

**MICROSOFT® BUSINESS SOLUTIONS  
NAVISION® 4.0**

**COURSE 8357A: FIXED ASSETS**

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# INTRODUCTION

## Welcome

We know training is a vital component of retaining the value of your Microsoft® Business Solutions–Navision® investment. Our quality training from experts keeps you up-to-date on your solution and helps you develop the skills necessary for fully maximizing the value of your solution. Whether you choose Online Training, Classroom Training, or Training Materials; there's a type of training to meet everyone's needs. Choose the training type that best suits you so you can stay ahead of the competition.

### Online Training

Online Training offers convenient, in-depth training to you in the comfort of your own home or office. Online training provides immediate access to training 24 hours-a-day, and works well for the customer lacking the time or budget to travel. Our newest online training option, eCourses, combines the efficiency of online training with the in-depth product coverage of classroom training, with at least two weeks to complete each course.

### Classroom Training

Classroom Training provides serious, in-depth learning through hands-on interaction. From demonstrations to presentations to classroom activities, you receive hands-on experience with instruction from our certified staff of experts. Regularly scheduled throughout North America, you can be sure to find a class convenient for you.

### Training Materials

Training Materials enable you to learn at your own pace, on your own time with information-packed training manuals. Our wide variety of training manuals feature an abundance of tips, tricks, and insights you can refer to again and again.

Look for a complete list of manuals available for purchase on the Microsoft Business Solutions website:  
[www.microsoft.com/BusinessSolutions](http://www.microsoft.com/BusinessSolutions).

### **U.S. Only and “As used in the U.S.”**

Some of this product’s functionality is only used by businesses in the United States of America. When these U.S. specific features are described in the courseware it will be denoted with a “US Only” label. Other product functionality might be derived from laws or accounting rules of the United States of America but, may still be applicable in other countries. Examples or descriptions of these types of features may be based on U.S. examples. In the courseware you will see the phrase “As used in the U.S.” utilized to denote this type of content.

## **About the Fixed Assets Training Material**

This Fixed Assets training material provides a conceptual and operational description of the standard resource and project management functionality of Microsoft Navision. The material can be used both in the context of an instructor-led training course and as reference material for self-teaching.

### **Training Objectives**

Whether used in a course setting or for self-teaching, the material is designed to build the product knowledge required for those who work as implementation consultants on Microsoft Navision. It is also provided to help obtain certification as a Navision Consultant in Financial Management. As a consequence, it is recommended reading for students preparing to take the Financial Management Test.

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***NOTE:** Students should also have gained the knowledge provided in the Financial Series 1, Financial Series 2, and Resources and Jobs manuals to take the Financial Management test.*

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### **Material Overview**

The material consists of the following chapters:

- Chapter 1 Fixed Asset Setup
- Chapter 2 Fixed Asset Transactions
- Chapter 3 Fixed Asset Reclassifications
- Chapter 4 Fixed Asset Maintenance
- Chapter 5 Fixed Asset Insurance

In this material, the chapters are organized in a manner that reflects the product application area structure. Within each chapter, information is presented on a selected process that can be carried out in the application area. It is recommended that a course or self-teaching activity based on this material follow the suggested chapter order. For students to be prepared for the Financial Management test, all chapters must be covered.

The chapters in this training material typically contain the following elements:

- **Concepts:** Concepts explain the business processes that can be managed using the financial management functionality of the program.
- **Scenarios:** Scenarios represent the typical business situations where the application is used. Scenarios provide a basis for examples.
- **Examples:** Examples give practical step-by-step descriptions of how you use the application.
- **Exercises:** Exercises allow the course participants to practice using the program. We encourage students to try to solve the exercise by themselves.

The material includes the following typographic conventions:

- **Name** is used for names of fields, tabs, and windows.
- **Input Text** is used for text that the user enters.

### Dates

The dates in the course material are in the American format. In order to avoid confusion when reading the material and following the exercises, it is a good idea to change the date format in Windows before starting the training session.

The working date is set to January 25, 2001. It is important that this date is used when following the examples and doing the exercises included in the material. Depending on the dates of the posted entries, the working date may change. It is therefore recommended to check that the working date is set to January 25, 2001 for the beginning of each example or exercise unless the example or exercise specifies a different date.

### Demonstration Data

All examples and exercises in this material are based on a fictitious company, Cronus International Ltd.

Unless otherwise stated, exercises and examples in any chapter will always be independent of exercises and examples in other chapters. Therefore, you can use a “fresh” database every time you start a new chapter. Where possible, examples and exercises in each individual chapter are also designed independently of each other. However, because of the limited scope of the Cronus demo database, the same data is sometimes used in examples to illustrate the steps performed for a particular financial management task.

To make sure that you always have a “fresh” demo database, make a copy of the database on the hard disk before you start the course.

### License Information

To run some of the examples and exercises included in the training material, you will need a license that allows more functions than the standard Cronus Demo license. You may need access to the form designer in the license to demonstrate some jobs functionality in the program. This enables you to display fields not shown in the forms in the existing demonstration data. In addition, the standard Cronus license limits the date range in which you can enter transactions, so some of the examples in the material won't work.

To enable participants to perform all exercises, a training license (type 013) has been created.

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**NOTE:** It is *NOT* mandatory to use this training license for all training classes. If you have already used an alternative method that allows students to complete all the exercises and examples, you may continue to use that method.

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### Suggested Course Duration

When this training material is to be used for an instructor-led course, it is recommended that the material be taught over one day. You can also add this material to other courses in the Financial Management curriculum to create instructor-led courses of longer duration. Alternatively, you can offer this material for self-study training as part of a blended Financial Management training curriculum.



## Installing Microsoft Navision

Before beginning the course, you must install Microsoft Navision on your computer.

The installation procedure is described below.

1. Insert the CD-ROM. The browser now displays the different options.

If the browser does not load the install file, you can open it manually by performing the following:

2. In the Start menu, click **Run**.
3. In the **Run** window, in the Open field, enter x:\started.exe (replace x by the drive letter of your CD-ROM drive) and then click **OK**.
4. Once the browser is displayed, this is the installation procedure:
5. Click **Client**.
6. Click **Microsoft Business Solutions–Navision Client**. The installation now begins.
7. The Microsoft Business Solutions–Navision W1 Installation Wizard window appears. Click **Next**.
8. In the User Name and Organization fields enter your customer information. Click **Next**.
9. Click either the All Users or **Only For Me** fields based on the setup you want. Click **Next**.

---

***NOTE:** Selecting **All Users** gives access to basic company functionality.*

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10. Click the **Complete** field to select the setup type and then click **Next**.
11. Click **Install** to indicate that you are ready to install the program.
12. The installation process begins.
13. Click **Finish** to complete the installation of Microsoft Navision.

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# CHAPTER 1: FIXED ASSET SETUP

## Overview

The Microsoft® Business Solutions – Navision® Fixed Assets application area provides fully integrated fixed asset management functionality. This functionality helps a company effectively and efficiently manage their assets. You can keep track of all information relevant to fixed assets, such as maintenance costs and schedules, acquisition costs, and related insurance information. For each fixed asset, you can have unlimited depreciation books in order to track the depreciation expense reliably. In addition, you have all the normal methods of depreciation available, plus the ability to create custom depreciation methods. With the flexibility and real-time nature of fixed assets, this means your periodic income and expense figures are always accurate and up-to-date.

The Basic Fixed Asset granule records, processes, and calculates acquisitions, depreciation, write downs/ups, and the disposal of assets. This granule is also ideally suited for use in the international arena because of its ability to handle multiple depreciation methods. It is fully integrated with the other areas of the application.

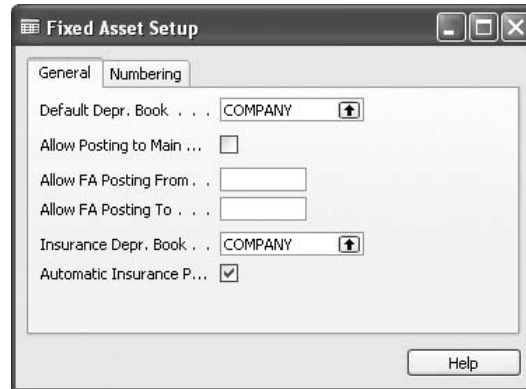
In addition to the Basic Fixed Assets granule, there are four other granules. These are Insurance, Maintenance, Allocations, and Reclassification. All four of these granules require the purchase of the Basic Fixed Assets granule, which requires the purchase of the General Ledger base granule.

- The Insurance granule allows you to monitor the insurance coverage and annual premiums of your assets and to index your insurance amounts.
- The Maintenance granule gives you the ability to record maintenance and service expenses for each asset. It also can be integrated with the General Ledger.
- The Allocation granule allows you to allocate different percentages of the periodic depreciation expense of a fixed asset to different G/L accounts or different dimensions and dimension values.
- The Reclassification granule lets you reclassify a fixed asset or part of a fixed asset from one classification to another, for example from one department to another. It also allows assets to be broken down into several assets or components of a main asset. If an asset is to be disposed of in part, you will need this granule to first separate the fixed asset into two or more parts.

## Setting Up Fixed Assets

### The Fixed Assets Setup Window

Before we look at the different areas within the Fixed Assets application area, let's start by defining how we want the program to manage our fixed assets in the **Fixed Assets Setup** window. To open the **Fixed Assets Setup** window, click FINANCIAL MANAGEMENT→SETUP→FA SETUP:



#### General Tab

The **Default Depr. Book** field contains the depreciation book that you want as the default. It does not prevent you from having multiple depreciation books.

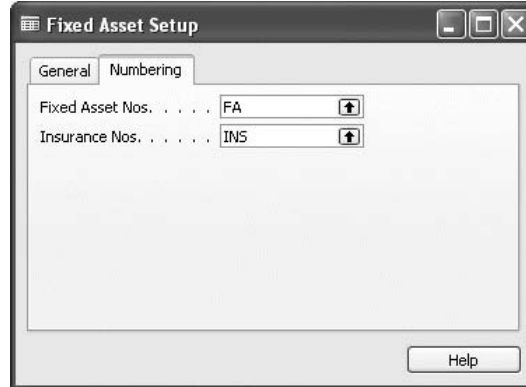
If you have split up your assets into main assets and components, and you want to keep track of the components, you can post directly to a main asset. However, you may only want to post information through the components. A check mark in the **Allow Posting to Main**, allows you to post to a main asset. The **Allow Posting From** and **Allow FA Posting To** are similar to the **Posting To** and **Posting From** fields in the General Ledger.

If your configuration includes the Insurance granule, you must enter a code in the **Insurance Depreciation Book** field to be able to post insurance coverage ledger entries. This code is your default depreciation book. You must first set up the Default Depreciation book before you can set up the Insurance Depreciation Book. The program also uses the code in this field when it automatically removes sold fixed assets and their values from insurance policies.


If the **Automatic Insurance Posting** field contains a check mark, the program will allow the acquisition costs posted to fixed assets to be posted automatically to the insurance coverage ledger.

### Numbering Tab

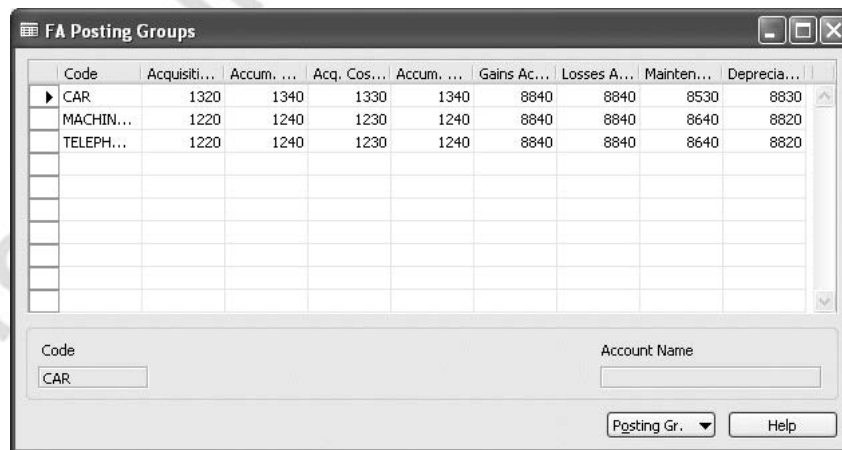
You can set up a number series for your fixed assets and the insurance policies that cover them. To see the number series that have been set up in the field click the **AssistButton** to open the No. Series window.



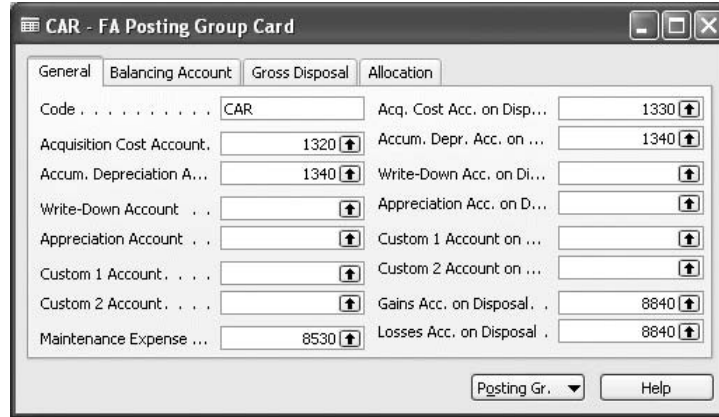
### FA Posting Groups

The next area that we need to set up is the posting groups for transactions related to fixed assets. Top open the FA Posting Groups window, click FINANCIAL MANAGEMENT→SETUP POSTING GROUPS→FIXED ASSETS 

You must enter a code for each group of assets you want to work with. You specify the G/L account numbers needed for the different types of expenses and costs. You define the accounts for the acquisition costs, accumulated depreciation amounts, acquisition costs on disposal, accumulated depreciation on disposal, gains on disposal, losses on disposal, maintenance expenses, and depreciation expenses.



Please note that not all accounts are shown in the standard layout. To see all of the fields, click POSTING GR→CARD to open the FA Posting Group card. On the **General** and **Balancing Account** tabs, you can see all of the account fields. You may find it more efficient to add some of these fields to the FA Posting Groups window.



The FA Posting Group Card window gives you a good overview of the account structure of the posting group. Each FA posting type can have more than one relation to a G/L account. In most cases, the same account is used for all kinds of depreciation. Only the acquisition cost account is different because it is connected with a VAT posting group.

### **General Tab**

This tab contains the FA G/L accounts from the balance sheet that are used by the program when an acquisition, depreciation or disposal of the FA is posted. You also enter the Gain and Loss accounts for disposal if you have selected the *Net* method of disposal in the standard depreciation book.

### **Balancing Account Tab**

On this tab, you enter the number of the G/L accounts to which you want the program to post depreciation expenses for fixed assets in this posting group. This account can be inserted automatically by the program when you use the Calculate Depreciation batch job. Normally, only the expense accounts used by the program are entered except in the case where you want to post every transaction with an automatic balance account. This is useful when you post with a transfer balance account to handle the FA / G/L transactions.

### **Gross Disposal Tab**

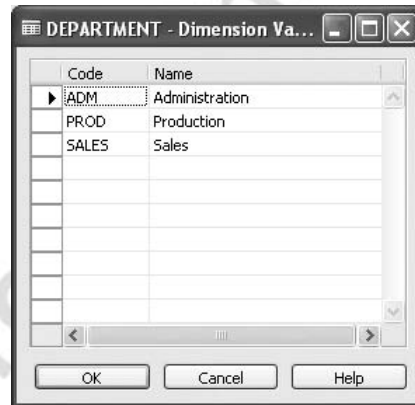
If you want to post disposals using the Gross method, you must enter the associated G/L accounts in the **Sales** and **Book Value** fields on this tab. They are divided into a gain and a loss account, so that the sales amount is posted to the Sales Gain Account when you have made a profit on disposal and to the Sales Loss Account when you have made a loss on disposal. The book value used to calculate the profit or loss on disposal is also posted to a separate gain or loss account. You select the disposal method, net or gross in the Standard Depreciation Book.

### Allocation Tab

If you want to distribute the different types of expenses and costs associated with an asset, you need to set up allocation keys. You do this by clicking **POSTING GR.→ALLOCATIONS**. Notice that you have the possibility of establishing allocations for certain types of transactions. Select **Depreciation** and take a look at the FA Allocations window.

In this window, you specify the account number in the general ledger to which you want the program to post the allocation and the allocation percentage for the particular asset's allocation. You can also specify the global dimension values for the allocation line. To do this, you need to show the **Shortcut Dimension 1 and 2** fields in the lines. In the demonstration data, these are the Department and Project fields.

1. In the FA Allocations window, click **LINE→DIMENSIONS**. The FA Allocation Dimensions window appears.
2. You use the FA Allocation Dimensions window to select additional dimension codes and dimension values to which you want to allocate the allocation percentage. You can select from all dimension codes and values set up in the program.
3. In this example, let's split up our depreciation costs between the administration and production departments.
4. In the **Dimension Code** field, click the **AssistButton** to select the dimension code. Select the **Department** code.
5. In the **Dimension Value Code** field, click the **AssistButton** to select the value for the dimension in the Dimension Value List window.



6. Select the **ADM** code and click **OK** to copy it to the field.

The same procedure can be used to create a second allocation line in the FA Allocations window for the production department.

## Microsoft Navision Fixed Assets

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You can specify the percentage of the type of transaction amount you want to allocate to each asset. After you set up your allocation keys, you can see the allocated percentages on the **Allocation** tab of the **FA Posting Group** card. In the FA Posting Groups window, click POSTING GR.→CARD.

***NOTE:** When you use the allocation of posting types in your posting groups, the program produces one G/L ledger entry per allocation and per asset. This is dependent upon on how many assets you have linked to it.*

---

Allocated %		Allocated %	
Acquisition Cost . . . . .	0.0	Gain . . . . .	0.0
Depreciation . . . . .	100.0	Loss . . . . .	0.0
Write-Down . . . . .	0.0	Book Value (Gain) . . . . .	0.0
Appreciation . . . . .	0.0	Book Value (Loss) . . . . .	0.0
Custom 1 . . . . .	0.0		
Custom 2 . . . . .	0.0		
Maintenance . . . . .	0.0		

All types of asset transactions are listed along with the total allocation percentage amount. To see the detailed allocations per type of transaction, you have the drilldown capability into the FA Allocations window.



## Test Your Skills – Set Up a New FA Posting Group

Set up a new posting group, IT-EQUIP for IT-equipment. Use the same G/L accounts as the MACHINERY posting group. You don't need an allocation of depreciation expenses or other FA posting types isn't needed.

### **FA Classes, FA Sub Classes, and FA Locations**

The **FA Classes**, **FA Subclasses**, and **FA Locations** are interrelated and careful consideration should be given before setting these up. You should consider how to classify your assets before you start and then use the following three codes for this classification.

The **FA Class Code** can be used for groupings of assets into categories such as intangible and tangible.

#### ***FA Subclasses***

The **FA Subclass Code** can be used to further group your assets within main categories, for example, buildings, vehicles, furniture, and machinery.

#### ***FA Locations***

The **FA Location Code** is used to register the location of each asset, for example, Administration, the Red Warehouse, Building 2. This particular code can be useful for insurance and inventory purposes.

### **Insurance Types and Maintenance**

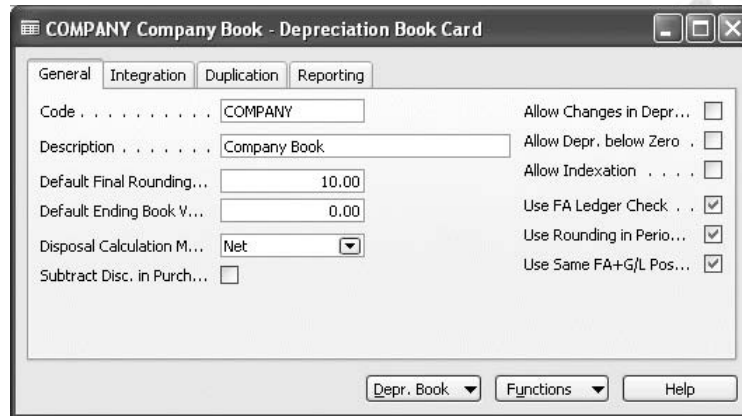
You will learn more about these in the Fixed Asset Insurance and Fixed Asset Maintenance chapters.

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## Depreciation Books

If you are going to depreciate your assets, you need to set up depreciation books on the Depreciation Book card. If you are going to use multiple books, then you set up the additional books in this window as well. Once these are set up, you attach one or more depreciation books to an asset in order to define how depreciation will be handled for the assets assigned to the various books.

Let's take a look at the setup required for a Depreciation Book. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS.



### General Tab

An amount in the **Default Final Rounding Amount** field ensures that a fixed asset will be fully depreciated over its depreciable lifetime.

The **Default Ending Book Value** field allows you to enter an amount to prevent the asset from being fully depreciated.

The **Disposal Calculation Method** field lets you specify Net or Gross as the method. The net method posts to either a disposal loss or gain account, while the gross method posts to a book value gain or loss account and a sales gain or loss account.

You select the **Subtract Disc. In Purch. Inv.** Field if the line and invoice discount is to be subtracted from the acquisition cost posted for the fixed asset. If you place a check mark in this field, the line and invoice discount will be posted to the account contained in the **Purch. FA Disc. Account** field in the General Posting Setup window.

The **Allow Changes in Depr.** field is used to indicate that the depreciation fields in the FA Depreciation Books can be changed after entries have been posted. If you do not select this field, changes cannot be posted if entries other than acquisition costs and/or salvage value have been posted.

The **Allow Depr. Below Zero** field indicates that you want the program to continue calculating periodic depreciation when using the Calculate Depreciation batch job continues even if the book value of the fixed asset is zero or negative.

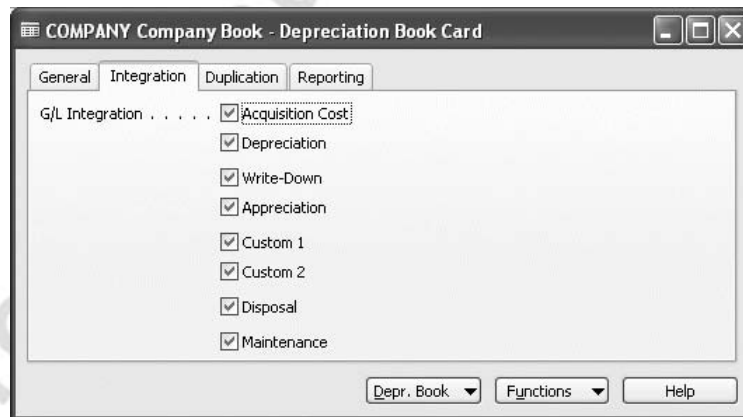
In the **Allow Indexation** field you indicate whether or not you want to allow indexation of entries. Indexation is the process of adjusting asset values for general price-level changes. This can be used to calculate the value of fixed assets at replacement costs. Indexation should not be done with FA ledger entries that have been posted to the general ledger.

Insert a check mark in the **Use FA Ledger Check** field to have the program confirm that the acquisition cost is the first cost booked as a debit and that the disposal cost is the last cost booked. It also verifies that the depreciable basis has a debit balance, and that the book value is a debit. It also ensures that Accumulated Depreciation, Salvage Value, and Accumulated Sales Price are all Credit Balances. If you do not check this box, the only thing the program verifies is that the Acquisition Cost is the first cost, and the Disposal Cost is the last cost posted.

A check mark in the **Use Rounding in Periodic Depr.** field indicates that you want depreciation rounded to whole numbers.

The **Use Same FA & G/L Posting Dates** field is used to have both date fields filled with the same date when only one date field is specified. You then would only have to enter both dates separately if you wanted the two dates to differ.

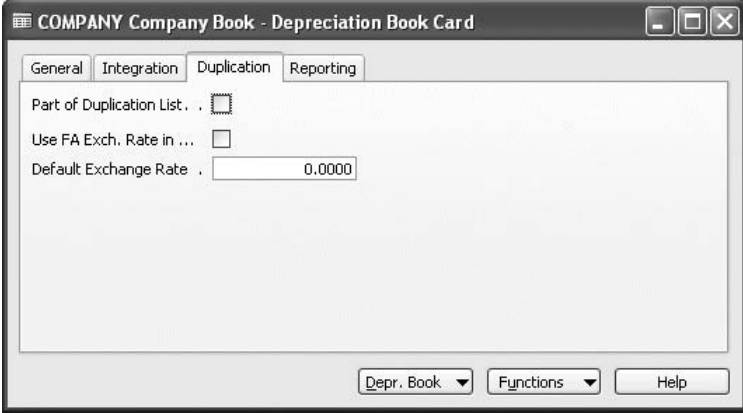
**Integration Tab**



The **Integration** tab lets you specify what entries you want integrated with the general ledger. Only one depreciation book should be integrated to the general ledger, otherwise you will post to it twice.

You place a check mark in the fields of the relevant posting type or types of FA transactions that you want to integrate with the general ledger. When general ledger integration is activated, you will use the FA G/L Journal to record information, if not you will use the FA Journal.

