QAD Enterprise Applications
Enterprise Edition

User Guide

QAD Fixed Assets

Introduction to Fixed Assets
Setting Up Fixed Assets
Creating and Managing Fixed Assets
Maintaining Fixed Assets
Fixed Assets Reports

70-3165-2014EE
QAD Enterprise Applications 2014
Enterprise Edition
March 2014

FixedAssets_UG_v2014EE.pdf/ymg/ymg

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Contents

Fixed Assets Change Summary

The following table summarizes significant differences between this document and previous versions.

Date/Version	Description	Reference
March 2014/2014 EE	Updated the list of Fixed Assets programs	page 4
	Added notice that Fixed Assets now runs in Desktop mode	page 7
	Added fields to Book Maintenance	page 20
	Added fields to Fixed Asset Maintenance	page 45
	Added a section on Depreciation Deviation	page 49
	Added multi-currency fields to Book Detail	page 59
	Added section on Fixed Asset Browse Extended	page 65
	Added section on multi-currency conversion	page 74
	Other miscellaneous changes	--
September 2013/2013.1 EE	Rebranded for QAD 2013.1 EE	--
March 2013/2013 EE	Rebranded for QAD 2013 EE	--
September 2012/2012.1 EE	Rebranded for QAD 2012.1 EE	--
March 2012/2012 EE	Rebranded for QAD 2012 EE	--
September 2011/2011.1 EE	Rebranded for QAD 2011.1 EE	--

Chapter 1

Introduction to Fixed Assets

The financial modules provide a wide range of tools to help businesses manage corporate finances. Core financial modules such as General Ledger, Accounts Payable, and Accounts Receivable are described in *User Guide: QAD Financials*.

Overview

Use Fixed Assets to set up, maintain, transfer, and retire your company's fixed assets. The Fixed Asset depreciation system is integrated with the General Ledger module. See *User Guide: QAD Financials* for information on General Ledger.

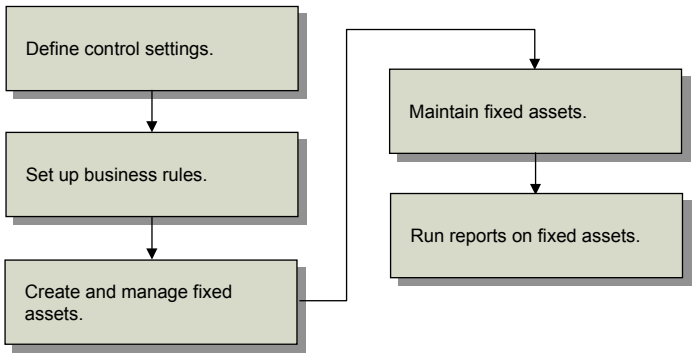
Often, depreciation is calculated one way for internal reporting and another way for tax purposes. Using Fixed Assets, you can set up asset records specifying how depreciation is calculated for each kind of reporting. Depreciation is calculated using either equations or tables. Conventions can be used in conjunction with equations for depreciation calculations in the first, last, and disposal years of an asset's life.

Fixed assets are tangible assets that a business uses to produce income. Fixed assets represent a substantial financial investment for a business. The costs of acquiring, maintaining, insuring, and replacing fixed assets, along with depreciation, can have a substantial impact on both financial statements and tax liabilities.

Fixed-Asset Workflow

Figure 1.1 summarizes the steps for setting up and managing your company's fixed assets.

Fig. 1.1
Fixed-Assets Workflow



Control Settings

Setting up the control program defines system-wide parameters for Fixed Assets. You specify:

- If asset IDs are generated by the system or assigned manually
- If the system creates summary or detailed journal entries for fixed-asset general ledger (GL) transactions

See "Setting Up Control Parameters" on page 12 for details.

Business Rules

Setting up business rules lets you define your accounting needs and customize Fixed Assets to meet your specific needs. Business rules provide defaults for assets entered in Fixed Asset Maintenance (32.3) and Fixed Asset Batch Maintenance (32.7).

See “Setting Up Business Rules” on page 13 for details.

Create and Manage Fixed Assets

You can enter fixed assets into the system individually or in a batch. See Chapter 3, “Creating and Managing Fixed Assets,” on page 43 for details.

