000; Finance > Fixed Assets > Work Area > Manage), review the **Balance** tab for the 00000031 fixed asset. The **Basis** and the **Net Value** of the asset in the **TAX** book have been decreased by the specified transaction amount (\$130,000 – \$8055.60 = \$121,944.40 and \$128,154.49 – \$8055.60 = \$120,138.89), as shown in the following screenshot.

Western office of Computers Inc, headquarters - Fixed Assets

SAVE & CLOSE + - K < > ACTIONS

Asset ID: 00000031 Parent Asset:

Description: Office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS **BALANCE** COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY

*Book	Depreciation Method	Status	Update GL	*Depr. From	Depr. From Period	Last Depr. Period	Depr. to Period	Orig. Acquisition Cost	Current Cost	Busines Use, %	Basis	Salvage Amount	Accum. Depr.	Net Value	Gain/Loss Amount	Useful Life, Years
FIN	SL	Active	<input checked="" type="checkbox"/>	1/1/2014	01-2014	07-2014	01-2053	130,000.00	130,000.00	100.0000	130,000.00	0.00	1,805.51	128,194.49	0.00	39.0000
TAX	SL	Active	<input type="checkbox"/>	1/1/2014	01-2014	07-2014	01-2053	130,000.00	121,944.40	100.0000	121,944.40	0.00	1,805.51	120,138.89	0.00	39.0000

Figure: Decreased fixed asset basis and net value

5. Review the **Transaction History** tab for the 00000031 fixed asset, as shown in the following screenshot.

Western office of Computers Inc, headquarters - Fixed Assets

SAVE & CLOSE + - K < > ACTIONS

Asset ID: 00000031 Parent Asset:

Description: Office building

GENERAL SETTINGS PURCHASE/TANGIBLE INFO GL ACCOUNTS BALANCE COMPONENTS DEPRECIATION HISTORY LOCATION HISTORY **TRANSACTION HISTORY** RECONCILIATION

Book:

*Book	*Tran. Date	*Tran. Period	Transaction Type	Debit Account	Description	Debit Subaccount	Description	Credit Account	Description	Credit Subaccount	Description	Transaction Amount	Reference Number	Batch Nbr.
FIN	1/1/2014	07-2014	Purchasing+	152000	Buildings and Improve...	ADM-00-00	Administrative	150000	Accrued Purchases - Fixe...	000-00-00	Non-specific	130,000.00	000077	000142
TAX	1/1/2014	01-2014	Purchasing+	152000	Buildings and Improve...	ADM-00-00	Administrative	150000	Accrued Purchases - Fixe...	000-00-00	Non-specific	130,000.00	000077	
TAX	2/28/2014	02-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depreciatio...	ADM-00-00	Administrative	416.66	000078	
TAX	3/31/2014	03-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depreciatio...	ADM-00-00	Administrative	277.77	000079	
TAX	4/30/2014	04-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depreciatio...	ADM-00-00	Administrative	277.77	000080	
TAX	5/31/2014	05-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depreciatio...	ADM-00-00	Administrative	277.77	000081	
TAX	6/30/2014	06-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depreciatio...	ADM-00-00	Administrative	277.77	000082	
TAX	7/31/2014	07-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depreciatio...	ADM-00-00	Administrative	277.77	000083	
FIN	7/31/2014	07-2014	Depreciation+	600000	Depreciation Expense	ADM-00-00	Administrative	162000	Accumulated Depreciatio...	ADM-00-00	Administrative	1,805.51	000084	000143
TAX	8/1/2014	08-2014	Purchasing+	152000	Buildings and Improve...	ADM-00-00	Administrative	150000	Accrued Purchases - Fixe...	000-00-00	Non-specific	-8,055.60	000085	

Figure: Transaction history for the fixed asset with a decreased depreciable basis

The created transaction affects only the **TAX** book and didn't generate a batch, because **TAX** is not a posting book.