### **Duplication Tab**



The screenshot shows a software window titled "COMPANY Company Book - Depreciation Book Card". It has four tabs: "General", "Integration", "Duplication", and "Reporting". The "Duplication" tab is selected. Inside this tab, there are three fields: "Part of Duplication List" with an unchecked checkbox, "Use FA Exch. Rate in ..." with an unchecked checkbox, and "Default Exchange Rate" with a text box containing "0.0000". At the bottom of the window, there are three buttons: "Depr. Book" with a dropdown arrow, "Functions" with a dropdown arrow, and "Help".

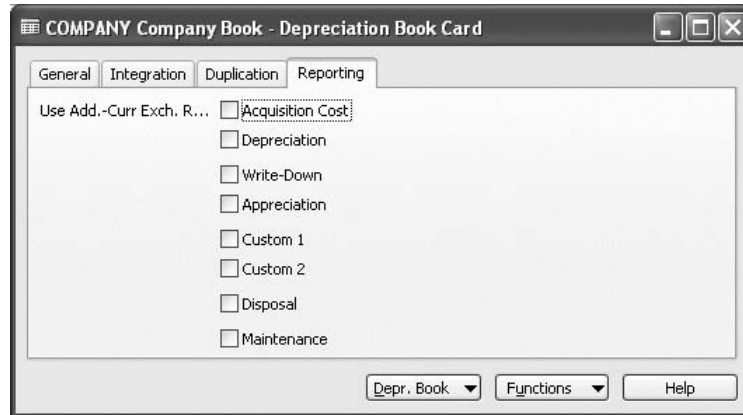
The **Duplication** tab is used to indicate if you want to be able to duplicate entries in other depreciation books. Duplication is useful if you are using multiple depreciation books. Using duplication will allow the program to create the same entries for all the books you are using, which will save a lot of time in data entry.

If the **Part of Duplication List** field contains a check mark, the depreciation book is part of the duplication list.

The **Use FA Exch. Rate in Duplic.** field indicates whether you want the FA exchange rate used when entries are duplicated from one journal to another. It will be used when you want to recalculate the copy amount.

In the **Default Exchange Rate** field you specify the exchange rate that you want to use as a default if no exchange rate is specified in the FA Depreciation Book.

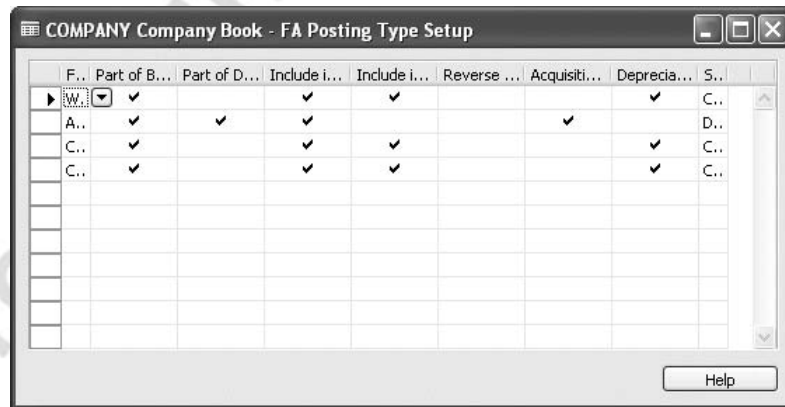
### Reporting Tab



The **Reporting** tab allows you to use an additional foreign currency rate for posting types of transactions.

***NOTE:** You don't need to type an additional reporting currency or insert check marks in these fields, if are already using an additional reporting currency in the general ledger that has a fixed exchange rate like EUR. All entries from the FA module will be calculated in the correct additional currency in the associated general ledger entries. You only need this additional reporting currency if your additional currency is variable (with a changing exchange rate). In this case, there is a risk that your FA book values will never balance if you have done an adjustment on your additional currency. This is the reason you should fix the exchange rate of your additional variable currency in the FA module for each fixed asset.*

### FA Posting Type Setup

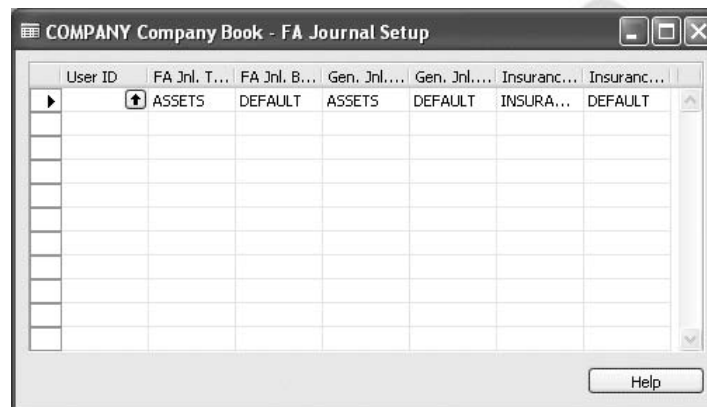


For each depreciation book he you must set up how you want the program needs to know how to handle various FA transactions for each of the FA posting types. For example, the program needs to know whether the posting should be a debit or credit and whether or not the posting types should be included in the depreciable basis or if it should be part of a gain or loss calculation.

You set this up in the FA Posting Type Setup window. To open this window, on the **Depreciation** card, click DEPR. BOOK→FA POSTING→TYPE SETUP. The program contains a default setup that can be used. You cannot insert or delete lines in this window; you can only modify the existing lines.

### FA Journal Setup

To open the FA Journal Setup window on the Depreciation Book card, click DEPR. BOOK→FA JOURNAL SETUP:



In this window you specify the default setup of templates and batches the program uses when duplicating lines from one journal to another, when journal lines are created by the Calculate Depreciation or Index Fixed Assets batch jobs, or when acquisition costs are duplicated in the Insurance Journal.

The **Functions** button on the Depreciation Book card has three batch jobs to help you manage your entries in this depreciation book:

- **Create FA Depreciation Books** allows you to automatically create the necessary depreciation b for one or more fixed assets.
- **Copy Depreciation Book** is a batch job to copy entries from one Depreciation Book to another.
- **Cancel FA Ledger Entries** allows you to cancel an incorrect depreciation entry. After you run this, you can post the correct amount of depreciation by running the Calculate Depreciation batch job again. You can also fun this batch job from the FA Ledger Entry and the FA Register windows.

## Test Your Skills – Creating a Depreciation Book

Set up a new depreciation book and name this TAX. This book has the following features:

<b>Default Final Rounding Amount</b>	5
<b>Default Ending Book Value</b>	0
<b>Disposal Calculation Method</b>	Gross
<b>Subtract Disc. in Purchase Invoice</b>	No
<b>Allow Changes in Depreciation Book</b>	No
<b>Allow Depreciation below Zero</b>	No
<b>Allow Indexation</b>	No
<b>Use FA Ledger Check</b>	Yes
<b>Use Rounding in Periodic Depreciation</b>	Yes
<b>Use Same FA + G/L Posting Dates</b>	Yes

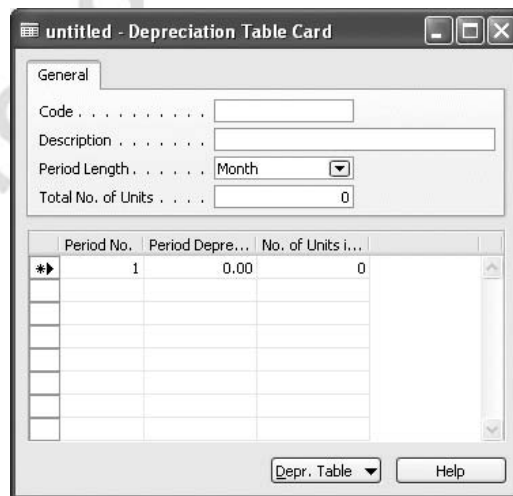
No general ledger integration is needed. Place a check mark in the **Part of Duplication List** field. Ignore the **Reporting** tab for now.

Select the related FA journals in the FA Journal Setup window.

When you have done all these tasks, your new depreciation book will be ready for use.

### Depreciation Tables

You use Depreciation Tables to set up user-defined depreciation methods. To open the Depreciation Table card, click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION TABLES.



For example, if you have a machine with an established lifetime capacity, you can build a depreciation method to depreciate it based on the number of units produced per period. The table allows you to specify your period length and the total number of units that can be produced. Once you have specified the base information, you build your table for each period for that you anticipate a depreciation expense. Note that you can use either a percentage for allocation or you can specify the number of units. If you use the **Percentage** field, the program automatically fills in the number of units for you.

When you use the user-defined method, the formula for calculating the depreciation is:

$$\text{Depreciation Amount} = \text{Depreciation \%} * \text{Number of Depreciation Days} * \text{Depr. Basis}$$

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**EXAMPLE:** You use a depreciation method that allows you to depreciate assets in an accelerated manner for income tax purposes. You want to use the following depreciation rates for a fixed asset with a three-year lifetime for tax purposes:

Year 1: 25%

Year 2: 38%

Year 3: 37%

The acquisition cost is LCY 100,000, and the depreciation lifetime is five years. Depreciation is calculated annually.

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The table below shows how the program calculates the depreciation:

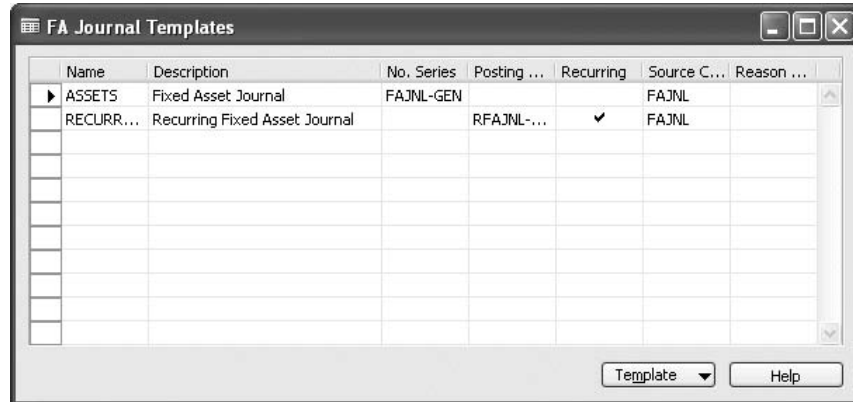
Date	FA Posting Type	Days	Amount	Book Value
01/01/00	Acquisition Cost		100,000.00	100,000.00
12/31/00	Depreciation	360	-25,000.00	75,000.00
12/31/01	Depreciation	360	-38,000.00	37,000.00
12/31/02	Depreciation	360	-37,000.00	0
12/31/03	Depreciation			0
12/31/04	Depreciation			0

### FA Journal Templates

Within the Fixed Assets application area, you can specify information on the journals you will use. There are three types of journals you will have to set up template information for. These are the FA Journal, FA Reclassification Journal, and the Insurance Journal.



On the **Financial Management** menu, click FIXED ASSETS→SETUP→FA JOURNAL TEMPLATES.

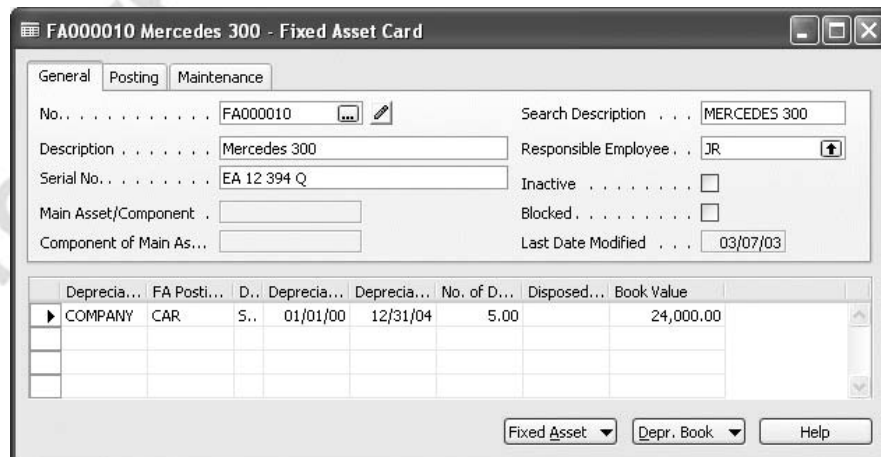


Notice these journal templates are similar to other journal templates in the program. As with other application areas in the program, you can also set up recurring fixed asset journals. You can also define particular batches for a journal, by clicking TEMPLATE→BATCHES.

### Fixed Asset Card

For each fixed asset, you must set up a card containing information about the asset. You can set up buildings or production equipment as a main asset with a component list. To open the **Fixed Asset Card**, click FINANCIAL MANAGEMENT→MIXED ASSETS→FIXED ASSETS.

The Fixed Asset Card window is composed of a header which contains basic information about the fixed asset, such as description, serial number, fixed asset class and location and the lines which are linked directly to the depreciation book.



This list contains all the fields on the form.

### **General Tab**

- **No.** – This is a code field. You can link this with the **No. Series** in the program.
- **Description** – Here you can enter the name of the asset.
- **Serial No.** – You fill in this field if the asset already has a serial number.
- **Main Asset/Component** – This field indicates whether this asset is a main asset or a component.
- **Component of Main Asset** – This field contains the number of the main asset if this asset is a component.
- **Search Description** – Enter a search name for the asset.
- **Responsible Employee** – Enter the code of the person responsible for the asset.
- **Inactive** – Insert a check mark in this field, if you want to block the asset against postings. You also block it against inclusion in reports and batch job functions.
- **Blocked** – If an asset is blocked, you cannot post anything to the asset.
- **Last Date Modified** – The program enters the system date in this field, when changes are made to the **Fixed Asset** card.

### **Posting Tab**

- **FA Class Code** – You categorize your fixed assets using FA Class codes.
- **FA Subclass Code** – You create subclass codes when you want to group your fixed assets in more detail.
- **FA Location Code** – This allows you to set the location for each asset.
- **Budgeted Asset** – Insert a check mark in this field if you want to use this asset as a budgeted asset. You can only select this field before you post the first entry.

### **Maintenance Tab**

- **Vendor No.** – This is an information field, containing the number of the vendor from which you bought this asset.
- **Maintenance Vendor No.** – Contains the number of the vendor who is maintaining the asset.
- **Under Maintenance** – Click to insert a check mark in this field when an asset is under maintenance.
- **Next Service Date** – Enter the next scheduled service date here.
- **Warranty Date** – Useful for recording maintenance charges and other maintenance information.
- **Insured** – When insurance is posted to this asset, a check mark appears in this field.

In addition to the above fields, you can also add the following information to the **Fixed Asset Card**:

- **Comment** – You can enter additional detailed FA information in the comment table by clicking on the **Comment** button next to the **No.** field.
- **No. Series** – You can select the number series used to assign the fixed assets number by clicking the **AssistButton** in the right of the **No.** field.
- **Picture** – If necessary, you can append a picture file in bmp-format to the asset card by clicking **FIXED ASSET→PICTURE**.

### **The FA Depreciation Book Table – The Lines**

At the bottom of the Fixed Asset Card window, you have access to the FA Depreciation Book window where you enter the depreciation information for the asset.

The FA depreciation book window has many fields. We will look at these fields with more detail later in this course.

Before you can enter the depreciation method of an asset, you must make sure that the necessary depreciation books and FA posting groups are set up.

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**NOTE:** *You can use various depreciation methods for your fixed assets, and you can even use several depreciation methods for each asset. In order to have more than one depreciation method for an individual asset, you need to set up multiple FA Depreciation Books for that asset. If you are going to depreciate your assets, each one must have at least one depreciation book assigned to it.*

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### **Why Use Multiple Depreciation Books for a Single Asset?**

Typically, the reason for setting up multiple depreciation books is to accommodate different methods of depreciation for the fixed assets. In many cases, businesses find that the way they have chosen to depreciate assets is not always the best way from a tax perspective. So, in order to allow depreciation in different ways, the program allows you to set up different depreciation books, one to be used for internal financial statement preparation and another for income tax calculations. This is only one example of why you may want to use multiple depreciation books.

The **Depreciation Book Code** field contains the depreciation book you assign to the asset.

The **FA Posting Group** field contains the posting group that the asset belongs to.

Click the **AssistButton** in the **Depreciation Method** field. Here, you will find seven methods of depreciation available: Straight Line, Declining Balance 1, Declining Balance 2, DB1/SL, DB2/SL, User-Defined, and Manual. For a more detailed explanation, please see the online Help. Other methods can be created and used in combination with the Custom1 and Custom2 **FA Posting Type**.

**Straight-Line** – A fixed asset is depreciated the same amount each year. When you use this method, you must specify one of the following:

- The depreciation period (years or months) or a depreciation ending date. The program uses this formula to calculate the depreciation amount:

$$\text{Depreciation Amount} = ((\text{Book value} - \text{Salvage Value}) * \text{Number of Depreciation Days}) / \text{Remaining Depreciation Days}$$

- A fixed yearly percentage. If you choose a fixed yearly percentage, the program uses this formula to calculate the depreciation amount:

$$\text{Depreciation Amount} = (\text{Straight line\%} * \text{Depreciable Basis} * \text{Number of Depr. Days}) / (100 * 360)$$

- A fixed yearly amount. If you enter a fixed yearly amount, the program uses this formula to calculate the depreciation amount:

$$\text{Depreciation Amount} = (\text{Fixed Depreciation Amount} * \text{Number of Depreciation Days}) / 360$$

**Declining Balance1** – This is an accelerated method that allocates the largest portion of the cost of an asset to the early years of its useful lifetime. To use this method, you must specify a fixed yearly percentage.

**Declining Balance2** – Calculates the same total depreciation amount for each year as Declining Balance 1. However, if you run the Calculate Depreciation batch job more than once a year, the DB1 method will result in equal depreciation amounts for each period. The DB2 method, on the other hand, will result in amounts that decline for each period.

**DB1/SL** – This method is a combination of Declining Balance 1 and Straight Line. The program calculates both a declining balance and a straight-line amount, and then uses the greater of the two amounts. When you select this method, you have to fill in both the **Number of Depreciation Years** field and the **Declining Balance %** field. The depreciation starts with the Declining Balance 1 method and ends with the straight-line method.

**DB2/SL** – This method works in the same way as the previous method except that it calculates according to the rules in Declining Balance 2.

**User Defined** – This is included so a user can create a customized depreciation method. You use the depreciation tables to do this.

**Manual Method** – You must enter the depreciation expense manually in either the FA G/L Journal or the FA Journal. The **Calculate Depreciation** batch job eliminates any assets that have their depreciation method defined as Manual.

**Depreciation Starting Date** – You enter the date on which you want the depreciation to start.

**Straight-Line %** – If you want to depreciate the fixed asset by the straight-line method but with a fixed yearly percentage, enter the percentage in this field.

**Fixed Depr. Amount** – If you want to depreciate the fixed asset by a fixed yearly amount, enter the amount in this field.

**Declining-Balance %** – If you want to depreciate the fixed asset by the declining-balance method, enter the percentage in this field.

**Use Half-Year Convention** – If you want six months of depreciation in the first fiscal year of the life of the asset, regardless of when the asset's depreciation start date is, place a check mark in this field. Note that the half-year convention may only be used with the Straight Line, DB1, and DB1/SL depreciation methods.

**Use DB% First Fiscal Year** – A check mark in this field indicates that the depreciation methods DB1/SL and DB2/SL use the declining balance depreciation amount in the first fiscal year.

## Test Your Skills – Creating a Fixed Asset

You have just purchased a new car for your business. The car was purchased on the January 13, 2001. You want the asset to depreciate over the whole fiscal year. Start depreciation on January 01, 2001. Create a new fixed asset containing the following information:

<b>Description</b>	VW Speedster 1302
<b>Serial No</b>	VW123
<b>FA Class code</b>	Tangible
<b>FA Subclass code</b>	CAR
<b>FA Location code</b>	PROD

You bought the asset from vendor No. 30000. This vendor is also in charge of Maintenance.

Create the depreciation book as follows:

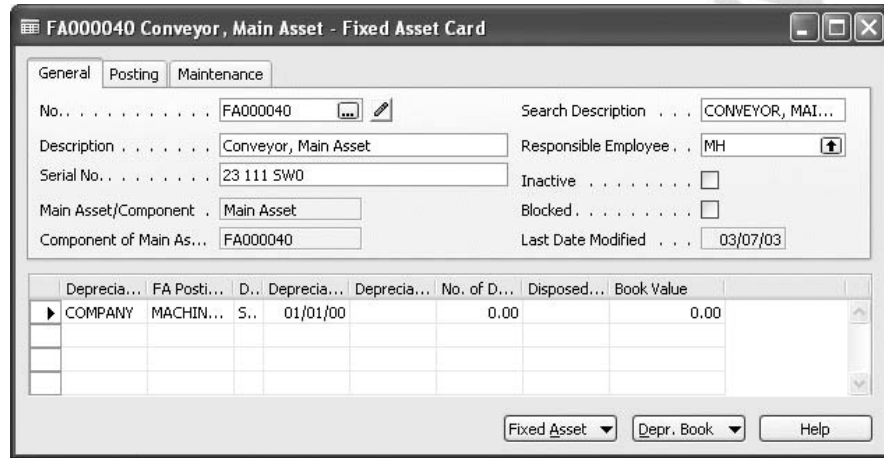
<b>Depreciation book code</b>	COMPANY
<b>FA Posting Group</b>	CAR
<b>Depreciation Method</b>	Straight-Line
<b>Depreciation Starting Date</b>	01/01/01
<b>No. of Depreciation Years</b>	5

The COMPANY book is integrated to the general ledger and this is the reason you have to use a FA Posting Group in connection with this. The depreciation base would be entered by posting of the acquisition costs. This will happen later in another exercise.

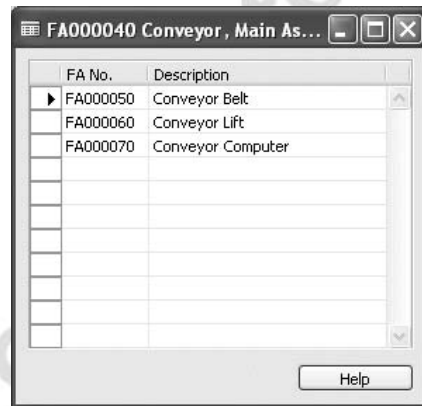
### Main Assets and Asset Components

A main asset is an asset that consists of other assets, which are called components. For example, a conveyor is a main asset because it consists of other assets, including the conveyor belt, the computer, and the lift.

To see an example of this, click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS and browse to the **Fixed Asset** card for the main asset FA000040:



To see the components, click FIXED ASSET→MAIN ASSET COMPONENTS. The Main Asset Components window appears, containing a list of the components that make up the asset.



If an asset is a component of another asset, the program fills in the fields on the **Fixed Asset** card (for the component asset) with the following:

- The **Main Asset/Component** field will contain Component.
- The **Component of Main Asset** field will contain the number of the main fixed asset.

### Main Asset Statistics

To get an overview of the number of fixed asset components for a main asset and the total acquisition cost, depreciation and book value for the main asset, use the Main Asset Statistics window. To open this window from the **Fixed Asset** card for a main asset, click FIXED ASSET→MAIN ASSET STATISTICS.

Deprecia...	FA Posti...	D..	Deprecia...	Depreci...	No. of D...	Disp...	Book Value	Projecte...	Projected Pr.
COMPANY	CAR	S..	01/01/00	12/31/04	5.00		35,000.00		
COST	COST	S..	01/01/00	12/31/05	6.00		0.00		

The Main Assets Statistics window shows the combined total acquisition cost, depreciation and book value of all of the components of the main asset. You can also see the total number of components that are included in the asset and whether any components have been disposed. If any components have been disposed, the combined gain or loss and book value on disposal is displayed. The **Acquisition Date** field shows the earliest date of acquisition for a component. Similarly, the **Disposal Date** field shows the date of the disposal of a component.



## Test Your Skills – Adding a Component Asset to a Main Asset

Let's add a component to the existing VW Speedster. A new stereo system has been purchased on January 20, 2001. Set up a new Fixed Asset card for the stereo in the same way you did in the previous exercise. The information for the depreciation book for the stereo is as follows:

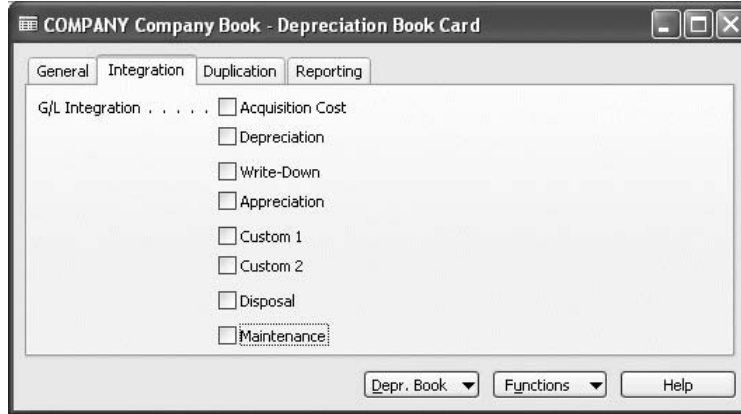
<b>Depreciation book code</b>	COMPANY
<b>FA posting group</b>	CAR
<b>Depreciation Method</b>	Straight-Line
<b>Depreciation Starting Date</b>	01/01/01
<b>No. of Depreciation Years</b>	5

Now you can change to the **FA** card of the VW Speedster and add the stereo as a component.