After you create assets, you can perform the following tasks:

- Maintain asset account information.
- Retire or transfer an asset.
- Enter asset comments.
- Maintain user fields for customizations.
- Maintain insurance data.
- Adjust depreciation books.
- Adjust posted depreciation.
- Maintain book detail.
- Maintain information for the units-of-production depreciation method.
- Maintain information about asset components.
- Divide an asset into two separate assets.
- Retire or transfer a group of assets.

Maintain Fixed Assets

You can post general ledger (GL) entries for acquisitions, depreciation expenses, transfers, retirement of assets, and adjustments. You can also correct any GL errors by creating reverse GL transactions for the original GL entries. See Chapter 4, “Maintaining Fixed Assets,” on page 79 for details.

At period or year end, you can optionally delete/archive retired assets.

Fixed-Asset Reports

You can run fixed-asset reports that provide accounting and management information. The following reports are included in Fixed Assets:

- Periodic Activity Report
- Depreciation Adjustment Report
- Acquisition Report
- Depreciation Expense Report
- Asset Depreciation Array Report
- Asset Owned Report
- Primary Book Activity Report
- Primary Book Acquisition Report
- Primary Book Retirement Report

See “Other Fixed Assets Reports” on page 87 for details.

Fixed-Asset Programs

Fixed Assets consists of the following programs.

Table 1.1
Fixed-Asset Programs

Menu Number	Description	Program
32.1.1	Method Maintenance	famtmt.p
32.1.2	Method Report	famtrp.p
32.1.5	Fixed Asset Calendar Maintenance	facalmt.p
32.1.6	Fixed Asset Calendar Report	facalrp.p
32.1.9	Book Maintenance	fabkmt.p
32.1.10	Book Browse	fabr012.p
32.1.13	Fixed Asset Location Maintenance	falcmt.p
32.1.14	Fixed Asset Location Report	falcrp.p
32.1.17	Class Maintenance	faclmt.p
32.1.18	Class Report	faclrp.p
32.3	Fixed Asset Maintenance	fafamt.p
32.4	Fixed Asset Browse	fabr019.p
32.5.1	Periodic Activity Report	fapaderp.p
32.5.3	Depreciation Adjustment Report	faajrp.p
32.5.5	Acquisition Report	faaqrp.p
32.5.7	Depreciation Expense Report	faderp.p
32.5.9	Asset Depreciation Array Report	fadarp.p
32.5.11	Asset Owned Report	faaorp.p
32.5.13	Primary Book Activity Report	fapaderp.p
32.5.15	Primary Book Acquisition Report	faacqrp.p
32.5.17	Primary Book Retirement Report	faretrp.p
32.5.20	Fixed Asset Method Browse	fabr001.p
32.5.21	Fixed Asset Book View	fabr003.p
32.5.23	Fixed Asset Location Browse	fabr008.p
32.5.24	Fixed Asset Browse Extended	fabr002.p
32.5.25	Fixed Asset Class Browse	fabr009.p
32.7	Fixed Asset Batch Maintenance	fabchmt.p
32.8	Fixed Asset Batch Report	fabchrp.p
32.9	Posting Book Daybook Maintenance	fabdymt.p
32.10	Posting Book Daybook Browse	fabr028.p
32.11	Fixed Asset Meter Maintenance	famtrmt.p
32.12	Fixed Asset Meter Report	famtrrp.p
32.13	Fixed Asset Transaction Post	fapsmt.p
32.14	Fixed Asset Transaction Void	favdmt.p
32.16	Fixed Asset Transfers	fatrmt.p

Menu Number	Description	Program
32.17	Fixed Asset Transfer Report	fatrrp.p
32.19	Fixed Asset Retirements	fartmt.p
32.20	Fixed Asset Retirement Report	fartrp.p
32.23	Retired Asset Delete/Archive	fartup.p
32.24	Fixed Asset Control	fafapm.p
32.25.2	Fixed Assets Migration Utility	facvmt.p
32.25.3	Fixed Assets Migration Report	facvrp.p
32.25.8	Period Depreciation Recalculate	utrgendp.p

Base Data

The Fixed Assets module requires base data set up in other modules. The base data includes the following:

- Entities
- GL daybooks
- GL accounts, sub-accounts, cost centers, and projects

Entities

An entity is an independent financial unit used for financial reporting. Define entities in Entity Create (36.1.1.2.1). You specify an entity for each fixed-asset location in Fixed Asset Location Maint (32.1.13).

In Fixed Asset Transaction Post (32.13), you create unposted GL transactions by entity. The user posting the transactions must have access to the entities in User Domain/Entity Access.