Appendix: Types of Fixed Asset Transactions

Fixed asset transactions of various types, described later in this topic, are generated during the fixed asset life cycle when you perform operations with the fixed assets. Depending on the type of generated transaction, the system may use some of the following accounts:

- Fixed Assets account: The account specified for a fixed asset in the **Fixed Assets Account** box on the **GL Accounts** tab of the Fixed Assets form (FA30300). By default, the system copies this account from the fixed asset class selected for the fixed asset.
- Fixed Assets Accrual account: The account specified for a fixed asset in the **FA Accrual Account** box on the **GL Accounts** tab of the Fixed Assets form (FA30300). By default, the system copies this account from the **FA Accrual Account** box on the Fixed Assets Preferences form (FA101000).
- Document line account: The account that has been debited by the purchase of the item that then was converted to a fixed asset.
- Accumulated Depreciation account: The account specified for a fixed asset in the **Accumulated Depreciation Account** box on the **GL Accounts** tab of the Fixed Assets form (FA30300). By default, the system copies this account from the fixed asset class selected for the fixed asset.
- Depreciation Expense account: The account specified for a fixed asset in the **Depreciation Expense Account** box on the **GL Accounts** tab of the Fixed Assets form (FA30300). By default, the system copies this account from the fixed asset class selected for the fixed asset.
- Gain account: The account specified for a fixed asset in the **Gain Account** box on the **GL Accounts** tab of the Fixed Assets form (FA30300). By default, the system copies this account from the fixed asset class selected for the fixed asset.
- Loss account: The account specified for a fixed asset in the **Loss Account** box on the **GL Accounts** tab of the Fixed Assets form (FA30300). By default, the system copies this account from the fixed asset class selected for the fixed asset.
- Proceeds account: The account specified for a fixed asset in the **Proceeds Account** box on the **GL Accounts** tab of the Fixed Assets form (FA30300). By default, the system copies this account from the fixed asset class selected for the fixed asset. If the proceeds account is not specified for a fixed asset, the system copies it from the selected disposal method.

The following sections describe the types of fixed asset transactions:

- [Purchasing+](#)
- [Purchasing-](#)
- [Reconciliation+](#)
- [Reconciliation-](#)
- [Calculated+](#)
- [Depreciation+](#)
- [Depreciation-](#)
- [Depreciation Adjusting+](#)
- [Depreciation Adjusting-](#)
- [Purchasing Disposal](#)
- [Purchasing Reversal](#)
- [Sale/Dispose+](#)
- [Sale/Dispose-](#)
- [Transfer Purchasing](#)

- [Transfer Depreciation](#)

Purchasing+

The system generates a transaction of this type automatically on the acquisition of a fixed asset when you create a fixed asset manually, convert it from a purchase, or increase the net book value of a fixed asset. The *Purchasing+* transaction transfers the asset cost from the Fixed Assets Accrual account to the Fixed Assets account, as shown below:

- Fixed Assets account, Dr, Amount
- Fixed Assets Accrual account, Cr, Amount

You can also create a *Purchasing+* transaction manually on the Fixed Asset Transactions form (FA301000) to adjust the cost for a fixed asset in a particular book.

Purchasing-

The system generates a transaction of this type automatically when you reverse the acquisition of a fixed asset or decrease the net book value of a fixed asset. The *Purchasing-* transaction transfers the asset cost from the Fixed Assets account to the Fixed Assets Accrual account, as shown below:

- Fixed Assets Accrual account, Dr, Amount
- Fixed Assets account, Cr, Amount

If you reverse a fixed asset, the corresponding purchase becomes available to be converted to a fixed asset again.

Reconciliation+

The system generates a transaction of this type automatically when you convert the fixed asset from a purchase, increase the net book value of a fixed asset by making an addition, or enter a fixed asset in initialization mode. The *Reconciliation+* transaction debits the Fixed Assets Accrual account and credits the account that has been debited by the purchase of the corresponding item, as shown below:

- Fixed Assets Accrual account, Dr, Amount
- Document line account, Cr, Amount

Reconciliation-

The system generates a transaction of this type automatically when you decrease the net book value of a fixed asset by making a deduction. The *Reconciliation-* transaction debits the Fixed Assets Accrual account and credits the account that has been debited by the purchase of the item that is specified in the document line, as shown below:

- Document line account, Dr, Amount
- Fixed Assets Accrual account, Cr, Amount

Calculated+

The system generates a transaction of this type when you run the *Depreciate* process (that is, when you select *Depreciate* in the **Action** box and click **Process** or **Process All**) for a fixed asset on the Calculate Depreciation form (FA502000). When the *Calculated+* transaction is released, it is transformed to a *Depreciation +* transaction. The *Calculated+* transaction looks as shown below:

- Depreciation Expense account, Dr, Amount
- Accumulated Depreciation account, Cr, Amount

Depreciation+

The system changes a transaction of the *Calculated+* type to the *Depreciation+* type when you release a *Calculated+* transaction that you have previously prepared for the fixed asset by running the *Depreciate* process (that is, by selecting *Depreciate* in the **Action** box and clicking **Process** or **Process All**) for this fixed asset on the Calculate Depreciation form (FA502000). The *Depreciation+* transaction looks as shown below:

- Depreciation Expense account, Dr, Amount
- Accumulated Depreciation account, Cr, Amount

You can also create a *Depreciation+* transaction manually on the Fixed Asset Transactions form (FA301000) to adjust the depreciation for a fixed asset in a particular book.

Depreciation-

The system generates this transaction when you reverse the fixed asset with depreciation to decrease the accumulated depreciation amount, as shown below:

- Accumulated Depreciation account, Dr, Amount
- Depreciation Expense account, Cr, Amount

Depreciation Adjusting+

Transactions of this type are generated when the system adjusts the accumulated depreciation amount of an asset in some operations, such as split or reverse disposal of the asset. For example, the system generates this transaction when you split a fixed asset with depreciation to transfer part of the accumulated depreciation to a newly created fixed asset, as shown below:

- Accumulated Depreciation account, Dr, Amount
- Accumulated Depreciation account, Cr, Amount

When you reverse dispose of an asset, the system generates the *Depreciation Adjusting+* transaction as follows:

- Gain or Loss account, Dr, Amount
- Accumulated Depreciation account, Cr, Amount

Depreciation Adjusting-

Transactions of this type are generated when the system adjusts the accumulated depreciation amount of an asset in some operations, such as the split or disposal of the asset. For example, the system generates this transaction when you split a fixed asset with depreciation to decrease the accumulated depreciation for this asset by the amount that is transferred to a newly created fixed asset, as shown below:

- Accumulated Depreciation account, Dr, Amount
- Accumulated Depreciation account, Cr, Amount

When you dispose of an asset, the system generates the transaction as follows:

- Accumulated Depreciation account, Dr, Amount
- Gain or Loss account, Cr, Amount

Purchasing Disposal

The system generates a transaction of this type to record the proceeds from the sale or disposal of the asset. The *Purchasing Disposal* transaction transfers the asset cost from the Fixed Assets account to the

expense account (Gain account if the disposal proceeds amount is a gain, or Loss account if the disposal proceeds amount is a loss) to record the cost disposal, as shown below:

- Gain or Loss account, Dr, Amount
- Fixed Assets account, Cr, Amount

Purchasing Reversal

The system generates a transaction of this type to record the reverse of the asset disposal. The *Purchasing Reversal* transaction transfers the asset cost from the expense account to which it was previously recorded by the *Purchasing Disposal* transaction to the Fixed Assets account to record the reversal of the cost disposal, as shown below:

- Fixed Assets account, Dr, Amount
- Gain or Loss account, Cr, Amount

Sale/Dispose+

The system generates a transaction of this type to record the proceeds amount from the sale or disposal of the asset, as shown below:

- Proceeds account, Dr, Amount
- Gain or Loss account, Cr, Amount

Sale/Dispose-

The system generates a transaction of this type to record the reverse of the asset disposal, as shown below:

- Gain or Loss account, Dr, Amount
- Proceeds account, Cr, Amount

Transfer Purchasing

The system generates a transaction of this type to transfer the fixed asset to another branch, account, or subaccount, as shown below:

- Fixed Assets account, Destination subaccount, Dr, Amount
- Fixed Assets or Fixed Assets Accrual account, Original subaccount, Cr, Amount

Transfer Depreciation

The system generates a transaction of this type to transfer the accumulated depreciation of a fixed asset to another branch, account, or subaccount, as shown below:

- Accumulated Depreciation account, Destination subaccount, Dr, Amount
- Accumulated Depreciation account, Original subaccount, Cr, Amount

Glossary

Accumulated depreciation: The sum of the depreciation expenses for all the periods in which a fixed asset has been depreciated.