### Recording / Posting Opening Transactions

Let's take a look at how we enter information from your old system. How you do this depends on whether the Fixed Assets application area is integrated with the general ledger. If you are installing the program for the first time, you should set up your general ledger area before you start. Ensure that you have completed the basic setup procedures for your fixed assets. If you want to post fixed asset transactions to the general ledger, the procedure for recording opening entries is as follows:

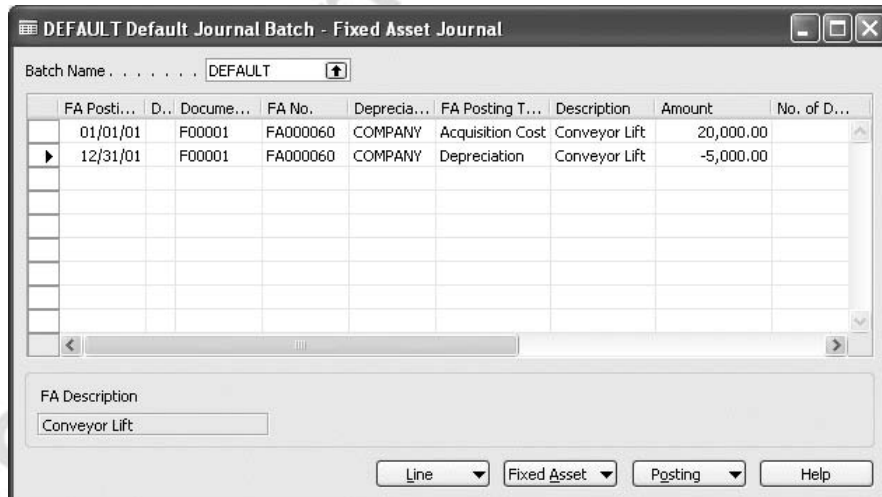
1. Create a fixed asset card for each existing asset.
2. Set up depreciation books for your fixed assets.
3. On the Fixed Asset menu, click **SETUP**→**DEPRECIATION BOOKS**.
4. On the Depreciation Book Card, click the **Integration** tab.
5. Remove check marks from all of the fields to deactivate G/L integration.



Make sure you do this for all the depreciation books you have set up. Because these assets are already accounted for in your general ledger, you must turn off integration temporarily. If fixed assets are not integrated with the general ledger, this step may be omitted.

In the FA Journal window, enter two lines for each asset; one containing the acquisition cost, the other containing the accumulated depreciation. If you have other opening balances, such as write-down, appreciation, or salvage value, enter lines for those too.

This is an example of an opening entry journal.



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**NOTE:** If you use the Declining Balance depreciation method and are posting the opening entries for assets acquired in a previous fiscal year, you must enter three lines for each asset to ensure the correct depreciable basis for the assets:

The first line must contain the acquisition cost and a posting date of the last date of the previous fiscal year.

The second line must contain the accumulated depreciation to the end of the previous fiscal year and a posting date of the last date of the previous fiscal year.

The third line must contain the accumulated depreciation to the last depreciation date in the current fiscal year and a posting date of the last depreciation date in the current fiscal year.

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Once you have entered and posted the journal lines for all your assets, remember to activate general ledger integration again. If Fixed Assets is not integrated with the general ledger, omit this step.

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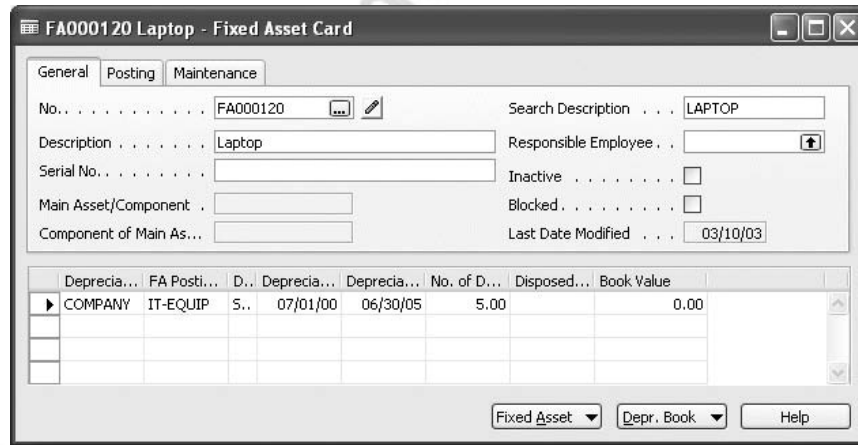
## Test Your Skills – Recording Opening Entries for Fixed Assets

Create a new asset and create the opening entries for the asset using the following information:

<b>Description</b>	Laptop
<b>FA Class</b>	Tangible
<b>FA Subclass</b>	Computer (create a new subclass)
<b>FA Location Code</b>	Sales

The asset is assigned to the IT-EQUIP FA Posting Group. The life of the asset is 5 years. Use Straight-line depreciation method with a starting date of July 1, 2000. Record the acquisition December 1, 2000 in the amount of 4,200 and prior depreciation dated December 31, 2000 in the amount of 420. Make sure that you deactivate **Integration** on the **Company Depreciation Book Card** and then go back and activate it again after you have posted the journal line.

When you have completed the exercise, the **Fixed Asset** card should look like this:



The Fixed Asset Journal window should contain the following information:

FA Posti...	D.	Docume...	FA No.	Deprecia...	FA Posting T...	Description	Amount	No. of D...
12/01/00		F00001	FA000120	COMPANY	Acquisition Cost	Laptop	4,200.00	
12/31/00		F00001	FA000120	COMPANY	Depreciation	Laptop	-420.00	

FA Description  
Laptop

Line Fixed Asset Posting Help

Once the journal is posted the Fixed Asset Card should look like this:

FA000120 Laptop - Fixed Asset Card

General Posting Maintenance

No. FA000120 Search Description LAPTOP

Description Laptop Responsible Employee

Serial No. Inactive

Main Asset/Component Blocked

Component of Main As... Last Date Modified 03/10/03

Deprecia...	FA Posti...	D.	Deprecia...	Deprecia...	No. of D...	Disposed...	Book Value
COMPANY	IT-EQUIP	S.	07/01/00	06/30/05	5.00	Disposed	3,780.00

Fixed Asset Depr. Book Help

Remember to reactivate the general ledger integration after you have posted the historical data of the current fixed assets.

### Making Duplicate Entries

When you fill in journal lines to be posted to a depreciation book, you can have the program duplicate the lines in a separate journal from which they then can be posted to a different depreciation book. You do this in the Depreciation Book Card window by specifying that the depreciation book or books you want to duplicate are part of a duplication list and click the **Use Duplication List** field on the journal lines.

Another way to duplicate an entry in a separate book is to enter a depreciation book code in the **Duplicate in Depreciation Book** field when you fill in a journal line.

### Setting Up a Duplication List

To have a depreciation book included in the duplication list, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS.
2. In the Depreciation Book Card window, select the relevant book and click the **Duplication** tab.
3. Insert a check in the Part of Duplication List.

### Duplication

To see how duplication works, try the following example. The principle is the same whether you use the FA G/L journal or the FA journal.

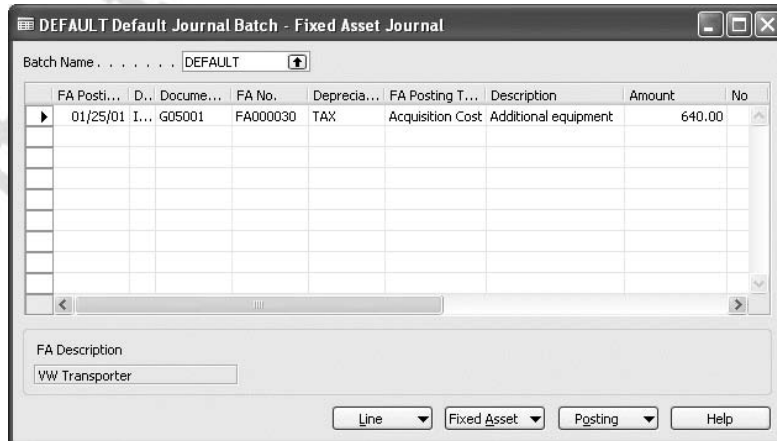
1. In an earlier exercise, you had set up the TAX depreciation book without G/L integration. Remember to specify that it is part of the duplication list.
2. Make sure that the FA Journal Setup window is set up correctly.
3. Create an FA depreciation book for the fixed asset FA000030 using the TAX depreciation book. FA000030 should already be using the COMPANY depreciation book.
4. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA G/L JOURNALS.
5. Click VIEW→SHOW COLUMN on the menu bar. Click the **Use Duplication List** field and then **OK** to add a new column to the journal.

6. Enter the following information on the journal line:

**Posting Date** 01/25/01  
**Document Type** Invoice  
**Document No.** \*Automatically generates  
**Account Type** Fixed Asset  
**Account No.** FA000030  
**Depreciation Book Code** COMPANY  
**FA Posting Type** Acquisition Cost  
**Description** Additional equipment  
**Gen. Posting Type** Purchase  
**Gen. Bus. Posting** National  
**Group** MISC  
**Gen. Prod. Posting** 800  
**Group** G/L Account  
**Amount** 2910  
**Bal. Account Type** yes  
**Bal. Account No.** Use Duplication List

7. Post the line.

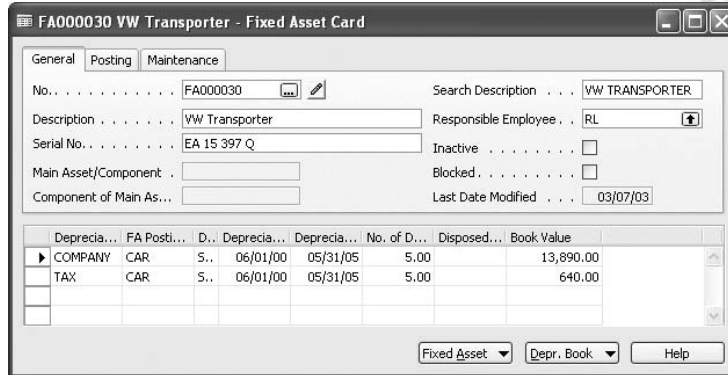
8. Because G/L integration is not activated for the TAX depreciation book, click FINANCIAL MANAGEMENT→FIXED ASSETS→FA JOURNALS to see the line that has been created.



By entering the general posting groups for the journal, default VAT posting groups have been used to calculate the VAT and subtract it from the **Amount** (800). As a result, the **Amount** in the FA Journal is now 640.

Because the document number has been copied from the FA G/L journal, you cannot use automatic document numbering in this journal batch. If you have set up automatic numbering in the journal, click the **AssistButton** in the **Batch Name** field and delete the contents of the **No. Series** field.

9. Post the line.
10. To see the posted entries, click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS and browse to the Fixed Asset card for FA000030.



11. Select the TAX depreciation book and click the **AssistButton** to the right of the **Book Value** field to see the FA ledger entry for the acquisition.

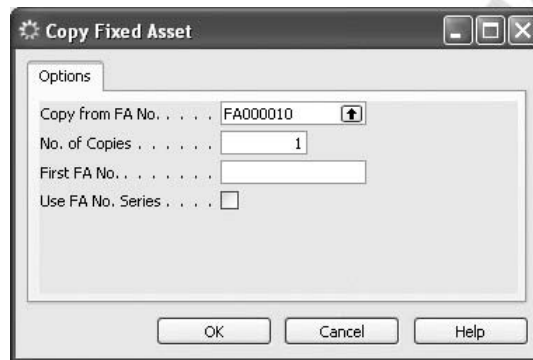


## Copying Fixed Assets and FA Ledger Entries

### Creating Fixed Assets by Copying Existing Assets

If you want to quickly create several fixed assets that are similar to an already existing fixed asset, you can use the **Copy Fixed Asset** batch job. For example, you may have acquired 30 chairs that are all the same make and model and have the same depreciation terms. Instead of entering the same information 30 times, you simply create the first asset and use the batch job to create 29 new assets and copy the information to them.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS.
2. Browse to the **Fixed Asset Card** of the asset you want to copy from and click FIXED ASSET→COPY FIXED ASSET. The Copy Fixed Asset window appears:



In the **Copy from FA No.** field, select the number of the fixed asset you want to copy. In the **No. of Copies** field, enter the number of new fixed assets that you want to create. In the **First FA No.** field, enter the number of the first fixed asset. If **No. of Copies** is greater than one, the **First FA No.** field must include a number, for example FA045.

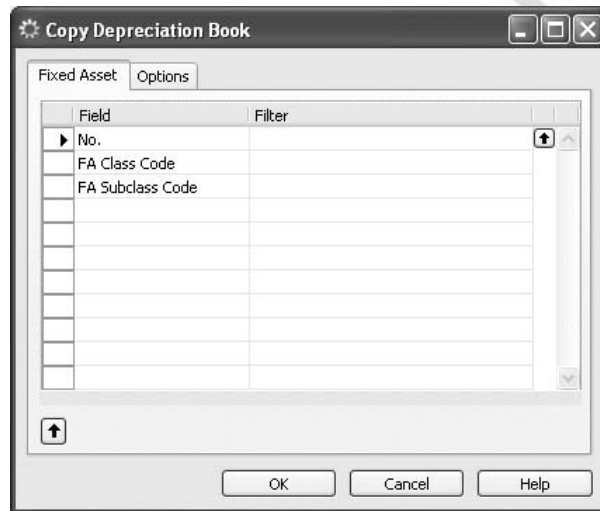
In the **Use FA No. Series** field, click to insert a check mark if you want the new fixed asset(s) to have a number from the number series specified in **Fixed Asset Nos.** field in the Fixed Asset Setup window. You cannot have a value in the **First FA No.** field and at the same time have a check mark in the **Use FA No. Series** field.

When you run the batch job, the program will create the new fixed asset cards and copy the depreciation book information from the existing asset. The batch job does not copy the entries that have been posted on the existing asset.

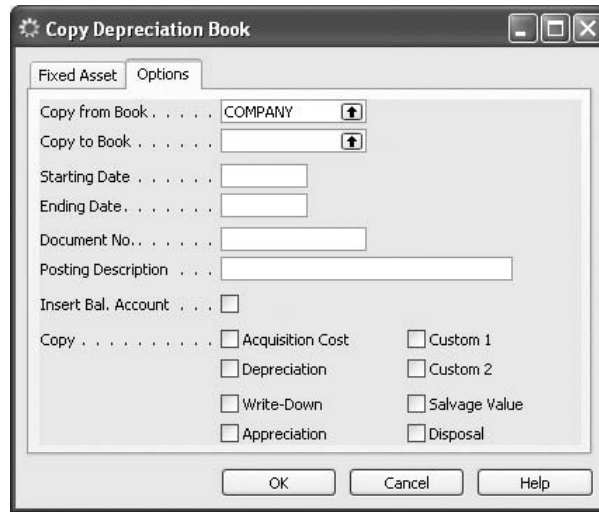
## Copying FA Ledger Entries from Existing Depreciation Books to New Depreciation Books

You can copy entries from one depreciation book to another with the **Copy Depreciation Book** batch job. The batch job creates journal lines in the journal batch that you have specified in the FA Journal Setup window for the depreciation book you want to copy to. This is useful when you have started FA accounting with the standard depreciation book first and you then want to create an additional tax depreciation book and copy the acquisition costs to the new depreciation book. It is important to remember that this new depreciation book should not be integrated to the general ledger. To run the batch job, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS and browse to the relevant card.
2. On the **Depreciation Book Card**, click FUNCTIONS→COPY DEPRECIATION BOOK. The Copy Depreciation Book batch job appears.



3. On the **Fixed Asset** tab, set a filter to select the assets from which you want to copy entries. If you do not set a filter, entries for all assets will be copied.



4. On the **Options** tab, fill in the fields according to these guidelines:

- **Copy from Book** – Enter the name of the depreciation book from which you want to copy entries.
- **Copy to Book** – Enter the name of the depreciation book to which you want to copy entries.
- **Starting Date** – Only entries with an FA Posting Date on or after this date will be copied.
- **Ending Date** – Only entries with an FA Posting Date on or before this date will be copied.
- **Document No.** – Enter a document number or leave this field blank. If the field is blank, the journal batch you copy to must be empty and a number series must have been set up for the journal batch.
- **Posting Description** – Enter the text you want to appear in the ledger.
- **Insert Bal. Account** – You should only use this field if you are copying to a depreciation book that has G/L integration. A check mark in the field means that the program will automatically enter balancing accounts on the copied lines in the FA /G/L journal.
- **Copy** – Select the posting type or types you want to copy.

5. Click **OK** to start the batch job.

The copied lines are created in either the G/L journal or the FA journal depending on whether G/L integration has been activated for the depreciation book you are copying to. You must post the journal to have entries copied.

## Test Your Skills – Copying Depreciation Books

You have already set up a TAX depreciation book for asset FA000030. You have made one duplication entry. You also need to copy all the other posted acquisition cost entries for the asset from the COMPANY depreciation book. This is so that the correct acquisition of the asset is displayed in the TAX depreciation book.

Use the Copy Depreciation Book batch job to copy the acquisition costs for FA000030 until January 24, 2001. You should copy from the COMPANY book to the TAX book. Open the Fixed Asset Journal window and post the journal line.

You will see the result by opening the FA Card and looking for the book value of the TAX FA depreciation book. The book value in the TAX book will be greater than the COMPANY book since you have not copied the depreciation entries. In the TAX depreciation book, click the **Assist** button in the FA Ledger Entries window. The two acquisition entries should be displayed.

## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

1.

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2.

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3.

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Microsoft Internal Use Only

## CHAPTER 2: FIXED ASSET TRANSACTIONS

### Journals for Fixed Assets

All fixed asset transactions can be entered in the following journals:

#### ***FA G/L Journals***

All entries posted in this journal will be posted to the Fixed Asset ledger and the General Ledger. In order to post to the general ledger, you must select the relevant fields on the **Integration** tab in the FA Depreciation Book Card.

#### ***FA Journals***

Entries posted in this journal will be posted to the Fixed Asset ledger only. None of the fields on the **Integration** tab of the depreciation book are selected.

#### ***FA Reclass. Journals***

You use the FA Reclassification journal to transfer, split up, and combine fixed assets. You use this journal to transfer posted entries from one asset to another. The entries are calculated in this journal and then inserted in either the FA G/L or FA Journal.

#### ***Insurance Journals***

This journal is used for posting insurance coverage ledger entries.

### Features of Recurring Transactions

If you post transactions frequently with few or no changes, you can use the features in the program for recurring transactions. These features can help you manage the posting of both fixed and variable amounts. You can also use the allocation keys with the recurring entries.

Try this example:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→PERIODIC ACTIVITIES→RECURRING GENERAL JOURNALS.
2. We want to depreciate FA000020 and FA000030 at 250 per month and we want to post this on the last day of every month.

3. Enter the journal lines for December 2000 as shown in the following picture. (Note that the **FA Posting Type** field is not shown in the standard setup of the journal, but you can insert it with the Show Column function.)

R.	Recurrin...	Posting ...	D.	Docu...	A.	Account ...	F.	Description	G.	G.	G.	Amount
F..	1M+CM	12/31/00			1	F.. FA000020	D..	Toyota Supra 3.0				-250.00
F..	1M+CM	12/31/00			1	F.. FA000030	D..	VW Transporter				-250.00
▶ F..	1M+CM	12/31/00			1	G.. 8830		Depreciation, Vehicles				500.00

Account Name: Depreciation, Vehicles      Balance: 0.00      Total Balance: 0.00

Line    Account    Functions    Posting    Help

4. Click POSTING→POST. Notice that the **Posting Date** has now changed by one month to 01/31/01.



## Purchasing Fixed Assets

We have already looked at how you create fixed assets using the Fixed Asset Card in the Fixed Assets application area. However, if you also use purchase documents, you can purchase a fixed asset using a purchase document and create a fixed asset directly from the purchase invoice line:

1. Click PURCHASES & PAYABLES→INVOICES.
2. Add the **FA Posting Type** field to the purchase invoice lines using the VIEW→SHOW COLUMN function. In the field, select the **Acquisition Cost**.
3. Fill in the invoice with the information shown in the following picture:

1001 WoodMart Supply Co. - Purchase Invoice

General Invoicing Shipping Foreign Trade E - Commerce

No. . . . . 1001 Posting Date . . . . . 01/25/01  
 Buy-from Vendor No. . . . . 44127904 Document Date . . . . . 01/25/01  
 Buy-from Contact No. . . . . CT000111 Vendor Invoice No. . . . . 14215  
 Buy-from Vendor Name . . . . . WoodMart Supply Co. Order Address Code. . . . .  
 Buy-from Address . . . . . 12 Industrial Heights Purchaser Code . . . . . RL  
 Buy-from Address 2 . . . . . Responsibility Center . . . . .  
 Buy-from Post Code/City . . . . . GB-5A3 7HI Stratford Status . . . . . Open  
 Buy-from Contact . . . . . Mr. Joseph Matthews

T..	No.	Description	L...	FA Posting Type	Qua...	Unit of M...	Direct U...	Line Amount ...
*▶	F..	FA000010	Mercedes 300		Acquisition Cost	1	11,000.00	11,000.00

Invoice Line Functions Posting Help

4. Click POSTING→POST.

## Calculating and Posting Depreciation

Depreciation is used to allocate the cost of fixed assets such as machinery and equipment over their depreciable lives. For each fixed asset, you must define the depreciation method.

There are two ways to post depreciation:

- Manually using the FA G/L journal or the FA journal.
- Automatically by running the **Calculate Depreciation** batch job.

### Manual Depreciation

This section explains how to post manual depreciation entries using either the FA G/L journal or the FA journal.

#### **FA G/L Journal**

If you are posting to a depreciation book for which depreciation is integrated to the general ledger, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA G/L JOURNALS.  
Enter the following values on a journal line:

<b>Posting Date</b>	01/31/01
<b>Account Type</b>	Fixed Asset
<b>Account No.</b>	FA000090
<b>Depreciation Book Code</b>	COMPANY
<b>FA Posting Type</b>	Depreciation
<b>Description</b>	Depreciation January 2001
<b>Amount</b>	-100.00

2. Click FUNCTIONS→INSERT FA BAL. ACCOUNT. Three balancing lines with different department codes are created because an allocation key has already been set up.
3. Click POSTING→POST to post the journal.

To see the entries that have been created in the general ledger, follow this procedure:

1. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**FIXED ASSETS**, and then browse to the **Fixed Asset Card** for FA000090.
2. In the **Book Value** field, click the **Assist** button to show the FA entries.
3. Select the line with the relevant depreciation entry, and then click **Navigate**.
4. In the Navigate window, click the G/L entry line, and then click **Show**. The General Ledger Entries window appears.
5. In the Navigate window, select the FA Ledger Entry line, click **Show**. The FA Ledger Entries window appears.

In this window, you can see the depreciation that has been posted for fixed asset number FA000090 to the COMPANY depreciation book.

### **FA Journal**

If you post the same depreciation transaction in a depreciation book that does not have general ledger integration, the procedure is different from the one we just outlined. In the following example, we will post the same information in the FA journal.

1. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**FA JOURNALS**. You enter the same information as the FA G/L Journal but the fields are as follows:

<b>FA Posting Date</b>	01/31/01
<b>FA No.</b>	FA000090
<b>Depreciation Book Code</b>	COMPANY
<b>FA Posting Type</b>	Depreciation
<b>Description</b>	Depreciation January 2001
<b>Amount</b>	-100.00

2. To post the journal, click **POSTING**→**POST**.

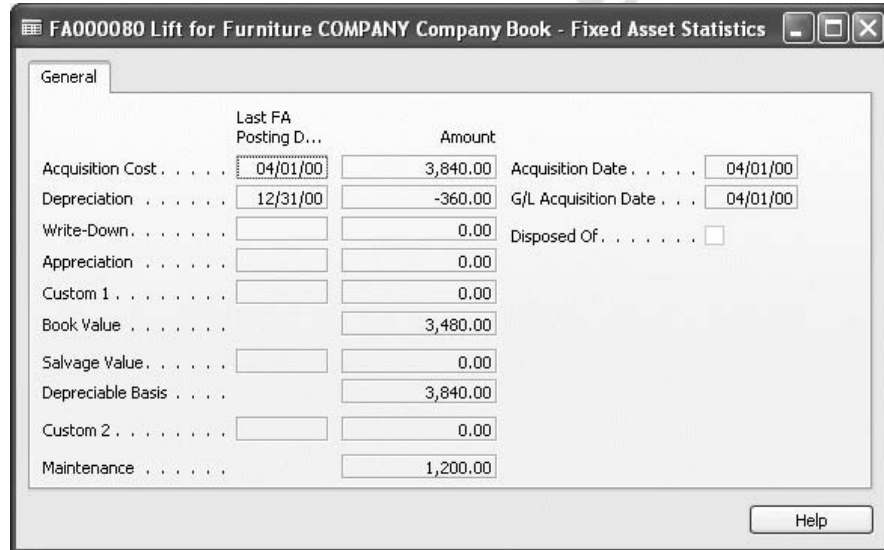
### Automatic Depreciation Calculation

Once a month, or whenever you choose, you can run the **Calculate Depreciation** batch job. Sold, blocked or inactive assets and assets using the manual depreciation method are ignored.