Each entity in a domain references cross-company accounts defined for the domain for tracking transfers of fixed assets between entities. See *User Guide: QAD Financials* for details on defining cross-company accounts.

These accounts are only used when processing information for more than one entity in a domain. When a transfer transaction is processed referencing more than one entity, the system automatically creates the required intercompany balancing entries using the intercompany code associated with each entity.

Example A fixed asset that costs $2,400 is being transferred from entity A to entity B. The total accumulated depreciation is $2,000. The following GL transactions are created for entity A:

- Debit Accumulated Expense account $2,000
- Credit Asset account $2,400
- Debit Cross-Company Fixed Assets account $2,400 using intercompany code for entity A
- Credit Cross-Company Fixed Assets account $2,000 using intercompany code for entity A

The following GL transactions are created for entity B:

- Credit Cross-Company Fixed Assets account $2,400 using intercompany code for entity B
- Debit Cross-Company Fixed Assets account $2,000, using intercompany code for entity B

- Credit Accumulated Expense account $2,000
- Debit Asset account $2,400

Daybooks

Daybooks are used to group GL transaction for satisfying legal reporting requirements or for organizing GL reporting in a manner consistent with common business practices. Set up daybooks in Daybook Create (25.8.1.1).

You can specify a daybook in Fixed Asset Transaction Post and it is used as the default for FA transaction types and FA document types. All transactions created by Fixed Asset Transaction Post use this daybook.

If a default daybook is not defined for FA, the system daybook is used.

Accounts

Fixed Assets uses the following account data set up with functions on the GL Setup Menu (25.3):

- GL accounts
- Sub-accounts
- Cost centers
- Project codes

In Domain Create (36.1.1.1.1), you enter the GL intercompany account, sub-account, and cost center for tracking transfers of fixed assets between companies.

In Location Maintenance (32.1.13), you optionally enter a sub-account and cost center for each location.

In Class Maintenance (32.1.17), after maintaining the books, you set up default GL accounts for each class-book combination. Table 1.2 lists the account types you need to set up in Account Create (25.3.13.1).

Table 1.2
Fixed-Asset Accounts

Account	GL Type	Category	Debit/ Credit	Description
Asset Account	Fixed Asset	Asset	Debit	Tracks the acquisition cost of a fixed asset.
Accumulated Expense	Standard	Asset	Credit	Tracks the amount of depreciation that has accumulated and been posted since the start of the depreciation calculation.
Periodic Expense	Standard	Expense	Debit	Tracks the amount of depreciation expense for the accounting period.
Construction in Process (not currently used)	Standard	Asset	Debit	Tracks the purchase cost of a fixed asset.
Gain on Disposal	Standard	Income	Credit	Tracks gains from fixed asset disposal.

Account	GL Type	Category	Debit/ Credit	Description
Loss on Disposal	Standard	Income	Debit	Tracks losses from fixed asset disposal.
Asset Suspense	Standard	Liability	Debit	Tracks the disposal value of a fixed asset (proceeds of sale).

In Fixed Asset Maintenance (32.3), you can modify the default account data for each individual asset. You can also add a project code.

Example

This example illustrates the fixed asset accounts used during the sale of an asset.

You acquire an asset for $10,000.

Account	Dr	Cr
Asset Account	10000	
Construction in Progress		10000

In time, the asset depreciates in value.

Account	Dr	Cr
Period Depreciation	278	
Cumulative Depreciation		278

You retire (sell) the asset for $8000.

Account	Dr	Cr
Asset Suspense	8000	
Loss on Disposal	1722	
Cumulative Depreciation	278	
Asset Account		10000

The system debits the asset suspense account with the proceeds of the asset sale. A sales invoice is raised for the sale and the asset suspense account is credited.

Account	Dr	Cr
Accounts Receivable	8000	
Asset Suspense		8000

Payment for the asset sale is collected using the Accounts Receivable module. See *User Guide: QAD Financials* for more information on the Accounts Receivable module.

Navigation

Important Beginning with QAD Enterprise Edition 2014, you can run the Fixed Assets module in Desktop mode. The only case where you must run the screen in Terminal mode is in Fixed Asset Maintenance (32.3) when an asset has a depreciation based on units of production (UOP).