Addition to a fixed asset: A correction of the asset's cost that increases the asset's net value.

Asset disposal: An operation that withdraws an asset from use because it has been sold or damaged.

Averaging convention: A setting of a fixed asset that specifies how a fixed asset is depreciated in the start period and in the end period of the asset's life (that is, in the financial period within which the asset is acquired or disposed of).

Current cost: The acquisition cost of the asset plus additions and minus deductions.

Deduction from a fixed asset: A correction of the asset's cost that decreases the asset's net value.

Depreciation: The process of decreasing the net value of a fixed asset due to the asset's cost being allocated as expenses in the periods in which the fixed asset is in use.

Depreciation book: A journal that holds the history of fixed asset transactions.

Depreciation method: A method that is used to allocate the cost of a fixed asset over its expected useful life. Depreciation methods can be formula-based or table-based.

Depreciation period: The financial period defined in the depreciation book for which the depreciation expenses are calculated with specified depreciation method.

Fixed asset: A long-term asset of a company that is used in its business operations. A fixed asset may also be referred to as *property, plant, and equipment*.

Fixed asset class: An entity that groups similar fixed assets and provides default settings for them.

Fixed asset transaction: A record in the fixed asset history that the system adds for each operation with a fixed asset. The types of fixed asset transactions are briefly described in [Appendix: Types of Fixed Asset Transactions](#).

Fixed asset type: A predefined or custom entity that defines whether an asset is tangible and depreciable, and that could be used for categorizing assets. The predefined fixed asset types are the following: *Building, Computers, Copyrights, Equipment, Furniture, Goodwill, Land, Machinery, Patents, Software, and Vehicle*.

Formula-based depreciation method: A depreciation method that uses a formula for the calculation of depreciation.

Intangible fixed asset: A fixed asset that has no physical substance (such as a copyright, goodwill, computer software, and a patent).

Net book value: The current cost of a fixed asset minus the accumulated depreciation in a particular book.

Non-posting book: A book that does not update the General Ledger. You can assign multiple non-posting books to a fixed asset.

Original acquisition cost: The amount spent to acquire the asset.

Posting book: A book that updates the General Ledger module. You can assign only one posting book to a fixed asset.

Placed-in-service date: The date when a fixed asset was first placed into use. The system depreciates the fixed asset starting on this date.

Reconciliation of fixed asset: An operation that links the cost of a fixed asset with the cost of the appropriate purchase.

Salvage amount: The estimated book value at the end of the useful life of an asset.

Split of fixed asset: An operation that divides a fixed asset into two or more separate fixed assets.

Table depreciation method: A depreciation method that uses depreciation tables that define the annual depreciation rates for each recovery year.

Transfer of fixed asset: An operation that moves the fixed asset to another branch, location, custodian, or department.

Tangible fixed asset: A fixed asset that has physical substance (such as land, a building, equipment, a vehicle, furniture, and a fixture).

Useful life: The estimated period of time during which a fixed asset is expected to be used for business purposes.

Key to Review Questions

Lesson 1:

1) A, B, D; 2) A, B, C; 3) A, B, C

Lesson 2:

1) B, D; 2) C, D; 3) B

Lesson 3:

1) B, C; 2) C; 3) A

Lesson 4:

1) A, B, C; 2) A, C, D ; 3) C

Lesson 5:

1) A, B, C, D; 2) B, D; 3) A, C

Lesson 6:

1) C ; 2) A, B; 3) A, C

Lessons 7–8:

1) B, C; 2) A, B, D, E, F; 3) C

Lessons 9–11:

1) A; 2) B, C ; 3) A