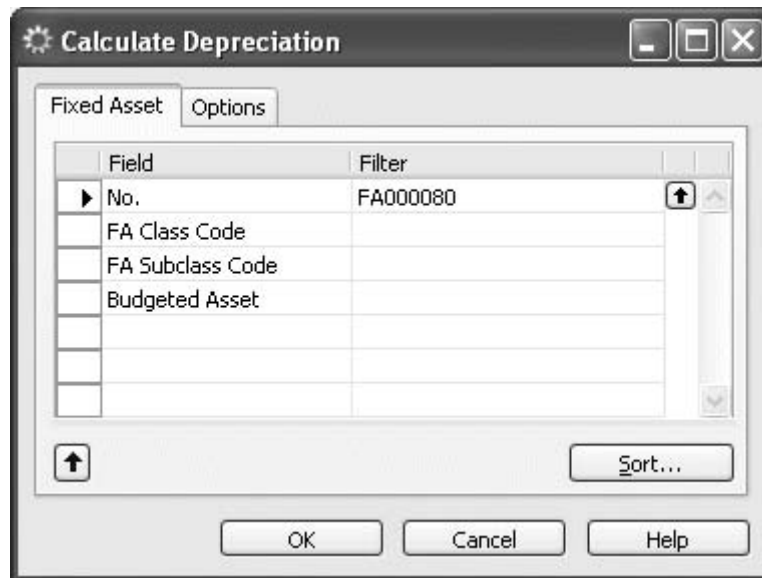
To make it easier to see how the program works, we will calculate only the depreciation for fixed asset FA000080.

Before you start, look at the Fixed Asset Statistics window for the asset. Select the FA Depreciation Book you want and press F9. Alternatively, you can click DEPR.BOOK→STATISTICS.

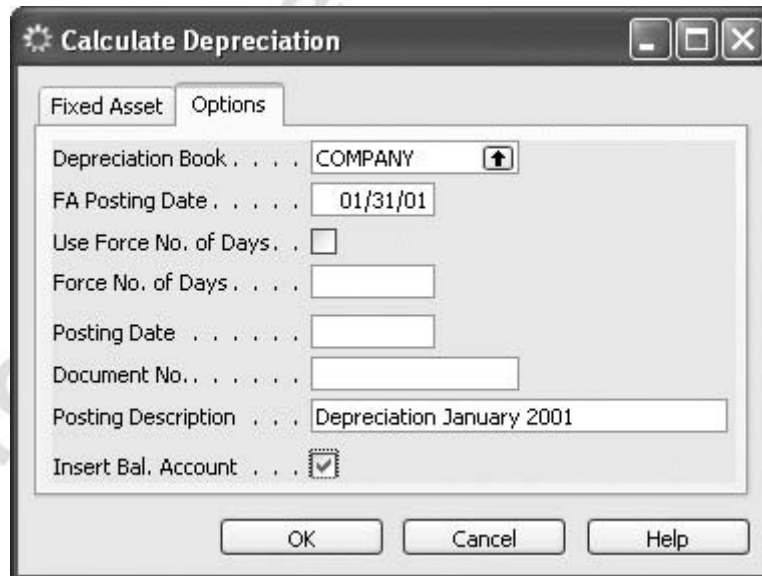
The last depreciation took place on December 31, 2000, so we want to calculate the depreciation for January 2001.



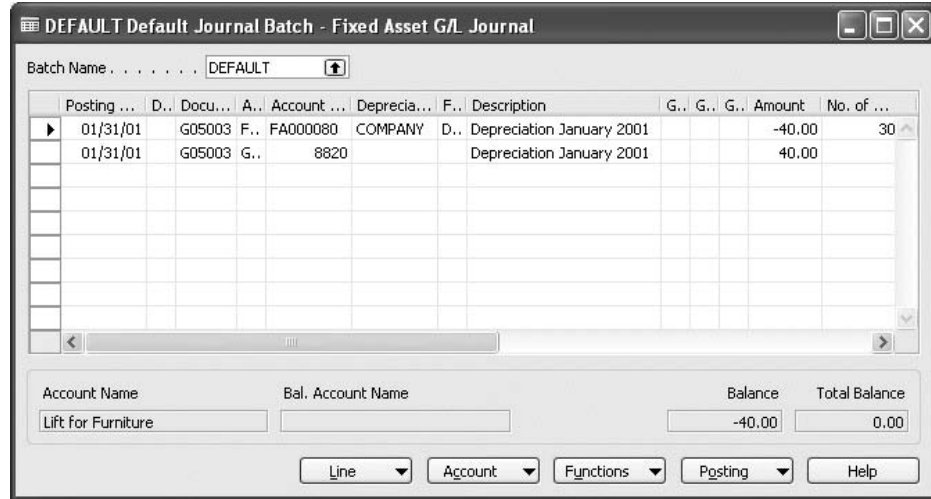
1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→PERIODIC ACTIVITIES→CALCULATE DEPRECIATION. The Calculate Depreciation window appears.



2. On the **Fixed Asset** tab, you can set a filter to select the assets you want to depreciate. Enter FA000080.
3. On the **Options** tab, enter the information shown in the following picture:



4. Click **OK** to calculate the depreciation on January 31, 2001.
5. The batch job has calculated depreciation for fixed asset number FA000080 and created lines in the Fixed Asset G/L Journal window.
6. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**FA G/L JOURNALS**. The Fixed Asset G/L Journal window appears.



The batch job has calculated depreciation for fixed asset number FA 000080 and created lines in the Fixed Asset G/L Journal window.

The **No. of Depreciation Days** field has been filled in. When you run the batch job, the program calculates depreciation only over the number of days entered in this field. The program normally would calculate the depreciation days.

The balancing line was created because the **Insert Bal. Account** field on the **Options** tab for the **Calculate Depreciation** batch job was selected.

4. Click **POSTING**→**POST** to post the journal.

### Document Number

These rules apply to the **Document No.** field on the **Options** tab in the **Calculate Depreciation** batch job:

- If the journal batch used by the batch job has a number series in the **No. Series** field, leave the **Document No.** field blank. All journal lines will be assigned the same (the next available) number from the number series. If you use this method the journal must be empty.
- If the journal batch used by the batch job does not have a number series in the **No. Series** field, you must fill in the **Document No.** field. This number will be assigned to all the journal lines.

You specify the journal that the batch job uses in the FA Journal Setup window.

### Number of Depreciation Days

When the program calculates depreciation, it uses a standard year of 360 days and a standard of 30 days.

### Depreciation Starting Date

The date the program uses to calculate depreciation for each fixed asset is the last entry date (from the **FA Posting Date** field). If only acquisition cost and salvage value have been posted for a fixed asset, the program uses date in the **Depreciation Starting Date** field in the FA depreciation book to calculate depreciation.

If the last entry is anything other than a depreciation entry, the **FA Posting Date** is included in the calculation of number of depreciation days (this means that both the starting date and the ending date are included).

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***EXAMPLE:** The program regards 01/01/01..01/10/01 as 10 days if the entry posted on 01/01/01 is not a depreciation entry, but as 9 days if the entry on 01/01/01 is a depreciation entry.*

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## **Depreciation Ending Date**

The program calculates depreciation up to and including the date in the **FA Posting Date** field on the **Options** tab in the Calculate Depreciation batch job.

## **Force Number of Days**

If you want the program to calculate a full month's depreciation for an entry that is posted at the beginning of a month, you must enter 30 in the **Force No. of Days** field and place a check mark in the **Use Force No. of Days** field in the Calculate Depreciation. If these fields are filled in, the entered number of days is always used.

Here are some examples of how the program calculates the number of depreciation days. This assumes that the last entry was a depreciation entry so only the last date of the interval is included in the calculations:

<b>Date Interval</b>	<b>Number of Depreciation Days</b>
01/31/01..02/28/01	30
03/31/01..04/30/01	30
12/31/01..12/31/02	360
02/27/01..03/01/01	4
02/28/01..03/01/01	1
03/30/01..04/01/01	1
03/31/01..04/01/01	1
03/30/01..03/31/01	0
03/30/01..03/31/02	360

If you choose the straight-line depreciation method and you fill in the **No. of Depreciation Years** field in the FA depreciation book, the program looks at the ending date and calculates how many days are left. The depreciable basis is then divided by the remaining number of days and multiplied by the number of days in the depreciation period. This means that you may have to round up the final depreciation amount. Furthermore, the program will not post depreciation amounts of zero, so nothing will happen if you run the Calculate Depreciation batch job twice by mistake.

If you use the straight-line method, and fill in the **No. of Depreciation Years** field, you can adjust the amount that is depreciated by changing the date in the **Depreciation Ending Date** field.



### Viewing the Ledger Entries

To see the posted entries for FA000080, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS. Browse to the card for FA000080.
2. On the line, in the **Book Value** field, click the **AssistButton** to open the FA Ledger Entries window.

Depreciation has been calculated as follows:

- Book value was 3,480.
- The ending date of depreciation is 03/31/08.
- Remaining days (from 01/01/01 to 03/31/08) are 7 years + 3 months, that is  $(7 * 360) + (3 * 30) = 2,610$  days.
- The depreciation period is 1 month = 30 days.
- The depreciation amount is  $3,480 * 30 / 2,610 = 40$

### Canceling and Recalculating Depreciation

If you run the Calculate Depreciation batch job and then post an incorrect depreciation entry, you can cancel it. This can be done with the Cancel FA Ledger Entries batch job. After this, you can post the correct amount of depreciation by running the Calculate Depreciation batch job again.

Let's assume that the depreciation calculated for FA000080 was incorrect and needs to be recalculated:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS. Click **Functions** and then **Cancel FA Ledger Entries**. The Cancel FA Ledger Entries window appears.
2. On the **Fixed Asset** tab, set a filter to select the assets for which you want to cancel entries. Enter FA000080.

3. On the **Options** tab, fill in the fields as shown in the following window:

The screenshot shows the 'Cancel FA Ledger Entries' dialog box. The 'Options' tab is selected. The 'Cancel Book' field is set to 'COMPANY'. The 'Starting Date' is '01/01/01' and the 'Ending Date' is '01/31/01'. The 'Use New Posting Date' checkbox is unchecked. The 'Posting Description' is 'Cancel depreciation for January 2001'. In the 'Cancel' section, the 'Depreciation' checkbox is checked, while 'Acquisition Cost', 'Write-Down', 'Appreciation', 'Custom 1', 'Custom 2', 'Salvage Value', and 'Disposal' are unchecked. The 'OK', 'Cancel', and 'Help' buttons are visible at the bottom.

4. Click **OK** to start the batch job.
5. Close the window.
6. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA G/L JOURNALS. The Fixed Asset G/L Journal window appears.

In the far right-hand field of the first line, you will see that the **FA Error Entry No.** field has been filled in.

7. Click POSTING→POST to post the journal.

The lines are posted as FA error ledger entries. To see the entries, close the windows and then follow this procedure:

8. Click FINANCIAL MANAGEMENT→FIXED ASSETS and browse to the card for FA000080.
9. Click FINANCIAL MANAGEMENT→FIXED ASSET→ERROR LEDGER ENTRIES. The FA Error Ledger Entries window appears.
10. After you have checked the entries, close the window, and then click **Depr. Book**.
11. Click **Statistics** to see the Fixed Asset Statistics window.

The window now looks the same as it did before you ran the **Calculate Depreciation** batch job.

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**NOTE:** When you use the cancellation method outlined previously, the program suggests all depreciation in the selected period for the cancellation. If you have made any manual postings with these posting types in the selected period, the program also includes these entries in the cancellation suggestion.

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## Write-Down, Appreciation, and Disposal of Fixed Assets

### Write-Down of a Fixed Asset

A write-down is a decrease in the value of a fixed asset. This may be due to the asset becoming out-of-date or damaged. In many cases, a write-down of an asset is brought about by a tax audit. A write-down entry may be used as a correction to decrease an asset's depreciable base when the depreciation of the asset has been too low in the past. This value will be posted as a loss in the financial statement.

### Posting a Write-Down from a G/L Journal

To post a write-down entry to a depreciation book for which write-down has G/L integration, you must use an FA G/L journal.

Before you can do this, you must first set up the general ledger accounts to which you want to post:

1. Click FINANCIAL MANAGEMENT→SETUP→POSTING GROUPS→FIXED ASSET. The FA Posting Groups window appears.
2. Select TELEPHONE and click POSTING GR.→CARD. The FA Posting Group Card window appears.
3. On the **General** tab, in the **Write-Down Account** field, enter the G/L credit account number 1230.
4. On the **Balancing Account**, in the **Write-Down Expense Acc.** field, enter the G/L debit account number 8640.

### Posting a Write-Down

To post a write-down entry, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA G/L JOURNALS.
2. In the Fixed Asset G/L Journal window, enter the following information:

<b>Posting Date</b>	01/31/01
<b>Document Type</b>	Blank
<b>Account Type</b>	Fixed Asset
<b>Account No.</b>	FA000090
<b>FA Posting Type</b>	Write-Down
<b>Amount</b>	-300

3. Click **FUNCTIONS**→**INSERT FA BAL. ACCOUNT**. The program creates a second line with the balancing entry.
4. Click **POSTING**→**POST** to post the journal.
5. You can do the same thing from the FA Journal if you do not want your entries to be integrated with the general ledger.

### Appreciation of Fixed Assets

Appreciation is an increase in the value of a fixed asset (typically land and buildings). It can also be used for a fixed asset that increases in value because of an increase in demand for the item, for example, an oil platform. In many cases, an appreciation of an asset is brought about by a tax audit. An appreciation entry may be used as a correction to increase an asset's depreciable base when the depreciation of the asset has been too high in the past. This value will be posted as, a gain in the financial statement.

### Posting Appreciation Transactions from an FA G/L Journal

To post appreciation transactions to a depreciation book for which appreciation has G/L integration you must use an FA G/L journal.

Before you can post, you must first set up the G/L accounts to which you want to post:

1. Click **FINANCIAL MANAGEMENT**→**SETUP**→**POSTING GROUPS**→**FIXED ASSETS**. The FA Posting Groups window appears.
2. Select **TELEPHONE** and then click **POSTING GR.**→**CARD**. The FA Posting Group Card appears.
3. On the **General** tab, in the **Appreciation Account** field Enter the G/L debit account number 1220.
4. On the **Balancing Account** tab, in the **Appreciation Bal. Account** field, enter the general ledger account to which you want to post balancing entries for appreciation. In this example use 8640.

**Posting Appreciation Transactions**

To post an appreciation entry, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA G/L JOURNALS.
2. Enter the following information in the Fixed Asset G/L Journal window:

<b>Posting Date</b>	01/31/01
<b>Document Type</b>	Blank
<b>Account Type</b>	Fixed Asset
<b>Account No.</b>	FA000090
<b>FA Posting Type</b>	Appreciation
<b>Amount</b>	150

3. Click FUNCTIONS→INSERT FA BAL. Account. The program creates a second line with the balancing entry.
4. Click POSTING→POST to post the journal.

You can do the same thing from the FA Journal if you do not want your entries to be integrated with the general ledger.

## Fixed Asset Disposals

### Salvage

Salvage value represents the residual value of a fixed asset when it can no longer be used. You can post the salvage value of an asset from a purchase invoice or from the FA Journal when you post the acquisition cost.

To post salvage value from a purchase invoice, you must ensure that you have added the **Salvage Value** field to your purchase lines, using the View, Show Column function. You can then enter the salvage value in the field as a positive or negative number and post the invoice as usual.

To post salvage value with an acquisition cost through the FA Journal, you ensure that you have added the **Amount** field to the journal lines using the VIEW→SHOW COLUMN function. You can then enter the salvage value as a negative amount in the field and then post the lines as usual.

Note that if the asset contains the salvage value, Depreciate below Zero means depreciate below the salvage value.

The salvage value reduces the depreciation base and therefore reduces all depreciation amounts. The final rounding amount only reduces the last depreciation amount. In the following example report, the salvage value has caused a reduction in the yearly depreciation of 200 each year. If there was no salvage value, the depreciation would be 1,200 per year, not 1,000.

**Fixed Asset - Projected Value** February 22, 2001  
 Depreciation Book: COMPANY Page 1  
 CRONUS International Ltd.

Fixed Asset: No.: FA000160, FA Posting Date Filter: 12/31/00..12/31/04

No.	Description	FA Posting Date	FA Posting Type	No. of Depreciation Days	Amount	Book Value
<b>FA000160</b>	<b>Asset with Salvage Value</b>					
FA000160		01/01/00	Acquisition Cost	0	6,000.00	6,000.00 Posted Entry
FA000160		01/01/00	Salvage Value	0	-1,000.00	6,000.00 Posted Entry
FA000160		12/31/00	Depreciation	360	-1,000.00	5,000.00
FA000160		12/31/01	Depreciation	360	-1,000.00	4,000.00
FA000160		12/31/02	Depreciation	360	-1,000.00	3,000.00
FA000160		12/31/03	Depreciation	360	-1,000.00	2,000.00
FA000160		12/31/04	Depreciation	360	-1,000.00	1,000.00
<b>FA000160</b>	<b>Asset with Salvage Value</b>				<b>-5,000.00</b>	<b>1,000.00</b>
<b>Total</b>					<b>-5,000.00</b>	<b>1,000.00</b>

### Salvage – Example

An asset has a book value of 800 and a salvage value of –800, which means that the asset is fully depreciated. In the FA depreciation book for the asset, in the **Fixed Depr. Amount below Zero** field you enter 1,000 and then run the Calculate Depreciation batch job for the asset. The program calculates the depreciation as 1,000, bringing the book value to –200. If the **Salvage Value** is 0, the program calculates depreciation as 1,800, resulting in a book value of –1,000.

Note that a salvage value is not posted as an alternative to a **Final Rounding Amount**. The **Final Rounding Amount** is set up in the FA depreciation book and reduces the last depreciation amount. The program does not post the final rounding amount.

### Final Ending Book Value

This is often used to represent a fully depreciated asset that is still active. Using a salvage value allows a reduction in depreciation over the life of the asset. However, some local laws allow only the reduction of the last depreciation amount. You can do this by inserting an ending book value in the FA depreciation book. If you use this feature with most of your fixed assets, you can set up a default ending book value in the relevant depreciation book.

Deprecia...	FA Posti...	D.	Deprecia...	Deprecia...	No. of D...	Disposed...	Book Value	Ending Book ...
COMPANY	MACHIN...	S.	01/01/00	12/31/03	4.00		0.00	5.00



The following report illustrates this method:

**Fixed Asset - Projected Value**  
 Depreciation Book: COMPANY  
 CRONUS International Ltd.

February 22, 2001  
Page 1

Fixed Asset: No.: FA000130, FA Posting Date Filter: 12/31/00..12/31/04

No.	Description	FA Posting Date	FA Posting Type	No. of Depreciation Days	Amount	Book Value
FA000130	Ending book value asset					
FA000130		01/01/00	Acquisition Cost	0	6,000.00	6,000.00 Posted Entry
FA000130		12/31/00	Depreciation	360	-1,500.00	4,500.00
FA000130		12/31/01	Depreciation	360	-1,500.00	3,000.00
FA000130		12/31/02	Depreciation	360	-1,500.00	1,500.00
FA000130		12/31/03	Depreciation	360	-1,495.00	5.00
FA000130	Ending book value asset				-5,995.00	5.00
<b>Total</b>					<b>-5,995.00</b>	<b>5.00</b>

### Disposal of Fixed Assets

When you sell or otherwise dispose of a fixed asset, the disposal value along with any related gain or loss must be posted. A disposal entry must be the last entry posted for an asset, so if you have related disposal costs that you want to record for an asset, you should record these in the FA G/L Journal before the actual disposal entry. You post disposal entries through the FA G/L Journal, the FA Journal or a sales invoice.

You set up the disposal method for each depreciation book on the **General** tab of the **Depreciation Book Card** in the **Disposal Calculation Method** field. The program can handle disposals using either the Gross or Net method.

When you use the Net method, you post to either a disposal loss or gain account. This is the most common method used.

When you use the Gross method, you post to a book value gain or loss account and to a sales gain or loss account. When you enter the sales price in a journal, the program calculates the gain or loss on the disposal and calculates all other relevant entries. The gain or loss amount will be calculated from the difference between the sales price and the book value.

## Microsoft Navision Fixed Assets

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The following examples include both methods. Use the following amounts:

<b>Acquisition Cost</b>	100,000
<b>Acc. Depreciation</b>	70,000
<b>Appreciation</b>	40,000
<b>Book Value</b>	70,000 (Acq. Cost – Acc. Deprec. + Apprec.)
<b>Sales Price</b>	20,000
<b>Loss</b>	50,000 (Sales Price – Book Value)

When you post the disposal of the fixed asset using a journal or sales invoice, the program calculates the gain or loss on disposal and creates the other entries. The following examples show which amounts are posted to various accounts when you post disposal of a fixed asset. The result of both methods is the same in the financial statement.

**Disposal of Fixed Assets – Example A**

In this example, appreciation is included in the book value and is part of the calculation of gain or loss. You specify this in the FA Posting Type Setup window.

G/L Account	Net Method		Gross Method	
	Debit	Credit	Debit	Credit
Cash	20,000		20,000	
Acq. Cost Acc. on Disposal		100,000		100,000
Accum. Depr. Acc. on Disposal	70,000		70,000	
Appreciation Acc. on Disposal		40,000		40,000
Losses Acc. on Disposal	50,000			
Apprec. Bal. Acc. on Disp.				
Book Value Acc. on Disposal			70,000	
Sales Acc. on Disposal				20,000

**Disposal of Fixed Assets – Example B**

In this example, appreciation is included in the book value but not included in the gain/loss calculation.

G/L Account	Net Method		Gross Method	
	Debit	Credit	Debit	Credit
Cash	20,000		20,000	
Acq. Cost Acc. on Disposal		100,000		100,000
Accum. Depr. Acc. on Disposal	70,000		70,000	
Appreciation Acc. on Disposal		40,000		40,000
Losses Acc. on Disposal	10,000			
Apprec. Bal. Acc. on Disp.	40,000			
Book Value Acc. on Disposal			70,000	
Sales Acc. on Disposal				20,000

**Posting the Disposal Through the FA journals**

You can post disposal through the FA G/L Journal. Fill in the line with the appropriate information and be sure to enter the disposal amount as a credit or negative number. Post as you normally would.

You can post the FA disposal in combination with a VAT posting group. The program automatically creates the Sales VAT amount. If you want the program to post the sales VAT automatically, you must enter the gross amount in the **Amount** field.

To see the results of your journal entry, open the ledger entries from the depreciation book of the asset. You can use the Navigate function to see the actual entries made in the general ledger. This shows the posted disposal entry.

Recording a disposal for an asset with no integration to the general ledger should be done in an FA Journal. You basically record the same information as in the FA G/L journal.

If you “trade-in “ an asset, you must record both the sale of the old asset (the disposal) and the purchase of the new one (the acquisition). This kind of transaction cannot be recorded as a single transaction.

---

**NOTE:** *If an asset is sold in the current fiscal year, and you record the asset as inactive, then the asset will not appear in the Fixed Asset – Book Value 01 report for the current fiscal year. This is incorrect. Generally do not use the Inactive field until 1–2 years after the last transaction on the asset.*

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**Partial Disposal**

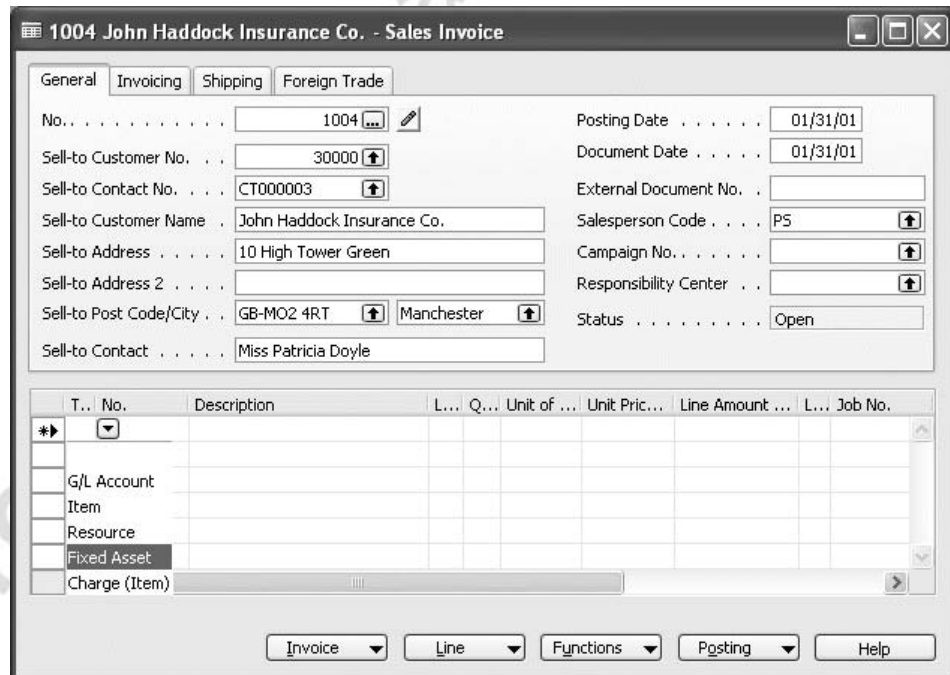
If you sell or otherwise dispose of part of an asset, you must split up the asset before you can record the disposal transaction. In other words, you must split the asset into two or more assets before you can dispose of part of it. We will look at how to do this in the chapter entitled “Fixed Asset Reclassifications.”