The Fixed Assets module contains navigation buttons for modifying information or accessing additional screens within a program. The buttons at the bottom of the screen include standard buttons and program-specific buttons. The standard buttons are:

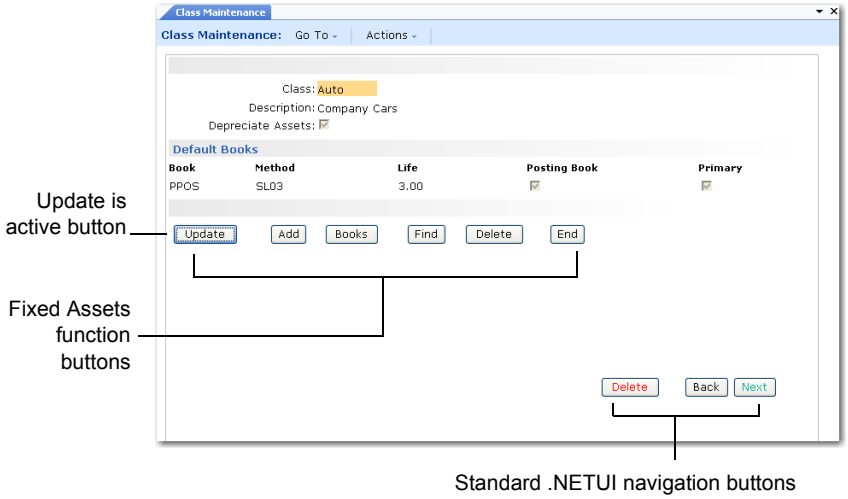
- Update: Update, change, or correct an entry.
- Add: Add a new record.
- Find: Enter an ID to go directly to a record.
- Delete: Delete a record.
- End: Return to the previous function.

In the .NET User Interface, click the button to execute the associated function. In the character UI, use the arrow keys or tab keys to access the buttons and then press Enter or F1.

For keyboard navigation in the .NET UI, use the Tab key to move forward between the buttons and Shift+Tab to move backward. Press the spacebar to execute the function associated with the active button.

Note In the .NET UI, pressing Enter is the same as clicking Next. This typically has no effect when the buttons are active.

Fig. 1.2
Fixed Asset Control (32.24)



The Fixed Asset End button and the .NET UI Back button execute the same function; similarly, the two Delete buttons execute the same function.

Validated Fields

Some fixed-asset functions use codes that are defined in Generalized Codes Maintenance (36.2.13). They give you flexibility in organizing and implementing functions, since you can define values that are meaningful in your own business environment.

Table 1.3 lists the generalized codes referenced by fixed-asset functions. Use this table to plan which codes to set up for your implementation.

Table 1.3
Generalized Codes in Fixed Assets

Code	Label	Where Used
cd_type	Type	Fixed Asset Maintenance
fa_code	Sort Code	Fixed Asset Maintenance
fa_disp_rsn	Disposition Reason	Fixed Asset Maintenance Fixed Asset Retirements

Language Detail Codes

Some fixed-asset options appear on the screen using alphabetic codes or words. Internally, these options are controlled by numeric codes. Mnemonics and labels provided in English may not be appropriate in other languages. Use Language Detail Maintenance (36.4.2) to change, add, and delete mnemonic codes and labels.

Table 1.4 lists the language detail codes referenced by fixed-asset functions. Use this table if you need to change a label.

Table 1.4
Language Detail Codes

Data Set	Field	Code	Label	Where Used
famt_mstr	famt_desc	1	Straight Line	Method Maintenance
		2	Units of Production	
		3	Declining Balance	
		4	Sum of the Years' Digits	
		5	Flat Rate	
		6	Custom Table	
famt_mstr	famt_conv	1	Full Period	Method Maintenance
		2	Half Period	
		3	Next Period	
		4	Full Quarter	
		5	Half Quarter	
		6	Full Year	
		7	Half Year (Standard)	
		8	Half Year (Version 1)	
		9	Half Year (Version 2)	
facd_det	facd_acctype	1	Asset Account	Class Maintenance
		2	Accumulated Expense	
		3	Periodic Expense	
		4	Construction in Process	
		5	Gain on Disposal	
		6	Loss on Disposal	
		7	Asset Suspense	

Data Set	Field	Code	Label	Where Used
faadj_mstr	faadj_type	1	Bonus	Fixed Asset Maintenance
		2	Basis	
		3	Method	
		4	Life	
		5	Suspend	
		6	Reinstat	
		90	Retire	
		91	UOP	
		92	Split	

Chapter 2

Setting Up Fixed Assets

This chapter discusses the data that must be configured before you can manage fixed assets.