**Disposal from a Sales Invoice or a Sales Order**

You can create a sales invoice and on the line, in the **Type** field, select, **Fixed Asset**. This makes it easier to invoice an asset to a customer. The disposal of the asset works in the same way as a disposal through a FA G/L journal.

To create a sales invoice for the disposal of an asset:

1. Click FINANCIAL MANAGEMENT→RECEIVABLES→INVOICES and the Sales Invoice window will appear.
2. Press **F3** and **Enter** to get the next invoice number and select the customer No. 30000.
3. Enter the **Posting Date** and **Document Date** fields enter 01/31/01.
4. On the line, in the **Type** field, select **Fixed Asset**.



5. In the **No.** field, click the **AssistButton**. The Fixed Asset List window appears.

6. Select the asset FA000030 VW Transporter and click **OK** to copy it to the field.

Use the VIEW→SHOW COLUMN function to add the **Depr. until FA Posting Date** field to the sales lines in the Sales Invoice window. It may be necessary to post a final depreciation entry in connection with the disposal. This depreciation amount relates to the period from the date in the **FA Posting Date** field of the last FA ledger entry for the asset to the date of the disposal. By posting this final depreciation entry, you obtain an accurate gain or loss calculation.

To have the program automatically post this final depreciation entry, insert a check mark in the **Depr. Until FA Posting Date** field.

The screenshot shows the 'Sales Invoice' window for '1004 John Haddock Insurance Co.'. The 'General' tab is active, displaying fields for 'No.' (1004), 'Posting Date' (01/31/01), 'Sell-to Customer No.' (30000), 'Sell-to Contact No.' (CT000003), 'Sell-to Customer Name' (John Haddock Insurance Co.), 'Sell-to Address' (10 High Tower Green), 'Sell-to Post Code/City' (GB-MO2 4RT, Manchester), and 'Sell-to Contact' (Miss Patricia Doyle). A table below shows one sales line for 'F.. FA000030 VW Transporter' with a quantity of 1, unit price of 5,000.00, and a line amount of 5,000.00. The 'Depr. until FA Posting...' field for this line contains a checkmark. At the bottom, there are buttons for 'Invoice', 'Line', 'Functions', 'Posting', and 'Help'.

T..	No.	Description	L...	Quantity	U...	Unit Pric...	Line Amount ...	Depr. until FA Postin...
▶ F..	FA000030	VW Transporter		1		5,000.00	5,000.00	✓

7. Fill in the relevant fields on the line. In the **Quantity** field, enter the quantity. Usually the quantity will be 1. You cannot sell more than one asset per sales line. Enter the net sales price in the **Unit Price** field of the sales line. After you have done this, press the F9 key to look at the sales statistics for this invoice. You will see that the program has calculated the Sales VAT automatically.

The program automatically fills in the **FA Posting Type** with Disposal, since there is only one FA Posting Type for assets in sales invoices.

8. Post the Invoice. You will get an error message about the combination of the Project and Customer Group dimensions. Click LINE→DIMENSIONS and delete the VW Project dimension line.
9. Now you can post the invoice.

***NOTE:** The Sales VAT posting only works when you have set up a separate account for FA decreases during the year which includes a sales VAT posting group.*

The following picture shows how the G/L account for FA decreases looks:

No.	Name	I... A.	Totaling	G.. G.. G..	Net Change	Balance
1240	Accum. Depr., Oper. E...	B.. P..			-508,276.74	-508,276
<b>1290</b>	<b>Operating Equipment, ...</b>	B.. E..	1200..1290		99,561.44	99,561
<b>1300</b>	<b>Vehicles</b>	B.. B..				
1310	Vehicles	B.. P..			49,473.91	49,473
1320	Increases during the Year	B.. P..		P.. N.. M..	98,640.00	98,640
▶ 1330	Decreases during the Year	B.. P..		S.. N.. M..	-15,640.00	-15,640
1340	Accum. Depreciation, V...	B.. P..			-59,103.78	-59,103
<b>1390</b>	<b>Vehicles, Total</b>	B.. E..	1300..1390		73,370.13	73,370
<b>1395</b>	<b>Tangible Fixed Assets, ...</b>	B.. E..	1005..1395		1,125,939.52	1,125,939
<b>1999</b>	<b>Fixed Assets, Total</b>	B.. E..	1003..1999		1,125,939.52	1,125,939

You can open the posted sales invoice from this window. Click **Navigate** to see all entries.

Microsoft Internal

## Correcting Entries

If you have posted an incorrect entry, you can cancel it. This means that you can mark the posted entry as an error ledger entry and then post the correct entry.

The reason for this feature is that the program uses the **FA Posting Date** in many calculations. Entries with incorrect FA Posting Dates must therefore be corrected.

## Canceling Entries

The following example demonstrates how to correct an entry:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS. Browse to asset number FA000060.
2. Select the line with the COMPANY depreciation book. Click DEPR. BOOK→LEDGER ENTRIES. The FA Ledger Entries window appears.

FA Posti...	D..	Docume...	FA No.	Deprecia...	F..	F..	Description	Amount
03/31/00		D200003...	FA000060	COMPANY		D..	Depreciation March 2000	-47.00
04/30/00		D200004...	FA000060	COMPANY		D..	Depreciation April 2000	-47.00
05/31/00		D200005...	FA000060	COMPANY		D..	Depreciation May 2000	-47.00
06/30/00		D200006...	FA000060	COMPANY		D..	Depreciation June 2000	-47.00
07/31/00		D200007...	FA000060	COMPANY		D..	Depreciation July 2000	-47.00
08/31/00		D200008...	FA000060	COMPANY		D..	Depreciation August 2000	-47.00
09/30/00		D200009...	FA000060	COMPANY		D..	Depreciation September 2000	-47.00
10/31/00		D200010...	FA000060	COMPANY		D..	Depreciation October 2000	-47.00
11/30/00		D200011...	FA000060	COMPANY		D..	Depreciation November 2000	-47.00
12/31/00		D200012...	FA000060	COMPANY		D..	Depreciation December 2000	-47.00

The picture shows a depreciation entry on December ,31 2000. Assume the amount should have been -50.00 instead of -47.00.

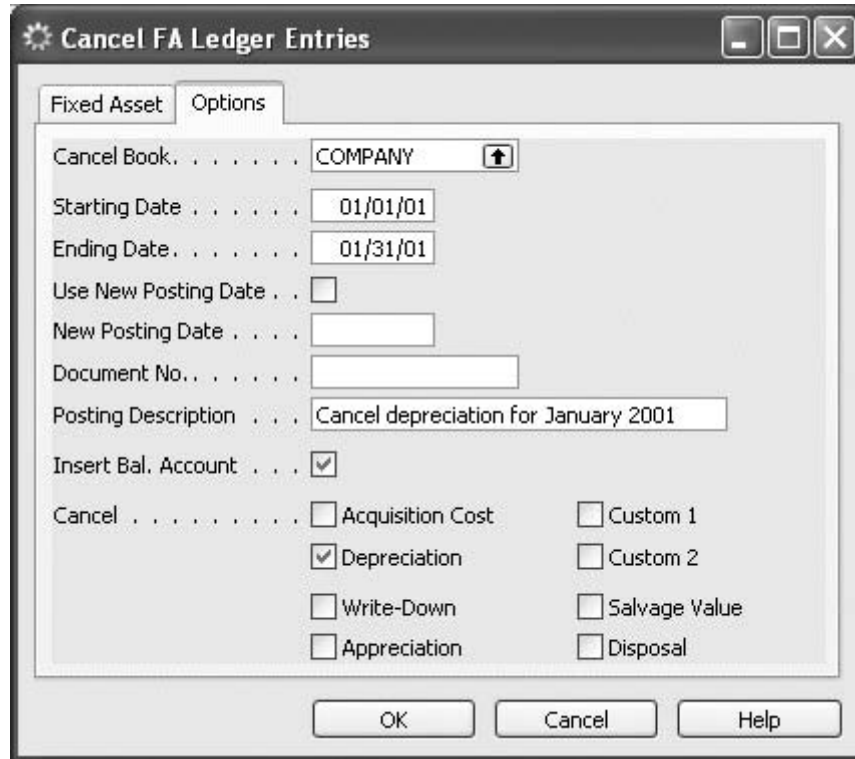
3. Select the line and click FUNCTIONS→CANCEL ENTRIES. The program creates the necessary entries in a journal.
4. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA G/L JOURNAL. Note that the program automatically fills in the **FA Error Entry No.** field.
5. To complete the cancellation, click POSTING→POST to post the cancellation journal.



### Canceling Multiple FA Ledger Entries

You can also cancel entries from a depreciation book by using the **Cancel FA Ledger Entries** batch job.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS.
2. In the Depreciation Book Card window, click FUNCTIONS→CANCEL FA LEDGER ENTRIES. The Cancel FA Ledger Entries window appears.
3. On the **Fixed Asset** tab select the assets for which you want to cancel entries. You can use a filter to do this.
4. On the **Options** tab, fill in the fields according to the following:
  - **Cancel Book** – Enter the name of the depreciation book from which you want to cancel entries.
  - **Starting Date** – Only entries with a posting date on or after the date you enter will be canceled.
  - **Ending Date** – Only entries with a posting date on or before the date you enter will be canceled.
  - **Use New Posting Date** – Place a check mark in the field if you want to post the cancellation with a different **FA Posting Date** to the **FA Posting Date** of entry being cancelled.
  - **New Posting Date field** – Enter the **FA Posting Date** you want the cancellation to be posted on. Make sure it is a date that is in the current fiscal year and one that is not closed.
  - **Document No.** – If you are not using a pre-defined number series in the FA journal, you should enter a document number for the cancellation journal in this field.
  - **Posting Description** – Enter the text you want to appear in the ledger.
  - **Insert Bal. Account** – Insert a check mark if you want the batch job to automatically insert balancing account(s) in the resulting journal. The batch job uses the accounts you defined in the FA Posting Group window.
  - **Cancel** – Click to insert a check mark next to the posting type(s) for which you want to cancel posted entries.



5. Click **OK** to start the batch job.

The canceled lines are placed in either the FA G/L journal or the FA journal from which you must post the lines.

After posting, the program fills in the **FA Error Entry No.** field to select the entries as error ledger entries.

### Canceling and Recalculating Depreciation

You can cancel erroneous depreciation entries by using the Cancel FA Ledger Entries batch job. After you have canceled the entries, you can run the Calculate Depreciation batch job again. If you cancel a FA entry, the original entry and the cancellation entry are both excluded from the depreciation calculation. The depreciation period used by the batch job is the period between the **FA Posting Date** of the last entry before the cancelled FA entry and the **FA Posting Date** entered on the **Options** tab in the batch job.

### Correction of FA entries

Sometimes you may want to cancel an FA entry that occurred in a fiscal year that has been closed. The cancellation batch job will normally post with the original **FA Posting Date**. This may result in posting to a closed fiscal year. If you have restricted the posting period in the **Allow FA Posting From** and **Allow FA Posting To** fields in the FA Setup window, you will not be able to post the cancellation. However, it is possible to make a correction entry for an asset in the current fiscal year.

You can do this simply by selecting the entries that you want to cancel and run the **Cancel FA Ledger Entries** batch job as usual. When the request window opens, make sure you include the following on the **Options** tab.

Click to insert a check mark in the **Use New Posting Date** field. In the **New Posting Date** field, enter the **FA Posting Date** you want the cancellation to be posted on. Make sure it is a date that is in the current fiscal year that is not closed. Make sure you fill in the fields on the **Options** tab.

The fields you must fill in can be seen in the following screenshot:



The correction of multiple FA entries works in the same way as the cancellation of multiple entries.

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**NOTE:** When you post a cancellation or correction to FA entries that belong to a depreciation book with integration to the general ledger, G/L entries will be created. In this case, restrictions on the posting period set up in the **Allow Posting From** and **Allow Posting To** fields in the General Ledger Setup window may also prevent the cancellation being posted.

---

## Documenting Fixed Asset Transactions

All entries that are posted to depreciation books are also automatically assigned consecutive entry numbers. In the FA registers the entries are sorted in entry number order regardless of FA numbers or depreciation book numbers.

### **FA Registers**

A register is created automatically with each posting (either directly from a fixed asset journal or indirectly from purchase invoices or sales invoices). The individual registers are also numbered (1 being the first number).

To see a list of the existing register numbers, click FINANCIAL MANAGEMENT→FIXED ASSETS→FA REGISTERS. The FA Registers window appears. It shows the entry numbers that are contained in each register.

The **Creation Date** field on each register indicates the actual date (the system date) the register was created. The creation date need not be the same as the posting date or document date on the entries in the register.

To see the individual entries, click REGISTER→FA LEDGER.

### **Print FA Registers**

To print the FA Register, click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS→FIXED ASSETS and then select **Register** and click **Print**. The Fixed Asset Register Report window appears, in which you specify the register you want and then click **Print**.

---

***NOTE:** If there are many entries posted and you print an FA register without a filter, the report may be very long.*

---

### **Tracing Transactions**

All posted entries are automatically assigned a **Source Code** so that transactions can be traced to their origin.

You can also assign a **Reason Code** to transactions.

## Fixed Asset Reports

When you prepare your balance sheet and income statement, you may need to print reports to analyze the depreciation, acquisition, disposal, and gain/loss values for the accounting period, as well as accumulated depreciation and book value at the end of the period.

For inventory, insurance and other management purposes you may need a list of all your fixed assets.

---

***NOTE:** When you print reports for previous years that include disposed of fixed assets, the figures in the report may not be correct.*

---

### Fixed Asset List

To print a list of all fixed assets (including assets with no transaction data) follow this procedure:

1. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**REPORTS AND FIXED ASSETS**. Select the **List** report and click **Print**.
2. On the **Fixed Asset** tab, set a filter to select the assets that you want to include in the report. If you leave the fields blank, all assets will be included.
3. On the **Options** tab, select which depreciation book you want to print from and indicate whether you want each fixed asset printed on a separate page.
4. Click **Print** to print the report or **Preview** to see it on the screen.

The report includes information from the **Fixed Asset Card** and **FA Depreciation Book**.

### Fixed Asset – Book Value

To print a report on depreciation, acquisitions and disposals for a selected period as well as the book value at the end of the period, you can choose between two reports: **Book Value 01** and **Book Value 02**. The two reports include almost the same information, but the first report format shows one line per asset and must be printed using landscape orientation, whereas the second report shows the information on several lines per asset.

To get information on write-downs, appreciation, custom1, and custom2 posting types included in the **Book Value 02** report, place a check mark in the **Acquisition Type** or the **Depreciation Type** field in the FA Posting Type Setup window.

Reclassified entries can be included in the **Book Value 02** report.  
To print one of these reports follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS AND FIXED ASSETS. Select the **Book Value 01** or **Book Value 02** report and click **Print**.
2. On the **Fixed Asset** tab you can set a filter to select the assets that you want to include in the report. If you leave the fields blank, the report will contain information on all of the assets (except inactive assets).
3. The **Options** tab is identical for the two reports except for the **Include Reclassification** field on the **Book Value 02** report. If you select this field, the report will include reclassified entries printed.
4. In the **Budget Report** field, insert a check mark to have the program calculate depreciation from the last **FA Posting Date** until the specified **Ending Date**.
5. Click **Print** to print the report or **Preview** to see it on the screen.

## Fixed Asset – Analysis

The **Fixed Asset – Analysis** report is a combined report where you can print most of the posting information related to fixed assets.

1. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**REPORTS AND FIXED ASSETS**. Select the **Analysis** report and click **Print**.
2. On the **Fixed Asset** tab, select the assets that you want to include in the report. If you leave the fields blank, the report will include all of your fixed assets.

The screenshot shows the 'Fixed Asset - Analysis' dialog box with the 'Options' tab selected. The 'Fixed Asset' tab is also visible. The 'Options' tab contains the following fields and controls:

- Depreciation Book**: COMPANY (dropdown)
- Starting Date**: 07/01/00 (text box)
- Ending Date**: 12/31/00 (text box)
- Date Field 1**: Last Deprecia... (dropdown)
- Date Field 2**: Last Acquisitio... (dropdown)
- Amount Field 1**: Depreciation (dropdown), Net Change (dropdown)
- Amount Field 2**: Book Value (dropdown), at Ending Date (dropdown)
- Amount Field 3**: Depreciation (dropdown), at Ending Date (dropdown)
- Group Totals**: (dropdown)
- Print per Fixed Asset**:  (checkbox)
- Only Sold Assets**:  (checkbox)
- Budget Report**:  (checkbox)

Buttons at the bottom: Print..., Preview, Cancel, Help.

3. Fill in the fields on the **Options** tab according to the following guidelines:
  - **Depreciation Book** – Select the relevant depreciation book.
  - **Starting Date** – Enter the first day (**FA Posting Date**) you want included in the report.
  - **Ending Date** – Enter the last day (**FA Posting Date**) you want included in the report.
  - **Date Field 1** and **Date Field 2** – Click the **Assist** button to see a list of the type of dates, select the type you want printed on the report and click **OK** to copy it to the field.

- **Amount Field 1, Amount Field 2 and Amount Field 3** – The report has three columns in which three types of amounts can be displayed. Click the **AssistButton** to see the FA Posting Types window, select the posting type you want included in the report and click **OK** to copy it to the field. The available options are as follows:

*Before Starting Date* – Only amounts before the starting date are included.

*Net Change* – Amounts with an FA posting date between the dates specified in the Starting Date and Ending Date fields are included. Amounts on the starting date and on ending date are also included in Net Change.

*At Ending Date* – Amounts posted on or before the date entered in **Ending Date** field are included.

- **Group Totals** – Click the **AssistButton** to see the options, select the option for which you want a group total calculated and printed.
- **Print per Fixed Asset** – Insert a check mark if you want values printed for each fixed asset rather than a total line.
- **Only Sold Assets** – Insert a check mark if you want to see sold assets only.
- **Budget Report** – Insert a check mark if you want depreciation calculated until the ending date.

4. Click **Print** to print the report or **Preview** to see it on the screen.

The report produced using the **Option** tab settings in the picture above shows the depreciation posted during the period July 1, 2000 and December 31, 2000 and the book value and accumulated depreciation on December 31, 2000.

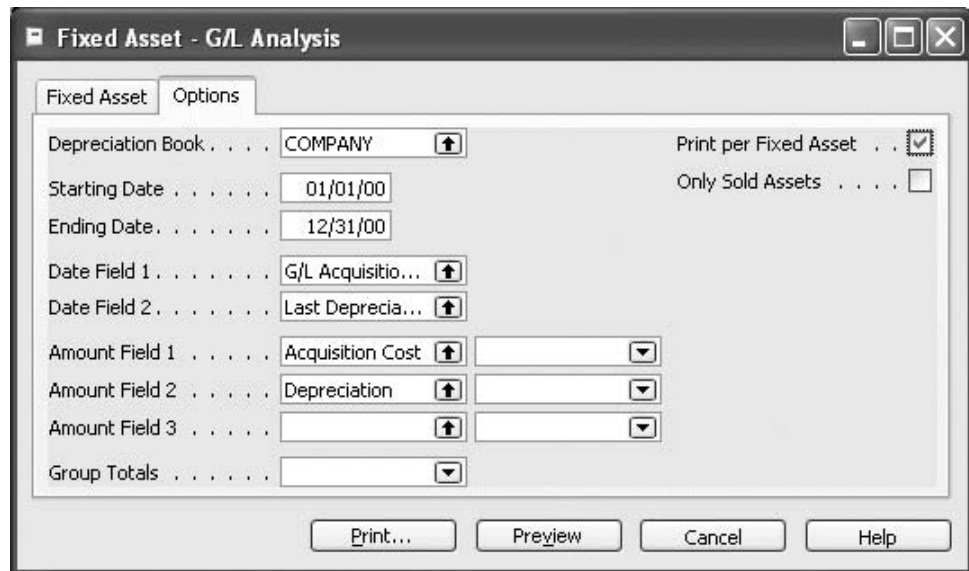
### **Fixed Asset – G/L Analysis**

If G/L integration is activated for a depreciation book, this report will show amounts posted in general ledger coming from the FA application area. The report is based on the **Posting Date** in the FA ledger, whereas all other reports use the **FA Posting Date**.

5. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS AND FIXED ASSETS. Select the **G/L Analysis** report and click **Print**.



6. On the **Fixed Asset** tab you can select which assets to include in the report. If you leave the fields blank you will get information on all assets (except inactive assets).



7. On the **Options** tab, fill in the fields according to the following guidelines:
- **Depreciation Book** – Select the relevant depreciation book.
  - **Starting Date** – Enter the first day (Posting Date) you want included in the report.
  - **Ending Date** – Enter the last day (Posting Date) you want included in the report.
  - **Date Field 1** and **Date Field 2** – Click the **AssistButton** to see a list of the type of dates, select the type you want printed on the report and click **OK** to copy it to the field.
  - **Amount Field 1**, **Amount Field 2** and **Amount Field 3** – The report has three columns in which three types of amounts can be displayed. Click the **AssistButton** to see the FA Posting Types window, select the posting type you want included in the report and click **OK** to copy it to the field. The available options are as follows:

*Blank* – Amounts posted to FA ledger, corresponding to the posting type selected in **Amount Field 1** field. If you have selected the Acquisition option, the report will include acquisition costs.

*Disposal* – Amounts posted to disposal accounts. Only disposed assets will have values in this column. If you have selected the Acquisition option, the report will include acquisition costs.

*Bal. Disposal* – Amounts posted to the balance disposal accounts. This option can only be used together with Write-down, Appreciation, Custom1, and Custom2 FA posting types. The balance disposal accounts are only used if the posting types are not included in the calculation of gain and loss and the disposal calculation method is Net. The Bal. Disposal accounts are not used if the disposal calculation method is Gross.

- **Group Totals** – Click the **AssistButton** to see the options, select the option for which you want a group total calculated and printed.
- **Print per Fixed Asset** – Insert a check mark in this field, if you want values printed per fixed asset a total line.
- **Only Sold Assets** – Insert a check mark in this field, if you want to see sold assets only.

8. Click **Print** to print the report or **Preview** to see it on the screen.

### FA Posting Group – Net Change Report

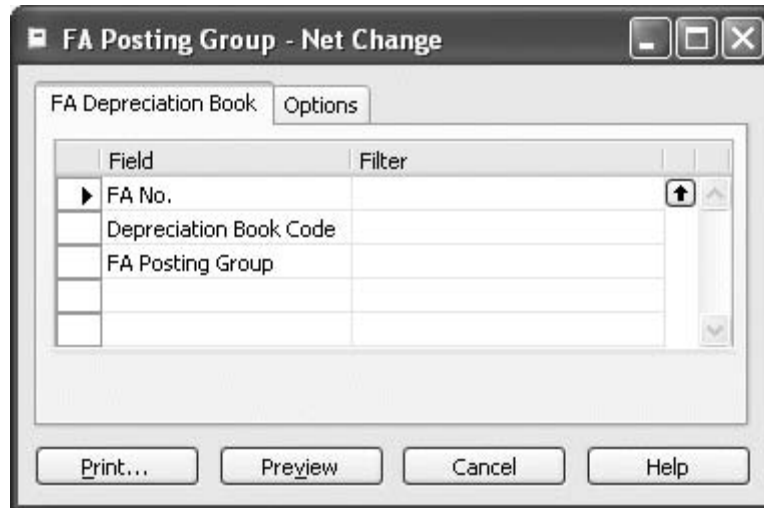
This report shows the net change posted in the fixed asset ledger entries for each FA posting group. If G/L integration is activated for a depreciation book, the amounts in the report are the same as the net change in the G/L accounts assigned to the FA Posting Groups. You can therefore use the report can be used when you reconcile the fixed asset ledger and general ledger.

The report contains two sections. The first section shows the net change for each G/L account for each FA posting group. The second section shows the total change in each G/L account for all FA posting groups.

On the **FA Depreciation Book** tab, you can set filters if you want the report to include only certain depreciation books, fixed assets or FA Posting Groups. Just as in the previous examples, on the **Options** tab, you can choose among a number of options to tailor the report to meet your specific needs.

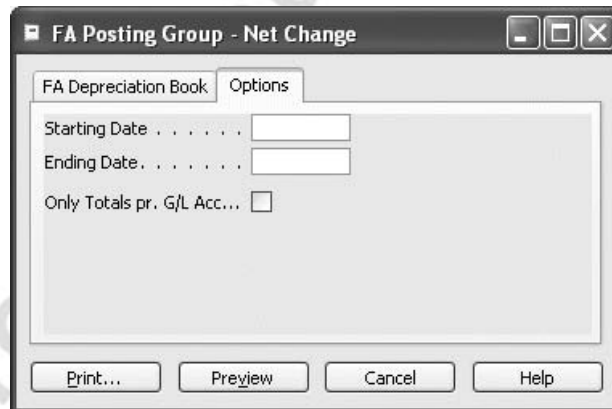
1. On the **Fixed Assets** menu, click **Reports**.
2. Select the FA Posting Group Net Change report and click **Print**.

3. On the **FA Depreciation Book** tab fill in the fields follows:



- **FA No.** – Enter the numbers of the fixed assets to be included in the report. To see the existing numbers, click the **AssistButton** in the **Filter** field.
- **Depreciation Book Code** – Click the **AssistButton** and select the code for the depreciation book to be included in the report.
- **FA Posting Group** – Enter the codes for the FA Posting Groups to be included in the report. To see the existing codes, click the **AssistButton** in the **Filter** field.

5. On the **Options** tab fill in the fields as above:



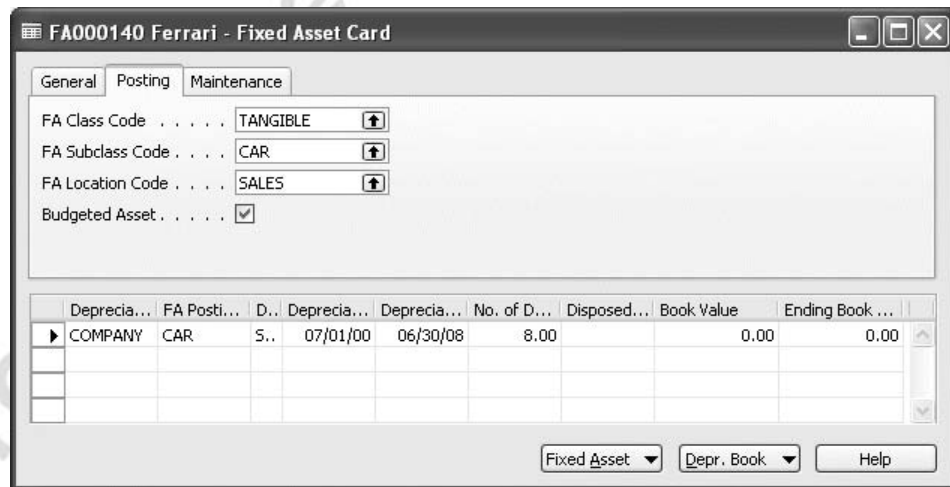
## Budgeting Fixed Asset Transactions

To prepare your budgeted income statement, balance sheet and cash flow, you need information about future investments, disposals and depreciation of fixed assets. By setting up a budgeted asset, you can plan for the addition of assets. Once you have acquired the asset, you can create a new asset and post the actual acquisition cost through the FA Journal or the FA G/L Journal. You can compare the budgeted cost to the actual cost. A budgeted asset is not integrated to the general ledger.

In the program, you can get this information from the Fixed Asset – Projected Value report. On the Fixed Asset Card, on the **Posting** tab, in the **Budgeted Asset** field, you can indicate that an asset was created for budgeting purposes. Finally, you will fill in the **Budgeted Asset** field.

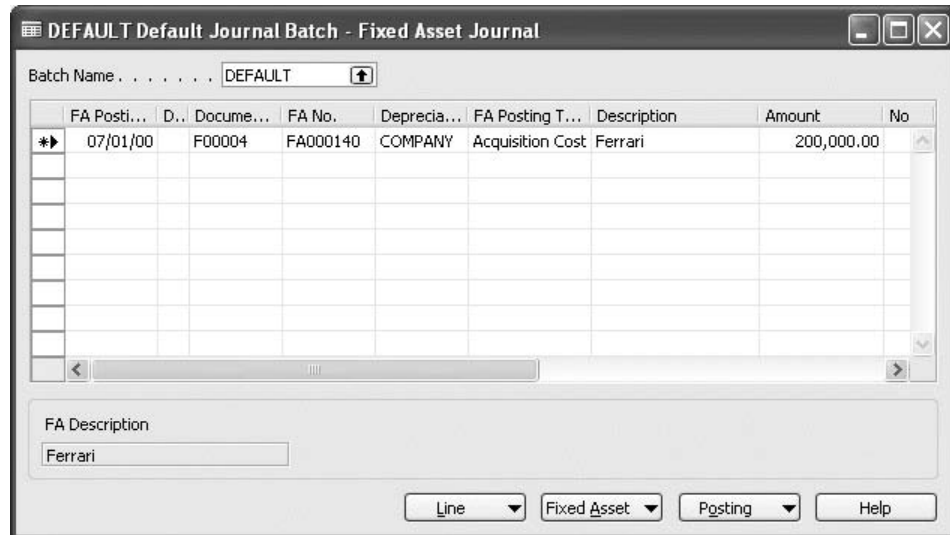
### Budgeting Future Acquisition Costs

1. To prepare a budget, you need to set up fixed asset cards for fixed assets you intend to buy in the future. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS. The Fixed Asset Card appears.
2. Press F3 to create a new fixed asset and fill in the relevant fields.
3. On the **Posting** tab, in the **Budgeted Asset** field, insert a check mark to prevent posting to the general ledger.



4. On the lines, set up the FA depreciation books.

5. Close the window and click FINANCIAL MANAGEMENT→FIXED ASSETS→FA JOURNALS to open the Fixed Asset Journal window. Enter and post the budgeted acquisition cost as shown in the following example:



You can see the budgeted acquisition cost in the Fixed Asset Statistics window, which you can open from the FA depreciation book for the budgeted asset.

### Follow-Up on Budgeted Acquisition Costs

When you buy a budgeted fixed asset, you set up a new fixed asset card. Follow the previous procedure, but when you post the actual acquisition cost (in either the FA G/L Journal or the FA Journal), enter the number of the budgeted asset in the **Budgeted FA No.** field. The program posts an acquisition cost with an opposite sign for the budgeted asset. This means the total acquisition cost on the budgeted asset is the difference between the budgeted and the actual acquisition cost.

### Budgeting Future Disposal of Fixed Assets

If you plan to sell assets within the budget period, you can enter information about sales price and sales date.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS and browse to fixed asset no. FA000090.
2. Click FIXED ASSET→DEPRECIATION BOOKS.
3. In the FA Depreciation Book window, on the menu bar, click VIEW→SHOW COLUMN. Select the **Projected Disposal Date** and **Projected Proceeds on Disposal** fields.
4. Click **OK** to insert the two fields into the FA Depreciation Book window.

5. Fill in the information shown in the following picture.

Deprecia...	FA Posti...	D.	Deprecia...	Depreci...	No. of D...	Disp...	Book Value	Projecte...	Projected Pr.
COMPANY	TELEPH...	S..	02/01/00	01/31/07	7.00		5,955.00	05/31/05	3,000.

To see the projected disposal values and have the program calculate the gain/loss, you run the **Fixed Asset – Projected Value** report.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS→FIXED ASSETS.
2. Select the **Projected Value** report and click **Print**.
3. On the **Fixed Asset** tab, enter FA000090.
4. Fill in the fields on the **Options** tab as follows:

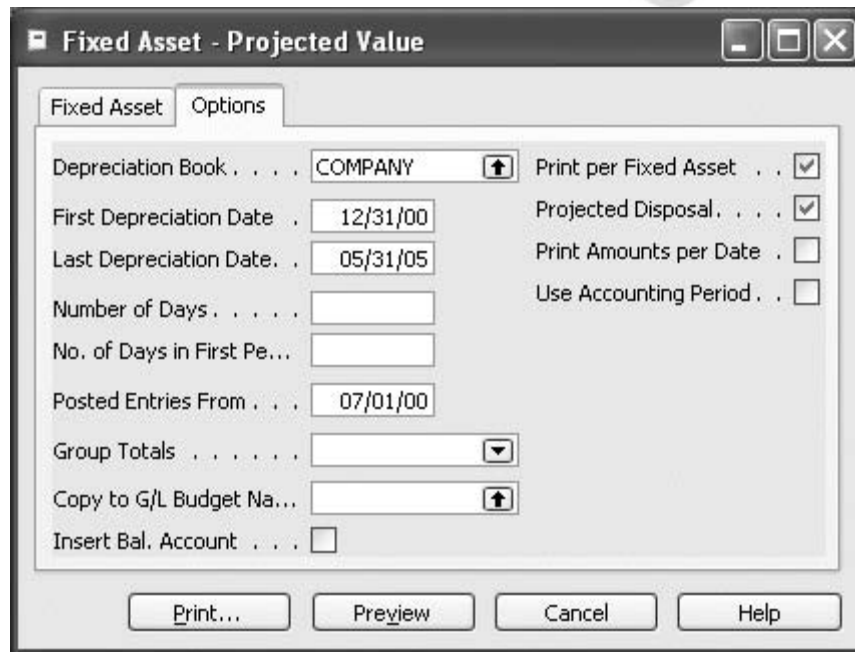
FA Posti...	D.	Docume...	FA No.	Deprecia...	FA Posting T...	Description	Amount	No. of D...
01/01/01		F00001	FA000060	COMPANY	Acquisition Cost	Conveyor Lift	20,000.00	
12/31/01		F00001	FA000060	COMPANY	Depreciation	Conveyor Lift	-5,000.00	

5. Click **Print** to print or **Preview** to see the report on the screen before printing it.

**Budgeted Depreciation**

To calculate future depreciation, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS→FIXED ASSETS.
2. Select the **Projected Value** report and click **Print**.
3. Leave the **No.** field on the **Fixed Asset** tab blank to have all assets included. In the **Budgeted Asset** field, enter No to exclude budgeted assets or Yes to see budgeted assets only.
4. To calculate depreciation for year 2001 to 2005, fill in the fields on the **Options** tab as follows:



- Click **Print** to print or **Preview** to see the report on the screen before printing it. The following shows an example of the report:

**Fixed Asset - Projected Value** February 22, 2001  
 Depreciation Book: COMPANY Page 1  
 CRONUS International Ltd.

Fixed Asset: No.: FA000140, FA Posting Date Filter: 12/31/00..12/31/05

No.	Description	FA Posting Date	FA Posting Type	No. of Depreciation Days	Amount	Book Value
FA000140	Ferrari	01/25/01	Acquisition Cost	0	200,000.00	200,000.00 Posted Entry
FA000140		12/31/01	Depreciation	540	-37,500.00	162,500.00
FA000140		12/31/02	Depreciation	360	-25,000.00	137,500.00
FA000140		12/31/03	Depreciation	360	-25,000.00	112,500.00
FA000140		12/31/04	Depreciation	360	-25,000.00	87,500.00
FA000140		09/30/05	Depreciation	270	-18,750.00	68,750.00
FA000140	Ferrari				-131,250.00	68,750.00
			<b>Projected Proceeds on Disposal</b>		90,000.00	
			<b>Projected Gain/Loss</b>		-21,250.00	
<b>Total</b>					-131,250.00	68,750.00
			<b>Projected Proceeds on Disposal</b>		90,000.00	
			<b>Projected Gain/Loss</b>		-21,250.00	

This report shows the book value and accumulated depreciation at the beginning of the selected period, changes during the period and book value and accumulated depreciation at the end of the selected period.

If you want to see total values for all assets, remove the check mark in the **Print per Fixed Asset** field on the **Options** tab of the report and rerun the report.

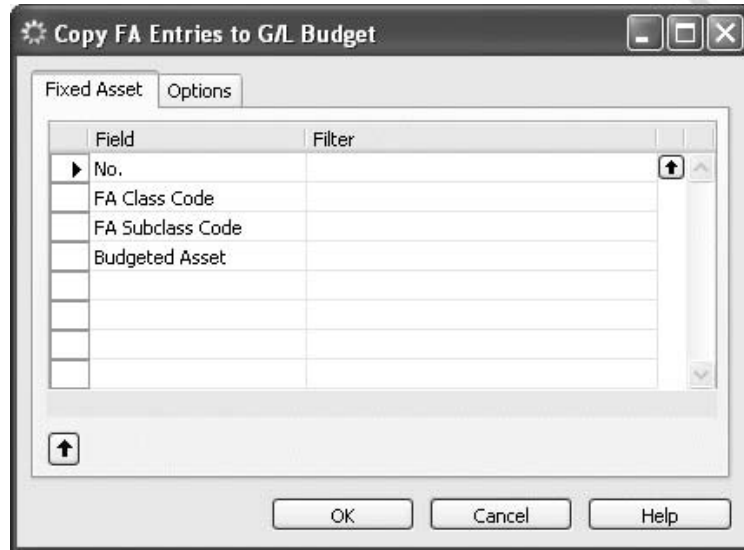
### Copying Fixed Asset Transactions to the G/L Budget

It is also possible to copy posted or projected fixed asset transactions to the G/L budget.

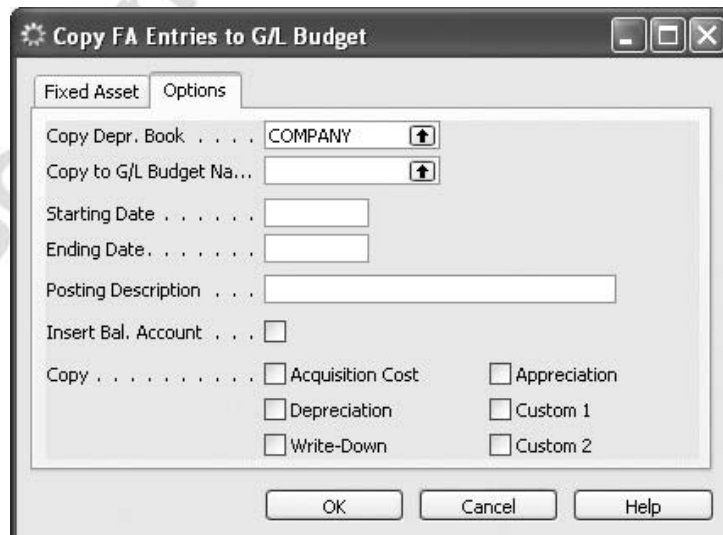


To copy posted FA ledger entries, including FA ledger entries posted to budgeted assets, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS.
2. On the Depreciation Book Card, click FUNCTIONS→COPY FA ENTRIES TO G/L BUDGET.



3. On the **Fixed Asset** tab, you can select the assets you want to copy the FA ledger entries from.
4. Click the **Options** tab and fill in the fields as follows:



- **Copy Depr. Book** – Enter the depreciation book you want to copy entries from.
- **Copy to G/L Budget Name** – Enter the name of the budget you want to copy to.
- **Starting Date** and **Ending Date** – All entries with an FA Posting Date on and between these dates will be copied to the budget.
- **Description** – Enter a description for the budget entries.
- **Insert Bal. Account** – Place a check mark in this field if you also wish to copy the balancing entry to the G/L budget.
- **Copy** – Select the type of entries you want to copy by placing a check mark in the relevant field.

When you run the batch job, any entries that have been posted for the selected assets are copied to the G/L Budget. The date of the G/L Budget entries and the dimensions for the budget entry will be the same as the FA posting date and the dimensions posted on the FA Ledger entry.

If you want to copy projected fixed asset transactions to the G/L budget, you select the budget to copy to in the **Copy to G/L Budget Name** field in the Fixed Asset – Projected Value Report. If you also want to copy the balancing entries to the G/L Budget, you place a check mark in the **Insert Bal. Account** field in the report. When you preview or print the report, both posted and projected transactions are copied to the G/L budget you selected. Each budget entry will be assigned a description of the fixed asset number and transaction type that was copied to the budget.

## Cost–Accounting Depreciation

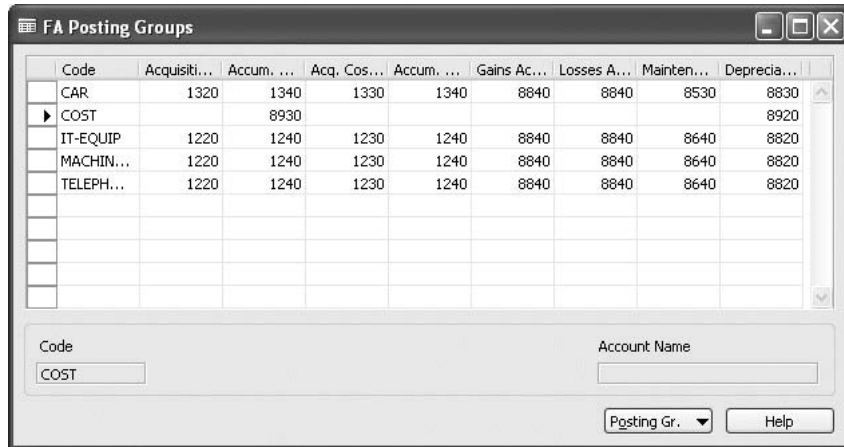
Some companies want to do a part of their cost accounting from the Fixed Asset application area. The program handles the cost–accounting depreciation for the cost accounting. To do this, follow the steps described below:

1. Create a new depreciation book for cost–accounting called COST. Set up the depreciation book in the following way:

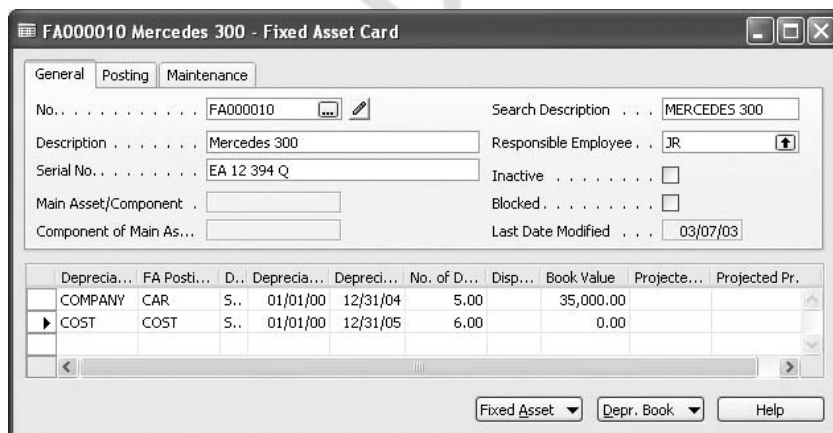
- Allow Depr. below Zero *Yes*
- Allow Indexation *Yes*
- Use Rounding in Periodic Depr. *No*

2. On the **Integration** tab in the **Depreciation** field, insert a check mark to ensure that only the depreciation will be integrated to the general ledger. You post this depreciation using a posting group for cost–accounting depreciation.
3. Set up a COST posting group so that the cost–accounting depreciation will be posted correctly to the general ledger. You will need to create two income statement accounts so that entries will not affect the gain or loss in the financial statement although they will be posted to this.

- For this example, create accounts 8920 and 8930 for the depreciation and set up the posting group as shown in the following picture:



- Set up a new line in the FA depreciation books of each asset that will have cost-accounting depreciation calculated.



Remember to select the new cost-accounting FA posting group, otherwise you will post to the incorrect accounts. The picture above shows an example of this kind of asset. When you have set up the FA depreciation books for all of the relevant assets, you can start to create the acquisition costs for all of them.

If these are identical to the acquisition costs of other FA depreciation books, you can use the **Copy Depreciation Book** batch job to copy the existing amounts from the standard depreciation book. In this example, copy the COMPANY depreciation book to the new depreciation book COST. Post the copied lines in the FA journal. The program is set up so that the acquisition costs of these assets are never posted to the general ledger. This is the reason for FA journal posting.

You can now start to calculate depreciation using the acquisition cost as a base. If you want to depreciate your asset below the book value of Zero, set up the annual depreciation percentage or the annual depreciation value in the related fields in the FA depreciation book in the usual way.

Once the book value is zero, you can only post further depreciation for cost accounting if you have inserted a check mark in the **Allow Depr. Below Zero** field in the COST Depreciation Book Card.

When you start the Calculate Depreciation batch job for the COST depreciation book, notice that the created entries are in the FA G/L journal, because depreciation postings have been integrated to the general ledger. You need a balancing account for this. On the **Options** tab, in the **Insert Bal. Account** field click to have the program automatically insert the expense account from the FA posting group COST.

Cost Accounting is not bound to any law. Therefore, it is possible to change the depreciable base of assets that have a COST depreciation book. This can be done using indexation.

You will learn how to use the Index Fixed Assets batch job in the next section.

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### Indexation

Indexation is used to adjust values for general price-level changes. The **Index Fixed Assets** batch job can be used to calculate the value of fixed assets at replacement cost.

To use this batch job, you must activate the **Allow Indexation** field on the depreciation book.

- Select the Depreciation book **COST**.

You will see that this book is prepared for indexation. You can use indexation with the **COST** depreciation book but **NOT** the default depreciation book (in this case, the **COMPANY** book). This is because the **COMPANY** depreciation book is used for the balance sheet and the financial statement. The depreciation base of this **COMPANY** book must not be changed by an indexation.

To index, do the following:

1. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**PERIODIC ACTIVITIES**→**INDEX**→**FIXED ASSETS**. The **Index Fixed Assets** batch job appears.
2. On the **Fixed Asset** tab, select the fixed assets you want to index. For this example, leave all fields on the tab empty.

On the **Options** tab, you have the following fields:

- **Depreciation Book** – Select the appropriate depreciation book.
- **Index Figure** – Enter an index figure. This is the figure the batch job uses to calculate the index amounts entered in the journal. For example, if you want to index by 2%, enter 102 in this field; if you want to index by -3%, enter 97 in this field.
- **FA Posting Date** – Enter the fixed asset posting date to be used by the batch job. The batch job will include ledger entries up to this date. This date will appear in the **FA Posting Date** field in the resulting journal lines. If the **Use Same FA+G/L Posting Dates** field for the depreciation book contains a check mark, then this date must be the same as the posting date entered in the **Posting Date** field.
- **Posting Date** – Enter the posting date to be used by the batch job. This date will appear in the **Posting Date** field in the resulting FA G/L journal lines for assets that are integrated with the general ledger.

- **Document No.** – Leave this field blank if you have set up a numbering series for the fixed asset journal batch in the No. Series table and the fixed asset journal batch currently has no journal lines entered in it. The batch job automatically assigns the next available number in the series to the journal lines copied to the fixed asset journal batch.
  - **Posting Description** – Enter a posting description that will appear on the resulting journal lines.
  - **Insert Bal. Account** – Place a check in the box if you want the batch job to automatically insert balancing account(s) in the resulting journal. The batch job uses the accounts you have defined in the FA Posting Group table.
  - **Index** – Select the fixed asset transaction types that you want to index for the fixed assets included in the batch job.
3. To complete this example, fill in the **Options** tab as it appears in the following picture.

The screenshot shows the 'Index Fixed Assets' dialog box with the 'Options' tab selected. The fields are as follows:

Depreciation Book . . . . .	COST
Index Figure . . . . .	102.00
FA Posting Date . . . . .	01/31/01
Posting Date . . . . .	
Document No. . . . .	
Posting Description . . . . .	
Insert Bal. Account . . . . .	<input checked="" type="checkbox"/>
Index . . . . .	<input checked="" type="checkbox"/> Acquisition Cost
	<input type="checkbox"/> Custom 1
	<input type="checkbox"/> Depreciation
	<input type="checkbox"/> Custom 2
	<input type="checkbox"/> Write-Down
	<input type="checkbox"/> Salvage Value
	<input type="checkbox"/> Appreciation
	<input type="checkbox"/> Maintenance

Buttons: OK, Cancel, Help

Note that only acquisition costs posted on or before January 31, 2001 will be included in the indexation.

4. To create the indexation entries, click **OK**.
- The program creates the necessary lines in a journal. The journal template and batch that is used is determined by the way you set up the FA Journal Setup window.
5. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA G/L JOURNALS or FA JOURNALS. The **Index Entry** field (use Ctrl + F8 to zoom and see the field) contains a Yes. Check the created entries, and post them to the ledgers.

If the index figures are for simulation purposes only, you can create a special depreciation book to store them in. These entries will not affect any of the other depreciation books.

Indexation can also be done manually by entering a journal line. Click the **Index Entry** field to mark your entries. This will make the index entries identifiable.

### Reversing Indexation

If you need to correct an indexing, you can do so by using the Cancel FA Ledger Entries batch job and then running the Index Fixed Assets batch job again.

## Minor Assets

Minor assets are assets that are fully depreciated in the same fiscal year as they are purchased. Whether an asset is classified as a minor asset or not depends on national legislation.

There are two significant settings in the FA depreciation book for minor assets:

- The depreciation method is normally straight-line.
- The depreciation starting date and the depreciating ending date are the same. The effect of this will be that the program will always calculate 100% depreciation, even when other acquisitions and depreciation have already been posted to this asset.