Overview

Before you can add fixed assets to the system, you must define:

- Intercompany accounts
- Settings in Fixed Asset Control
- Business rules
- Meters for the units-of-production depreciation method (optional)

If your company used the Fixed Assets module with QAD applications prior to MFG/PRO 9.0, you must convert your fixed-asset data before setting up and using the new Fixed Assets module. See your conversion guide for instructions.

Intercompany Accounts

For users upgrading from an earlier QAD ERP application version, the conversion process must create Fixed Assets intercompany accounts for every entity, even if this module is not used. In the absence of a specific Fixed Assets intercompany account, the conversion uses the inventory intercompany account.

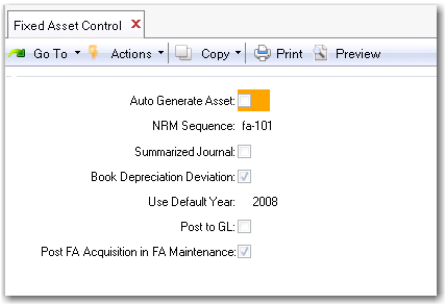
If you decide to implement the Fixed Assets module after conversion, the system starts recording both inventory and Fixed Assets intercompany transactions on the same account. If you want to use separate accounts for these areas, change the Fixed Assets intercompany account after the conversion process.

Setting Up Control Parameters

Use Fixed Asset Control (32.24) to specify:

- If asset IDs are generated by the system or assigned manually
- If the system creates summary or detailed journal entries for fixed-asset GL transactions
- Whether the differences between the primary and secondary books are posted to the GL or the full amounts of the secondary posting books are posted to the GL

Fig. 2.1
Fixed Asset Control (32.24)



Auto Generate Asset. If Yes, the system assigns unique asset IDs, using the Number Range Management (NRM) sequence for assets entered in Fixed Asset Maintenance and Fixed Asset Batch Maintenance. NRM is used to generate, control, and audit sequence numbers. Users cannot specify them manually. For details, see *User Guide: QAD System Administration.*

NRM Sequence. If Auto Generate Asset is Yes, enter the predefined NRM Sequence ID set up for the target dataset of fa_id.

Use Number Range Maintenance (36.2.21.1) and Sequence Number Maintenance (36.2.21.5) to define the NRM Sequence ID. The sequence must be 12 characters or less.

Summarized Journal. If Yes, Fixed Asset Transaction Post (32.13) creates transactions by account, sub-account, cost center, and project combination.

When you first implement Fixed Assets, consider creating detailed journal entries. You can verify that each transaction is being processed with the right account numbers and then correct any mistakes. After you verify that the entries are correct, you can switch to a summarized journal, which takes less space and is easier to handle in the GL.

Book Depreciation Deviation. If Yes, the differences between the primary and secondary books are posted to the GL. If No, the full amounts of the secondary posting books are posted to the GL.

Note You can set book depreciation deviation at book level and system level. The value in system level (set in Fixed Asset Control) becomes the default value at book level. The value set at book level can then overwrite the default value.

FA Post to GL. Specify a default value for the Post to GL field in Fixed Asset Maintenance (32.3). You can update the default in Fixed Asset Maintenance.

The Post to GL frame ensures that you can easily post a transaction to the GL whenever you maintain a fixed asset using Fixed Asset Maintenance. However, once you set the Post to GL field to Yes and generate a GL transaction, the system no longer displays the Post to GL frame when you subsequently access Fixed Asset Maintenance to maintain the fixed asset. This option prevents you from accidentally posting the fixed asset GL transaction twice.

Note This setting also applies to fixed assets created in Fixed Asset Batch Maintenance (32.7) and subsequently maintained in Fixed Asset Maintenance.

Post FA Acquisition in FA Maintenance. There are two options for posting fixed asset acquisitions: using Journal Entry Create (25.13.1.1) or using Fixed Asset Maintenance.

Set this field to Yes if you want to ensure that fixed asset acquisitions are always posted using Fixed Asset Maintenance. If you specify Yes, the Post to GL frame always displays in Fixed Asset Maintenance until you post fixed asset acquisitions. If this field is set to No, the Post to GL frame does not display in Fixed Asset Maintenance, and you can use Journal Entry Create (25.13.1.1) to post the acquisition.