### Setting Up a Minor Asset – Example

1. Create a fixed asset called Minor Assets 2000.
2. The fixed asset should have the following depreciation book information.

<b>Depreciation Book Code</b>	COMPANY
<b>FA Posting Group</b>	MACHINERY
<b>Depreciation Starting Date</b>	01/01/00
<b>Depreciation Ending Date</b>	01/01/00

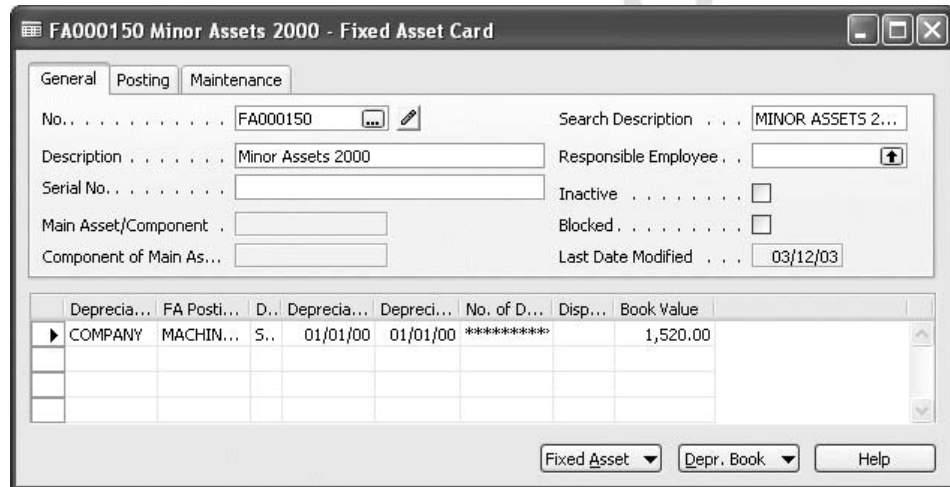
Normally, you set up a separate G/L account and FA Posting Group for minor asset depreciation. However, for this example we will simply use the existing machinery posting group.



- Using the FA G/L journal, add the following acquisition costs for the year. The balancing account number for each acquisition is G/L account 2910.

Date	Acquisition
07/01/00	600
09/01/00	800
12/01/00	500

- Once you have posted the journals, the Minor Assets 2000 Fixed Asset Card should look like this:



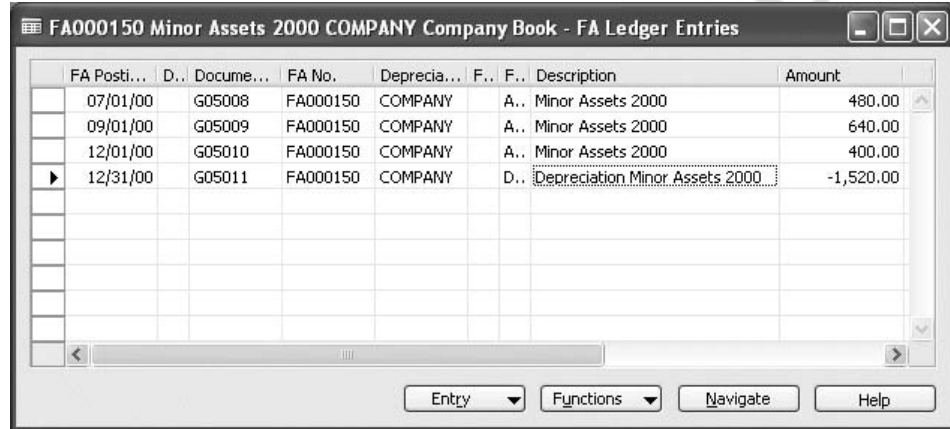
Normally you set up one minor asset fixed asset card per year. This is because the legislation for minor assets may change from one fiscal year to the next. Each time you purchase an asset that is classed as a minor asset, you post the acquisition cost and depreciation to the same minor asset card you have set up. The acquisition costs of all minor assets will be collected on this asset and depreciated by 100% when the next periodic depreciation is calculated.

- Click FINANCIAL MANAGEMENT→FIXED ASSETS→PERIODIC ACTIVITIES→CALCULATE DEPRECIATION.
- On the **Fixed Asset** tab, enter the **No.** from the minor asset fixed asset card in the **No. Filter** field.
- Fill in the **Options** tab as follows:

<b>Depreciation Book</b>	COMPANY
<b>FA Posting Date</b>	12/31/00
<b>Posting Date</b>	12/31/00
<b>Description</b>	Depreciation Minor Assets Year 2000

8. Click **OK** to run the batch job and then click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**FA G/L JOURNALS** to look at the journal created by the batch job.
9. Click **FUNCTIONS**→**INSERT FA BAL. Account** to insert a balancing account and then post the journal.

If you open the **Fixed Asset Card** for the minor assets you will see that the book value is 0. You can see the journal entries by clicking the **AssistButton** in the **Book Value** field.



The example shows several postings of acquisition costs during a fiscal year and one yearly calculation of depreciation. However, you can also depreciate minor assets every month if you want. The asset will always depreciate 100% of the current book value at the time the depreciation is calculated.

If we had run the **Calculate Depreciation** batch job on September 30, 2000 (before we entered the December 1, 2000 acquisition), and then run it again on December 31, 2000, we would get the following result:

Date	Acquisition Cost	Depreciation
07/01/00	600	
09/01/00	800	
09/30/00		-1,400
12/01/00	500	
12/31/00		-500

### Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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2.

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3.

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## CHAPTER 3: FIXED ASSET RECLASSIFICATIONS

### Asset Transfers

In order to transfer, split up or combine assets, you use the Reclassification Journal.

Let's take a look at a transfer of an asset to another location first. Assume that while our Switchboard (FA000090) was being assembled, it was placed in the Warehouse. Now that it is finished we must move it to the switch room in Administration.

1. Set up a new fixed asset with number FA000190, and enter ADM in the **FA Location Code** field.
2. Create a FA Depreciation Book for asset FA000190. Use the COMPANY depreciation book and the same depreciation method and information as FA000090.

You can do this by opening the COMPANY Depreciation Book Card and clicking FUNCTIONS→CREATE FA DEPRECIATION BOOKS. Select asset FA000190 in the **No.** field on the **Fixed Asset** tab and **FA000090** in the **Copy From FA No.** field on the **Options** tab and click **OK** to rung the Create FA Depreciation Books batch job.

3. To move 100% of the Acquisition Cost and Depreciation for the asset, on the **Fixed Asset** menu click **FA Reclass. Journals** to open the FA Reclass. Journal window.

In the FA Reclass. Journal window you specify:

- **FA Posting Date** – The date of the reclassification.
- **Document No.** – The document number for the transaction (Do not use a Document Number if you have this set up in your No Series table).
- **FA No.** – The number of the asset you are transferring from.
- **New FA No.** – The number of the asset you are transferring to
- **Description** – Text description for the transaction.
- **Reclassify Acq. Cost Amount** and **Reclassify Acq. Cost %** – the amount of the asset acquisition cost to be transferred. This can be entered as a percentage or an amount.
- **Reclassify Acquisition Cost** – Use this field to select whether or not you want to transfer the acquisition cost.
-

**Reclassify Depreciation** – Use this field to select whether or not you want to transfer the depreciation.

It is also possible to reclassify Write-Down, Appreciation, Custom1, Custom2, and Salvage Value entries.

- **Insert Bal. Account** –If you have balancing accounts set up in your FA Posting group you may place a check mark in the field so the program inserts the balancing accounts; otherwise leave it blank.

FA Posting Date	D... No.	FA No.	New FA No.	Deprecia... Book Code	Description	Recl... Acq...	Reclassify Acquisiti...	Reclassify Deprecia...
01/31/01		FA000090	FA000190	COMPANY	Move Switchboard to ...	100	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FA Description: Switchboard  
New FA Description: Switchboard

Reclassify Help

4. After you complete the journal lines, click the **Reclassify** button at the bottom of the window.

When you do this, the program will create lines in the FA G/L Journal using the template and batch you have specified. These lines can be posted against each other; you don't need to insert balance accounts.

When you post this FA G/L Journal, both the FA entries and the G/L entries move from one asset account to another. In several countries you must enter these reclassifications in your annual FA reports. You can do this by printing the Fixed Asset – Book Value 02 report. In this report you have the option of looking at the total of all assets together or at each individual asset. To see the reclassification entries, insert a check mark in the **Include Reclassifications** field on the **Options** tab.

## Splitting Fixed Assets

You split up fixed assets in the Reclassification Journal in much the same way as you transfer an asset (see previous example). The only difference is that you may be transferring to multiple assets. Here is an example of a Reclassification Journal set up to break one asset into two others, and still retain part of it as the original asset. In this case, 25% is going to FA000060, 45% to FA000070, and FA000050 will retain 30%. In some cases you won't know the precise percentage of the split. Instead, it is possible to use a reclassification amount. This amount refers to the original acquisition amount.

FA Posting Date	D... No.	FA No.	New FA No.	Deprecia... Book Code	Description	Recl... Acq...	Reclassify Acquisiti...	Reclassify Deprecia...
01/31/01		FA000050	FA000060	COMPANY	Splitting Asset FA000050	25	✓	✓
* 01/31/01		FA000050	FA000070	COMPANY	Splitting Asset FA000050	45	✓	✓

FA Description: Conveyor Belt  
New FA Description: Conveyor Computer

Buttons: Reclassify, Help

Don't forget if you want to transfer acquisition and depreciation to new assets, you must set the new assets up first.

## Partial Disposal of an Asset

A partial disposal works in the same way as splitting an asset:

1. Set up the new asset for the partial disposal amount first.
2. Post a reclassification of the part you want to sell.
3. Post the disposal to the new asset.

This guarantees that the program will calculate the gain or loss of the partial disposal accurately.

**NOTE:** If you post the partial disposal sales proceeds to the original asset, the asset will be treated as if it is completely sold. You cannot post any further entries to the asset since an entry with FA Posting Type of Disposal has been posted. The lower sales price for the partial disposal will also incur a loss in most cases. Posting a partial disposal in this way is incorrect.

## Combining Assets

This is accomplished in the same way as splitting assets up, except that you typically specify 100% as the amount being transferred and the **FA No.** field contains the asset you are combining from and the **New FA No.** field is the asset you are combining into. In our example, we are combining all of FA000020 into FA000010.

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## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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## CHAPTER 4: FIXED ASSETS MAINTENANCE

### Setting Up Maintenance Information

Maintenance expenses are routine periodic costs undertaken to preserve the value of fixed assets. Unlike capital improvements, they do not increase value of the assets.

#### Fixed Asset Card

The **Maintenance** tab of the fixed asset card contains the following fields:

- **Vendor No.** – The number of the vendor that supplied the fixed asset.
- **Maintenance Vendor No.** – The number of the vendor that usually carries out the maintenance.
- **Under Maintenance** – Insert a check mark in this field if the fixed asset is under maintenance. You can use this information as a filter in reports.
- **Next Service Date** – The date of the next scheduled service. You can use this information as a filter in reports.
- **Warranty Date** – The date on which the warranty expires.
- **Insured** – The program automatically fills in this field.

#### FA Posting Group

If you want to record maintenance costs, in addition to filling in the fields on the fixed asset card, you must also enter an account number in the FA Posting Groups window to allow you to post the maintenance costs to the General Ledger.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP, and then click **FA Posting Groups**. The FA Posting Groups window appears.
2. To fill in the **Maintenance Expense Account** field for the relevant posting groups, for example, CAR, click on the **AssistButton** to open the GL account list and select the account.

## Allocation Keys

If you want maintenance costs allocated to departments and/or projects, you must set up an allocation key. Follow this procedure:

1. In the FA Posting Groups window, click POSTING GR.→ALLOCATIONS, and then click **Maintenance**. The FA Allocations window appears.
2. Fill in the fields according to these guidelines:
  - **Account No.** – Fill in the G/L account number. Use the **AssistButton** to see the chart of accounts.
  - **Account Name** – The program automatically enters the name of the account.
  - **Allocation%** – Enter the percentage you want allocated to the specified department/project.

If you want to allocate to dimensions other than the default global dimension, click LINE→DIMENSIONS and select the required dimension code and values in the FA Allocation Dimensions window. The following example shows an allocation key for telephone maintenance between the ADM, SALES and PROD departments:

Account ...	Account Name	Alloc...
8640	Miscellaneous	10.0
8640	Miscellaneous	30.0
8640	Miscellaneous	60.0

Allocation %: 10.0      Total Alloc. %: 100.0

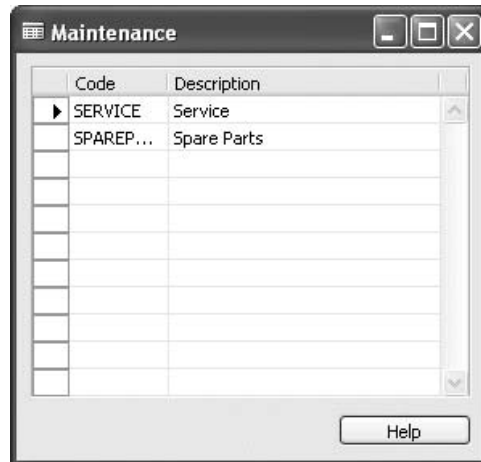
Line      Help

### Setting Up Maintenance Codes

When you post maintenance costs (from a general journal or a purchase invoice), you fill in the **Maintenance Code** field describing the kind of maintenance that has been carried out (for example, routine service, repair).

To set up the codes, click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP, and then click **Maintenance**.

The Maintenance window appears.



The codes can then be used for filtering in the fixed asset maintenance reports and ledger entries.

## Maintenance Registration and Costs

### Keeping Track of Service Visits

Every time maintenance has been carried out, you can record it for the relevant fixed asset. This is done in the Maintenance Registrations window:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS and browse to the fixed asset that you want to register maintenance for.
2. Click FIXED ASSET→MAINTENANCE REGISTRATION. The Maintenance Registration window appears.

Service ...	Mainten...	Comment	Service Agent Name	Service Agen...
▶ 01/13/01	44127904	Initial service	Mike Bowes	

3. Fill in the fields as follows:
  - **Service Date** – Enter the date on which the fixed asset is being serviced.
  - **Maintenance Vendor No.** – Enter the number of the vendor who is carrying out the maintenance.
  - **Comment** – Enter a description of what is being done.
  - **Service Agent Name** – Enter the name of the person who is carrying out the service/repair.
  - **Service Agent Phone No.** – Enter the telephone number of the relevant service agent.

### Following up on Service Visits

You can print the Maintenance – Next Service report in order to see which assets you have scheduled a service visit for. You can also use this report when you are updating the **Next Service Date** field on the fixed asset cards.

On the **Options** tab, you can enter a starting date and/or ending date.

In the demonstration company, let's run a report showing the assets that require service during the last quarter of the year 2001.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS→MAINTENANCE. Select the Next Service report and click **Print**.
2. On the **Options** tab enter:

<b>Starting Date</b>	10/01/01
<b>Ending Date</b>	12/31/01
3. Click **Preview** to see the report.

### Recording Maintenance Costs

When you receive a maintenance invoice, you can record it in one of the following ways:

- If G/L integration has been activated for the depreciation book that you want to post to, you can use a purchase invoice or an FA G/L journal.
- If G/L integration has not been activated for the depreciation book that you want to post to, you can only use an FA journal.

## Recording Maintenance Costs Using an Invoice

To record maintenance costs using an invoice:

1. Click FINANCIAL MANAGEMENT→PAYABLES→INVOICES.
2. Fill in an invoice with the information shown in this picture.

The screenshot shows the 'Purchase Invoice' window for '1002 WoodMart Supply Co.'. The 'General' tab is active, displaying the following fields:

- No.: 1002
- Posting Date: 01/25/01
- Buy-from Vendor No.: 44127904
- Document Date: 01/25/01
- Buy-from Contact No.: CT000111
- Vendor Invoice No.: 45634
- Buy-from Vendor Name: WoodMart Supply Co.
- Order Address Code: (empty)
- Buy-from Address: 12 Industrial Heights
- Purchaser Code: RL
- Buy-from Address 2: (empty)
- Responsibility Center: (empty)
- Buy-from Post Code/City: GB-SA3 7HI Stratford
- Status: Open
- Buy-from Contact: Mr. Joseph Matthews

Below the fields is a table with the following data:

T.. No.	Description	L...	FA Posting Type	Qua...	Unit of M...	Direct U...	Line Amount ...
F.. FA000090	Switchboard		Maintenance	1		456.00	456.00

At the bottom of the window are buttons for 'Invoice', 'Line', 'Functions', 'Posting', and 'Help'.

Note that the **FA Posting Type** field is not included in the standard layout, but you can insert it with the Show Column function. The **Maintenance Code** field is not included in the standard layout either, and must be inserted using the form designer. As a result, we will leave the **Maintenance Code** field empty for this example. Normally, you would select a code for the maintenance cost.

3. Click POSTING→POST to post the invoice.



### Recording Maintenance Costs Using the FA Journal

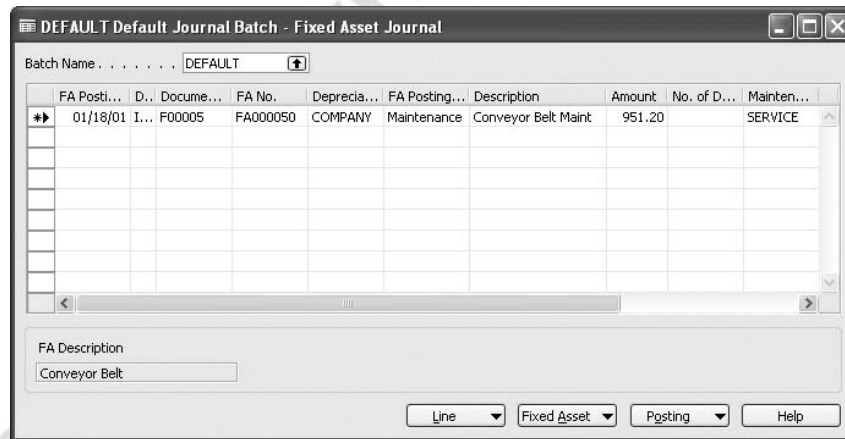
If you post to a depreciation book in which G/L integration has been deactivated for maintenance costs, you must use a fixed asset journal. Posting maintenance costs in an FA G/L journal is similar to posting in an FA journal (which is described below). You must enter a balancing account in the FA G/L journal.

Try this example:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FA JOURNALS. In the Fixed Asset Journal window enter:

<b>FA Posting Date</b>	01/18/01
<b>Document Type</b>	Invoice
<b>FA No.</b>	FA000050
<b>FA Posting Type</b>	Maintenance
<b>Amount</b>	951.20
<b>Maintenance Code</b>	SERVICE

The **Maintenance Code** field is not included in the standard layout, but you can insert it with the Show Column function.



2. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS.
3. Click the **Integration** tab, and then click to remove the check mark from the **Maintenance** field.
4. Return to the Fixed Asset Journal window.
5. Click **Posting**, and Post to post the journal.

After you have posted the journal, activate the G/L integration of maintenance in the COMPANY depreciation book again.

## Maintenance Cost Reporting

You can see the maintenance costs when you look at the statistics of a fixed asset and when you look at the maintenance ledger entries.

### Statistics

To see the Fixed Asset Statistics window, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS.
2. Browse to fixed asset number FA000050. Select a **FA Depreciation Book Line** and then press **F9** or click DEPR. BOOK→STATISTICS. The Fixed Asset Statistics window appears.
3. On the **General** tab, click the **Maintenance** field and then click the **AssistButton**. The Maintenance Ledger Entries window appears. This window shows the entries that make up the amount in the Fixed Asset Statistics window.

### Maintenance Ledger Entries Report

The maintenance ledger entries can also be printed using standard reports.

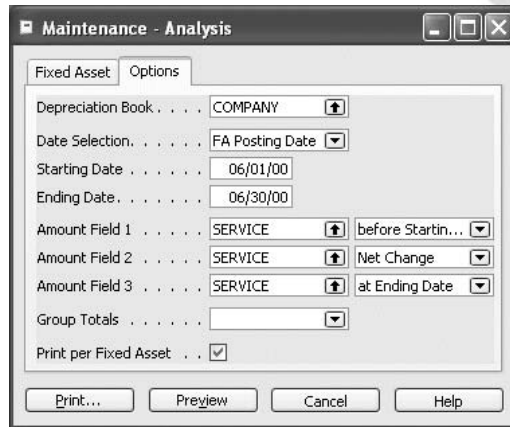
1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS→MAINTENANCE.
2. Select the Details reports and click **Print**.
3. On the **Fixed Asset** tab, set a filter to select the asset(s) you want included in the report.
4. On the **Options** tab, you can decide which depreciation book to print from and whether you want to skip to a new page for each asset or not.
5. Click **Print** to print or **Preview** to see the report on the screen before printing it.

### Maintenance – Analysis

In this report, you can select whether you want to see the costs on one, two or three maintenance codes for a specified date or period. You can also decide if you want a total of all the selected assets or a total per asset.

In the demonstration company, run a report showing the beginning balance, net change and ending balance of SERVICE maintenance costs per asset for June 2000.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS→MAINTENANCE.
2. Select the **Analysis** report and click **Print**.
3. Leave the **Fixed Asset** Tab as it is.
4. On the **Options** tab, enter the information shown in the following picture:



If you leave the **Amount Field 1**, **Amount Field 2** or **Amount Field 3** fields blank, the report will include all maintenance costs regardless of their Maintenance Code.

5. Click **Print** to print or **Preview** to see the report on the screen before printing it.

### Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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Microsoft Internal Use Only

## CHAPTER 5: FIXED ASSET INSURANCE

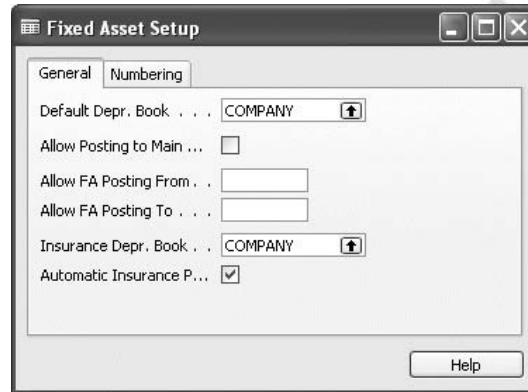
### Setting Up Insurance Information

In order to use the insurance facilities, you must set up some general information, and you also need to set up one insurance card per insurance policy.

#### Fixed Asset Setup Window

To set up general information in the Fixed Asset Setup window follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→FA SETUP. The Fixed Asset Setup window appears.



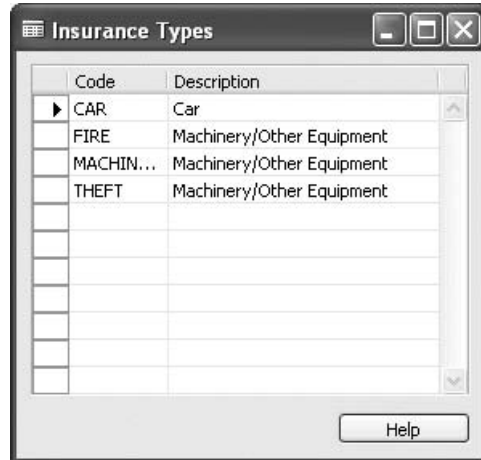
2. On the **General** Tab, fill in the insurance fields as follows:

- **Insurance Depr. Book** – Click the **AssistButton** to see the list of depreciation books. It is only possible to post an acquisition entry with an insurance number, or a disposal of an insured asset, if a book is entered in this field. This is because the disposal of an asset automatically terminates the insurance coverage.
- **Automatic Insurance Posting** – Click to insert a checkmark if you want the acquisition costs posted as entries in the insurance coverage ledger. Otherwise, the entries will be placed in the insurance journal.

3. On the **Numbering** tab, click the **AssistButton** in the **Insurance Nos.** field to see the list of number series. Select the relevant code for insurance numbers.

### Insurance Types

You can group your insurance policies into categories, for example, insurance against theft, fire insurance, and so on. To set up the types, click **FIXED ASSETS**→**SETUP**→**INSURANCE TYPES**. The Insurance Types window appears.

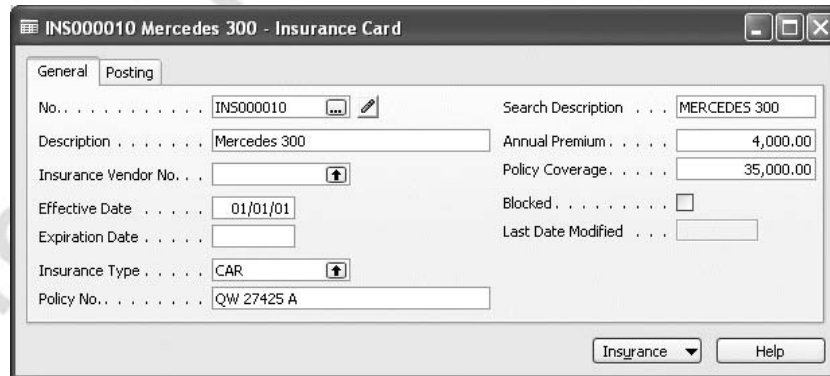


Set up as many codes as you need and enter a description of each code. The insurance types are used on the insurance card.

### Insurance Card

You may accumulate information about each insurance policy on the insurance card.

To set up a new insurance policy, click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**INSURANCE** and the Insurance Card window appears.



Fill in the fields in the Insurance Card window as follows.

### **General Tab**

- **No.** – The number or code for the insurance policy that the program uses.
- **Description** – Description of the insurance policy.
- **Insurance Vendor No.** – The number of the vendor from which the insurance policy was purchased.
- **Effective Date** – The date from which the insurance policy is valid.
- **Expiration Date** – The date to which the insurance policy is valid.
- **Insurance Type** – Here you can specify the type of insurance (for example, theft or fire) covered by this insurance policy. This can be used for filtering in windows and reports.
- **Policy No.** – The policy number recorded on the insurance policy.
- **Annual Premium** – Here you can enter the amount of the annual insurance premium. By registering this information for all of your insurance policies, you can then gain an overview of your insurance costs and other insurance information in the various insurance reports.
- **Policy Coverage** – Here you can enter the amount of coverage provided by this insurance policy. By registering this information for all of your insurance policies, you can then quickly see whether you are over or underinsured in the Insurance Statistics window.
- **Blocked** – Place a checkmark in this field if you wish to block all postings to the insurance policy.

### **Posting Tab**

- **FA Class Code** – Here you can select a fixed asset class code to assign to the insurance policy.
- **FA Subclass Code** – Here you can select a fixed asset subclass code to assign to the insurance policy.
- **FA Location Code** – Here you can select a FA Location code to assign to the insurance policy.

Note that you can also enter a **Location Code** for the Insurance policy. You select from existing location codes that are set up in the Inventory Setup.

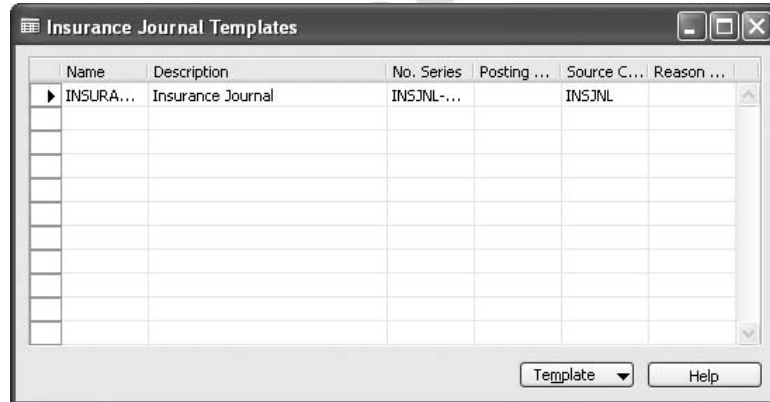
### Insurance Card – Example

Set up a card for a fire insurance policy in the demonstration company:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→INSURANCE.
2. In the Insurance Card window, press **F3** and **Enter** to create a new card.
3. Enter this information:

<b>No.</b>	INS000050
<b>Description</b>	Fire Insurance
<b>Effective Date</b>	01/01/01
<b>Insurance Type</b>	FIRE
<b>Policy No.</b>	157-254-5678
<b>Annual Premium</b>	15,000
<b>Policy Coverage</b>	2,500,000

### Setting Up Insurance Journal Templates



The program automatically creates an FA journal template the first time you click **FA Journal** on the main menu. If you want to set up additional journal templates, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→INSURANCE JOURNAL TEMPLATES. The Insurance Journal Templates window appears. It displays the existing insurance journal template names, if any.

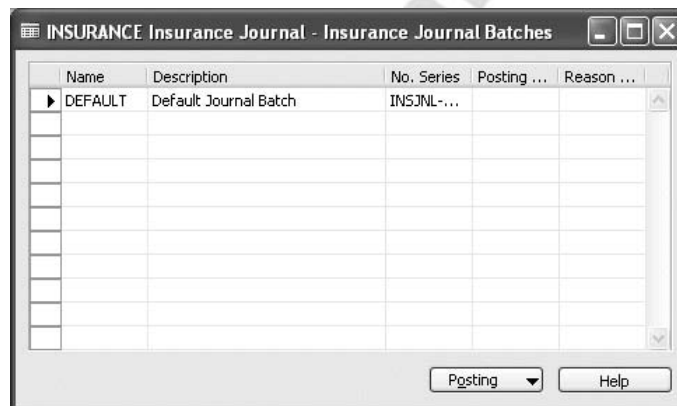


2. Fill in the fields according to these guidelines:
  - **Name** – Enter the name you want to give to the template.
  - **Description** – Enter a description of the journal template.
  - **No. Series** – Click the **AssistButton** and select a number series from the list.
  - **Posting No. Series** – Click the **AssistButton** and select a number series from the list.
  - **Source Code** – The program fills in the source code automatically.
  - **Reason Code** – Click the **AssistButton** and select a reason code from the list.

### Setting Up Insurance Journal Batches

To set up batches under an insurance journal template, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→INSURANCE JOURNAL TEMPLATES.
2. In the Insurance Journal Templates window, click **Template**, and then **Batches**. The Insurance Journal Batches window appears.



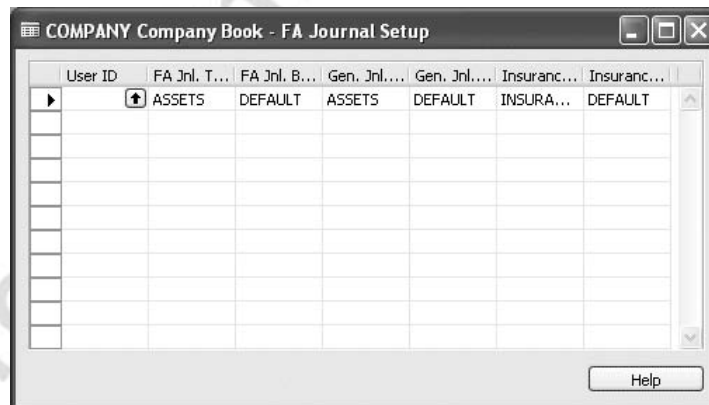
3. Press F3 and **Enter** to create a new journal batch, or use one of the empty lines.

4. Fill in the fields according to these guidelines:
  - **Name** – Enter a code that identifies the batch.
  - **Description** – Enter a description of the batch.
  - **No. Series** – The program automatically fills in this field if you have defined a number series for the journal template. Otherwise, click the **AssistButton** to see a list of number series. Select one and then click **OK** to copy it to the field.
  - **Posting No. Series** – The program automatically fills in this field if you have defined a number series for the journal template. Otherwise, click the **AssistButton** to see a list of number series. Select one and then click **OK** to copy it to the field.
  - **Reason Code** – Click the **AssistButton** to see the **Reason Codes** window and select an appropriate reason code. The values in the journal batch are used as default values if the fields are not filled in on the journal lines.

### Default Setup Per User

You must set up a default set of templates and batches for each depreciation book. You can also specify a default set per user. The defaults are used when you enter a number in the **Insurance No.** field on a journal line and by the Index Insurance batch job.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→SETUP→DEPRECIATION BOOKS.
2. In the Depreciation Book Card, click DEPR. BOOK→FA JOURNAL SETUP. The FA Journal Setup window appears.



3. In the **Insurance Jnl. Template Name** field, click the **AssistButton** to see the Insurance Jnl Template List window. Select one of the templates, and then click **OK**. On the **General** tab, fill in the insurance fields as follows:
4. In the **Insurance Jnl. Batch Name** field, click the **AssistButton** to see the Insurance Journal Batches window. Select one of the batches, and then click **OK**.

## Assigning Assets to Insurance Policies

### Linking Fixed Assets to Insurance Policies

After you have set up the insurance information, you are ready to link fixed assets to insurance policies. You can link one or more fixed assets to a single insurance policy, and you can also link one fixed asset to the same insurance policy with various amounts.

You can assign a fixed asset to an insurance policy in two ways:

- Post an acquisition cost with the **Insurance No.** field filled in on the journal line.
- Post an acquisition cost with the **Insurance No.** field empty on the journal line, and then use the insurance journal to post the acquisition cost to the insurance coverage ledger.

After you have posted an entry with a number in the **Insurance No.** field, the **Insured** field on the **Maintenance** tab on the Fixed Asset Card will automatically be filled in with a check mark.

The acquisition cost can be posted to the insurance coverage ledger from:

- A purchase invoice.
- An FA G/L journal.
- An FA journal.
- An insurance journal.

When you sell a fixed asset, the program will automatically remove the checkmark in the **Insured** field on the Fixed Asset Card.

The examples below show different ways of posting acquisition costs and attaching them to insurance policies.

### Posting a Purchase Invoice

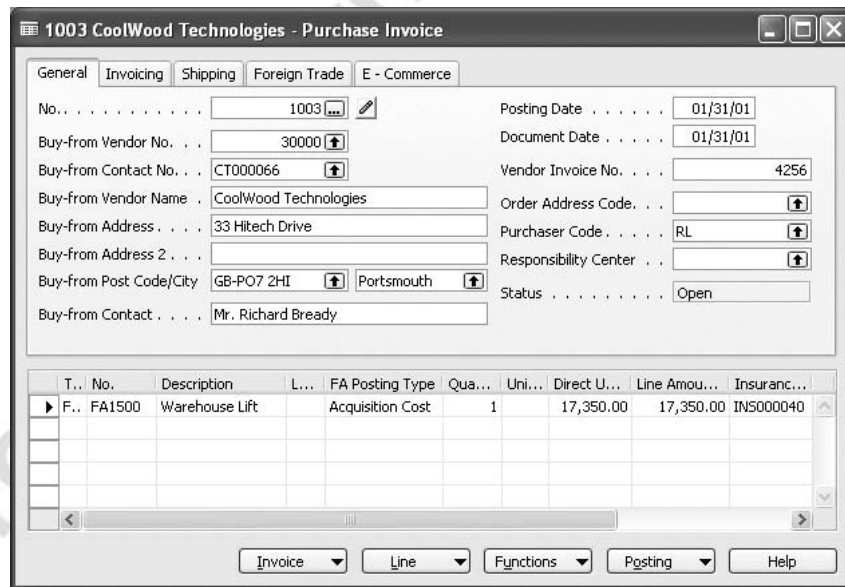
When you post an invoice, the acquisition cost is recorded in the general ledger, the FA ledger and the insurance coverage ledger.

Before you can do the following example, you must:

- Set up a new fixed asset. In the **No.** field, enter FA1500. In the **Description** field, enter Warehouse Lift.
- Set up a new FA depreciation book in which you attach the COMPANY depreciation book and the **MACHINERY FA Posting Group** to the fixed asset. The **Depreciation Starting Date** is the 01/01/01 and the **No. of Depreciation Years** is 10.
- Make sure that G/L integration is activated for the acquisition cost in the COMPANY depreciation book.

Now let's try posting an acquisition cost to the fixed asset and linking it to an insurance policy from a purchase invoice:

1. Click FINANCIAL MANAGEMENT→PAYABLES→INVOICES.
2. Fill in a new purchase invoice with the information shown in this picture:



Note that the **FA Posting Type** and the **Insurance No.** fields are not included in the standard layout, but you can insert them with the **Show Column** function.

3. Click POSTING→POST, to post the invoice.

If you have not inserted a check mark in the **Automatic Insurance Posting** field in the Fixed Asset Setup window, the program will have created a line in an insurance journal. To see the journal, click **Insurance Journals** on the **Fixed Assets** menu. To create an insurance coverage ledger entry, you must post the journal.

To see that the fixed asset number FA1500 has been insured, click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS. Browse to number FA1500, and then click the **Maintenance** tab. The program has inserted a check mark in the **Insured** field.

To see the insurance coverage ledger entries, click FINANCIAL MANAGEMENT→FIXED ASSETS→INSURANCE. Browse to number INS000040. Click **Insurance**, and then **Coverage Ledger Entries**. The Ins. Coverage Ledger Entries window appears.

### Posting a FA Journal or FA G/L Journal

It is also possible to assign an asset acquisition to an insurance policy by selecting the required policy in the **Insurance No.** field on the journal line.

### Posting an Insurance Journal

If you post an acquisition cost from a purchase invoice, an FA G/L journal or an FA journal for which you haven't entered an insurance number in the **Insurance No.** field on the purchase line or journal line, you can link the fixed asset to an insurance policy by posting the acquisition cost from an insurance journal. The entries from an insurance journal are only posted to the insurance coverage ledger.

#### **Example**

If we forgot to enter INS000040 in the **Insurance No.** field in the purchase invoice for FA1500, we could still attach the insurance policy to the asset's acquisition cost from an insurance journal.

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→INSURANCE JOURNALS. The Insurance Journal window appears.

2. Fill in the journal line with the acquisition cost of the asset in the **Amount** field. If we were to use the information for FA1500, you would enter FA1500 in the **FA No.** field, INS000040 in the **Insurance No.** field and the acquisition cost of 17,350 in the **Amount** field.

Posting ...	D.	Docume...	Insuranc...	FA No.	Description	Amount
01/31/01	I...	N00001	INS000040	FA1500	Machinery Insurance	17,350.00

Insurance Description: Machinery Insurance  
FA Description: Warehouse Lift

Line Insurance Posting Help

3. Click POSTING→POST to post the journal.

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**NOTE:** If the **Automatic Insurance Posting** field in the **Fixed Asset Setup** window is deactivated, posting from an invoice or a journal will create lines in the insurance journal according to your specification in the **FA Journal Setup** window for the depreciation book. In such a case, you should use a template and batch without the document number series specified. This is because the document number from the original invoice or journal line will be copied to the insurance journal lines. These numbers cannot be used in the insurance journal if a document number series has been set up.

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## Monitoring Insurance Coverage

The program provides certain statistics for use in analyzing insurance policies and over/under insurance coverage of your fixed assets.

To see which fixed assets are covered by insurance or which policies cover a fixed asset, you can either look at the statistics or print a report.

### Statistics

To see the total value insured per fixed asset, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→INSURANCE.Click POSTING→POST to post the journal.
2. Click **Insurance** and then **Total Value Insured per FA** on any insurance card.

No.	Description	INS000010	INS000020	INS000030	INS000040	INS000050
FA000010	Mercedes 300	30,000.00				
FA000020	Toyota Supra 3.0		42,000.00			
FA000030	VW Transporter					
FA000040	Conveyor, Main Asset					
FA000050	Conveyor Belt				6,600.00	
FA000060	Conveyor Lift				4,512.00	
FA000070	Conveyor Computer				3,024.00	
FA000080	Lift for Furniture				3,840.00	
FA000090	Switchboard				7,140.00	
FA000100	VW Speedster					

The Total Value Insured per FA window shows the amount insured by each policy per fixed asset.

### Total Value Insured Report

You can also print the Insurance – Tot. Value Insured report. It shows for each asset, the insurance policies that cover the asset and by how much.

1. To print the report, click FINANCIAL MANAGEMENT→FIXED ASSET→REPORTS→INSURANCE. Select the Tot. Value Insured report and click **Print**.
2. In the Insurance – Tot. Value Insured window, set a filter to select the fixed assets you want in the report.
3. Click **Preview** to see the report on the screen or **Print** to print it.

## List of All Insurance Policies

To get an overview of your insurance policies, you can print the Insurance - List report, which displays all the policies and the most important fields from the insurance cards.

1. To print the report, click FINANCIAL MANAGEMENT→FIXED ASSET→REPORTS→INSURANCE.
2. On the Fixed Asset Reports - Print window, select the **Insurance – List** report and click **Print** to open the Insurance – List window.
3. Click **Preview** to see the report on the screen or **Print** to have it printed.

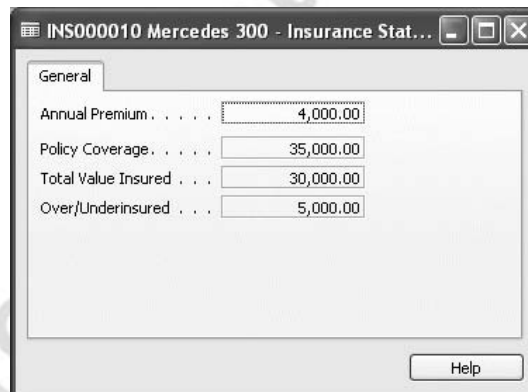
## Over Insured and Under Insured Fixed Assets

To check whether your assets are over- or under-insured, you can either look at the Fixed Asset Statistics window or print a report.

### Statistics

To see the statistics window, follow this procedure:

1. On the **Fixed Assets** menu, click **Insurance**.
2. Find the appropriate insurance card, and then click INSURANCE→STATISTICS. The Insurance Statistics window appears and shows the Over/Underinsured amount.



3. To see the values making up the total value insured, click in the **Total Value Insured** field. Click the **AssistButton** that appears, to see the Ins. Coverage Ledger Entries window.



### **Report**

To print the over/under insured report, follow this procedure:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→REPORTS→INSURANCE.
2. Select the **Analysis** report.
3. Click **Preview** to see the report on the screen or **Print** to have it printed.

On the **Insurance** tab, you can set a filter to select the insurance policies you want to include in the report.

On the **Options** tab, you can specify that you want one line per insurance policy. Click **Preview** to see the report on screen or **Print** to print it.

This report shows policy coverage, total value insured and over/under insured amounts.

### **Uninsured Fixed Assets**

To check that you have not forgotten to assign a fixed asset to an insurance policy, you can print the Insurance – Uninsured FAs report. This report displays the individual fixed assets for which amounts have not been posted to an insurance policy.

## Updating Insurance Information

### Modifying and Deleting Insurance Cards

You will not need to make many changes to the insurance cards, but occasionally you may need to add, change or remove policies. To begin making changes to an insurance card, click **FIXED ASSETS**→**INSURANCE**.

### Annual Premium and Coverage Amount

When you receive the annual renewal notice, you should update the **Annual Premium** field on the insurance card manually if you want it updated. This field is purely for informational purposes.

When you receive information about changes in the coverage amount, you should change it on the insurance card in order to make sure that you analyze insurance policy coverage correctly.

### Deleting an Insurance Card

To delete an insurance card, on the menu bar, click **Edit, Delete**, or press **F4**, then confirm the subsequent message.

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*NOTE: The program makes no check before deletion.*

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### Terminating Fixed Asset Coverage from an Insurance Policy

A fixed asset's insurance coverage will automatically be terminated when you post a disposal entry to the depreciation book that you have specified in the **Insurance Depr. Book** field in the Fixed Asset Setup window.

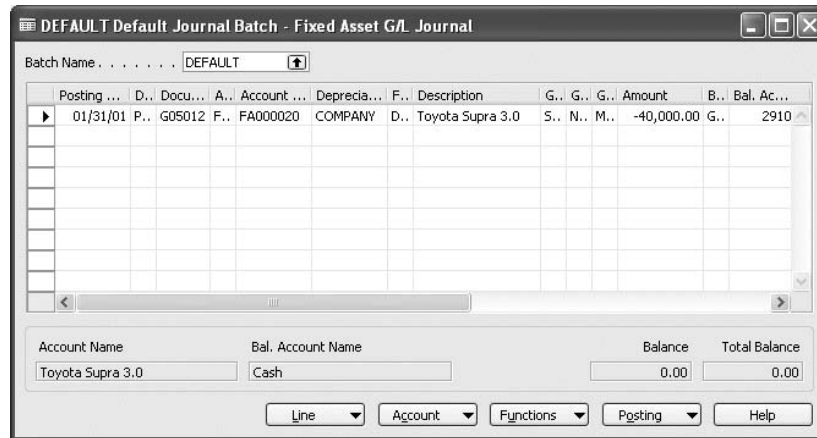
For example, if the Insurance Depr. Book is **COMPANY** and you post a disposal to the **TAX** depreciation book, this will have no effect on the insurance coverage ledger.

The termination is carried out regardless of whether the Automatic **Insurance Posting** field in the Fixed Asset Setup window is active.

In the following example, you have sold fixed asset number **FA000020** on 07/03/01 for 40,000.

1. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**, and then **FA G/L Journals** or **FA Journals** depending on whether or not you have activated G/L integration for disposal in the **COMPANY** depreciation book.

2. Enter a disposal line with the following information:



After you have posted the line, you can check the fixed asset card.

3. Click FINANCIAL MANAGEMENT→FIXED ASSETS→FIXED ASSETS and browse to the fixed asset card for FA000020.

Note that the **Insured** field on the **Maintenance** tab is blank.

4. Close the window.
5. Click FINANCIAL MANAGEMENT→FIXED ASSETS→INSURANCE.
6. In the Insurance Card window, click **Insurance**, and then **Total Value Insured per FA**. The Total Value Insured per FA window appears.

Note that there is no longer a value for the Toyota Supra.

7. Close the window.
8. Click FINANCIAL MANAGEMENT→FIXED ASSETS→INSURANCE.
9. Browse to insurance number INS000020, and then click INSURANCE→COVERAGE LEDGER ENTRIES. The Ins. Coverage Ledger Entries window appears.

Note that the entry for fixed asset number FA000020 has been marked as disposed.

### Correcting Insurance Entries

If you have posted an incorrect entry to the insurance coverage ledger, you can correct it by creating a reclassifying entry in the insurance journal.

## **Insurance Correction Example**

Fixed asset number FA1234 (which has an acquisition cost of 6,550) has been attached to insurance number INS3000 but should have been attached to INS4000.

To correct this error, enter two lines in an insurance journal:

- The first line with an amount of –6,550 and insurance no INS3000.
- The second line with an amount of 6,550 and insurance no INS4000.

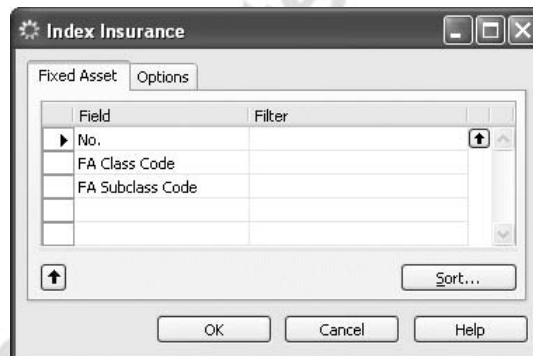
After you have posted the lines, the fixed asset will be detached from INS3000 and instead attached to INS4000.

## **Indexing Insurances**

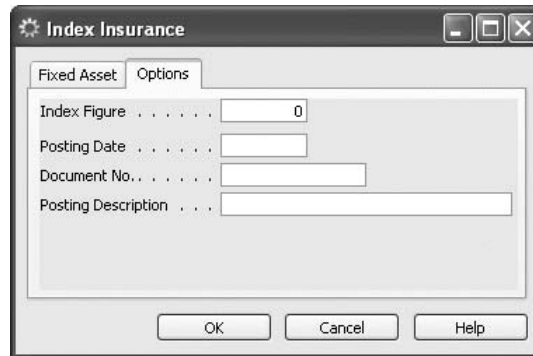
The following example illustrates how you can use the Index Insurance batch job to update the value of the fixed assets that are covered.

If the value of your cars has decreased by 5% and the value of your machines has risen by 2%, the changes to the coverage ledger can be made in the following way:

1. Click FINANCIAL MANAGEMENT→FIXED ASSETS→PERIODIC ACTIVITIES→INDEX→INSURANCE. The Index Insurance window appears.



2. On the **Fixed Asset** tab, set a filter to select the fixed assets you want to index. In the **FA Subclass Code** enter CAR. All fixed assets with a **FA Subclass** code CAR on the fixed asset card will be selected.



3. Fill in the fields on the **Options** tab according to these guidelines:

<b>Index Figure</b>	95
<b>Posting Date</b>	01/31/01
<b>Posting Description</b>	Car value 2001

4. Leave the **Document No.** field empty. As a result, the indexation journal entries created by the batch job will use the **No. Series** for the Insurance Journal batch.
5. Click **OK**.
6. The batch job calculates this amount as 5% of the total value insured from the Insurance Statistics window and creates a line in the insurance journal.
7. On the **Financial Management** menu, click **FIXED ASSETS→INSURANCE JOURNALS**. Check the created entries and post them to the insurance coverage ledger.

To index the value of machinery, follow this procedure:

1. Click **FINANCIAL MANAGEMENT**→**FIXED ASSETS**→**PERIODIC ACTIVITIES**→**INDEX**→**INSURANCE**. The Index Insurance window appears.
2. In the **FA Subclass Code Filter** field on the **Fixed Asset** tab, enter **MACHINERY**. All fixed assets with this subclass code on the fixed asset card will be selected.
3. On the **Options** tab, enter the following:

<b>Index Figure</b>	102
<b>Posting Date</b>	01/31/01
<b>Posting Description</b>	Machinery Value 2001

4. Click **OK** to start the batch job.
5. On the **Financial Management** menu, click **FIXED ASSETS**→**INSURANCE JOURNALS**. Check the created entries and post them to the insurance coverage ledger.

## Quick Interaction: Lessons Learned

Take a moment to write down three Key Points you have learned from this chapter:

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Microsoft Internal Use Only