Setting Up Business Rules

Set up business rules to define your accounting needs and customize Fixed Assets to meet your specific needs. Business rules provide defaults for assets entered in Fixed Asset Maintenance (32.3), minimizing data entry and errors.

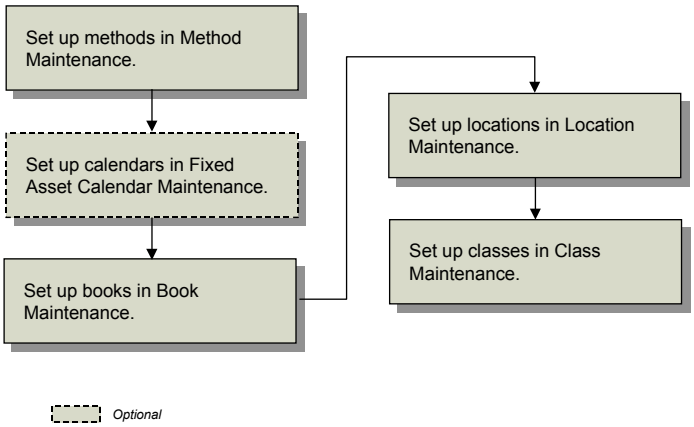
Before you begin setting up your company's business rules, you should decide on some basic information.

- Your company's fixed-asset locations
- If your company uses custom calendars for non-posting fixed-asset books or if your books follow the GL calendar

- What and how many fixed-asset books your company needs to set up
- Which system-supplied depreciation methods your company uses
- Which depreciation methods you use for financial and tax purposes
- What classes you define for grouping similar assets

Figure 2.2 summarizes the steps required to set up the business rules.

Fig. 2.2
Business Rules Workflow



Setting Up Methods

Use Method Maintenance (32.1.1) to specify the depreciation methods that your company uses. Depreciation allocates an asset cost to periods in its service life. Depreciation affects both tax and financial reporting.

Before you can use one of the supplied methods, you must copy it and give it a new ID. After the method is copied, you can update, modify, or delete the copied method.

Active depreciation methods are assigned to assets in Fixed Asset Maintenance and can be assigned as class defaults in Class Maintenance. Methods identify how annual depreciation is calculated for the asset. You cannot modify methods that are assigned to assets.

You can use several methods to calculate depreciation. Assets can be depreciated one way for tax reporting purposes and another for financial purposes. Depreciation methods for tax purposes are usually based on the type of asset and the tax laws in effect when the asset was placed in service. Depreciation methods for financial or management purposes usually follow generally accepted accounting practices and policies.

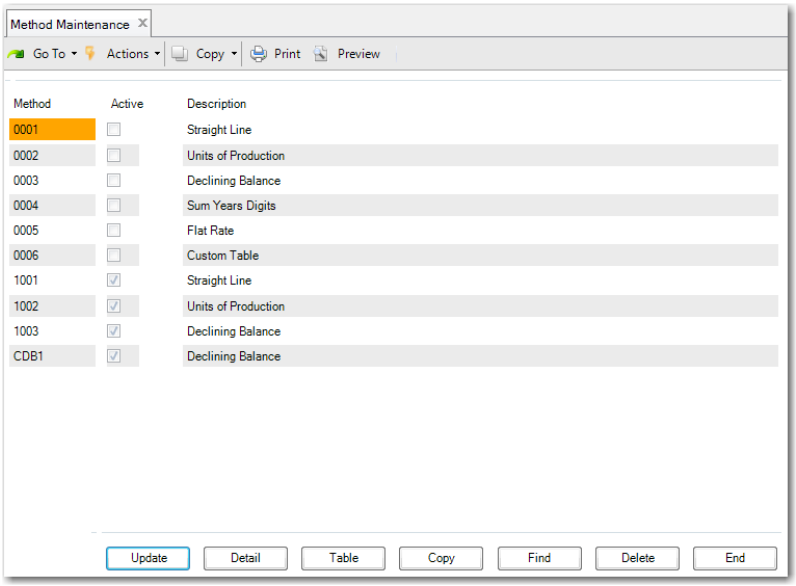
The following depreciation methods are supplied with Fixed Assets:

1. Straight Line
2. Units of Production
3. Declining Balance
4. Sum of the Years' Digits
5. Flat Rate

6 Custom Table

See “Using Depreciation Methods” on page 28.

Fig. 2.3
Method Maintenance (32.1.1)



Select one of the standard methods and click Copy to create a new method based on it. You are prompted to specify an ID.

Method. Enter an identifier for the copied depreciation method. This is a four-character alphanumeric ID and cannot start with a zero.

Methods starting with a zero are system-supplied. To use a system-supplied depreciation method, you must copy it and then make it active.

Click Update to indicate if the method is active and provide a description.

Active. Enter Yes if this depreciation method is active. Enter No if it is not active. Active is always set to No for system-supplied depreciation methods and cannot be changed. After you copy the method, you can set the Active field to Yes.

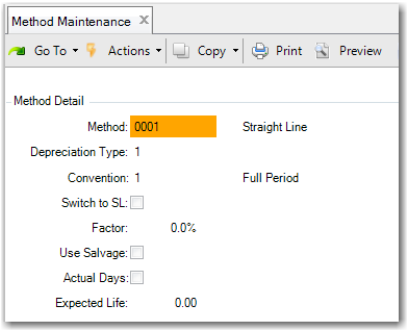
Note If you change this field from Yes to No and this method is used by any classes, update the classes to use another active method before using them again. Otherwise, an error displays when you create new assets that use the classes.

Description. Enter a brief (55 characters) description of the method to display on lookups and reports.

Choose the Detail function to display attributes of the copied method. Click Update to enable the attribute fields for changes.

Note You cannot modify a method after it has been associated with a fixed asset.

Fig. 2.4
Method Maintenance, Method Detail



Convention. Conventions determine how much depreciation is taken in the first and last period of an asset life. See “Using Conventions” on page 33.

Enter the number that corresponds to the convention for this method.

1: Full Period. A full-period depreciation is calculated for the first period of the asset life. No depreciation is calculated for the last period of the asset life. Depreciation is calculated as if the asset was put into and taken out of service the first day of the month.

2: Half Period. A half-period depreciation is calculated for the first and last period of the asset life.

3: Next Period. A full-period depreciation is calculated for the period following the period that the asset was placed into service. A full-period depreciation is taken in the last period of the asset life.

4: Full Quarter. A full-quarter depreciation is calculated for the first quarter of the asset life. No depreciation is calculated for the last quarter of the asset life.

Table 2.1 lists the factors used in calculating depreciation for the asset acquisition quarter.

Table 2.1
Full-Quarter Depreciation Factors

Quarter in Service	Acquisition Factor	Retirement Factor
1	100%	0%
2	75%	25%
3	50%	50%
4	25%	75%

5: Half Quarter. A half-quarter depreciation is calculated for the first and last quarter of the asset life.

Table 2.2 indicates the factors used in calculating depreciation for the asset acquisition and retirement quarters.

Table 2.2
Half-Quarter Depreciation Factors

Quarter in Service	Acquisition Factor	Retirement Factor
1	87.5%	12.5%
2	62.5%	37.5%

Quarter in Service	Acquisition Factor	Retirement Factor
3	37.5%	62.5%
4	12.5%	87.5%

6: Full Year. A full year of depreciation is taken regardless of the period that the asset was put into service. No depreciation is calculated for the last year of the asset life.

7: Half Year (Standard). A half-year depreciation is calculated for the first and last year of the asset life.

8: Modified Half Year (Version 1). If the asset is put into service in the first half of the year, a full year of depreciation is calculated for the year. If the asset is put in service in the second half of the year, no depreciation is taken. If the asset is disposed of in the first half of the year, no depreciation is calculated for the year. If the asset is disposed of in the second half of the year, a full-year depreciation is taken.

9: Modified Half Year (Version 2). If the asset is put into service in the first half of the year, a full year of depreciation is calculated for the year. If the asset is put in service in the second half of the year, a half-year depreciation is calculated. If the asset is disposed of in the first half of the year, no depreciation is calculated for the year. If the asset is disposed of in the second half of the year, a half-year depreciation is calculated.

Table 2.3 indicates which conventions are valid for each depreciation method.

Table 2.3
Valid Depreciation Method and Convention Combinations

		Conventions								
		1	2	3	4	5	6	7	8	9
Depreciation Methods	Straight Line	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Units of Production	✓								
	Declining Balance	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Sum of the Years' Digits	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Flat Rate	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Custom Table									

Switch to Straight Line (SL). If Yes, the declining-balance depreciation method switches to the straight-line method when the depreciation calculated using the straight-line method is greater than the depreciation calculated using the declining-balance method.

Factor. Enter the depreciation factor rate expressed as a percentage. This percentage is used to calculate the depreciation per period. Factor only applies to declining-balance and flat-rate depreciation methods.

Declining balance uses the factor percentage against the net book value of the asset at the beginning of each fiscal year.

Use Salvage. This field indicates whether the depreciation method reduces the cost by the salvage value to calculate the depreciation basis. Salvage value is the book value the asset is expected to have at the end of its expected life.

Actual Days. If Yes, the actual calendar days in the period that the asset is put into service are used when calculating the depreciation expense.

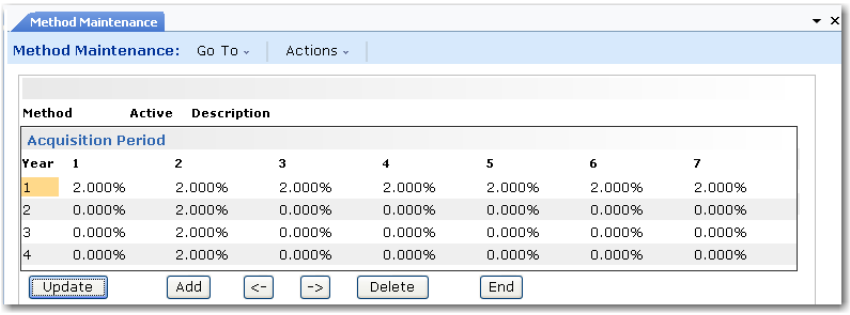
After the annual depreciation is calculated, it is divided by a standard 365 to determine the calendar-day depreciable expense. Depreciation expense for each period is defined as the number of calendar days in the period times the daily depreciation expense.

Expected Life. Enter the expected useful life for assets depreciated by this method. The expected life is used in calculating depreciation over the life of the asset.

This field is required if the depreciation method is a custom table. Otherwise, it is used as the default life for the method in Class Maintenance and Fixed Asset Maintenance.

If the method is based on the QAD Custom Table method, you can use the Table function to create a custom depreciation table.

Fig. 2.5
Method Maintenance, Custom Table



Click Add to add information to the table. A new row opens where you can specify the year and percentage amounts for each period. Use the arrow functions to move right or left through the period detail.

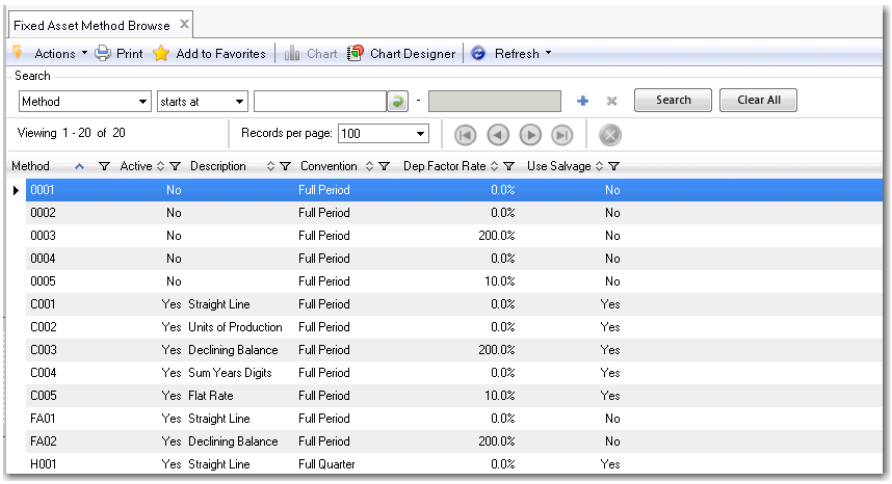
Year. Enter a year for the estimated asset life. For example, enter 1 if this is the first year of the asset life. This field cannot exceed the estimated asset life plus one year.

Percentage Factor. Enter a percentage factor to use for calculating the annual amount of depreciation. The total percentage of each period column must equal 100%.

Fixed Asset Method Browse

The Fixed Asset Method Browse (32.5.20) lets you view details for multiple methods, such as the method ID, active indicator, description, convention, depreciation factor rate, salvage indicator, and expected life.

Fig. 2.6
Fixed Asset Method Browse



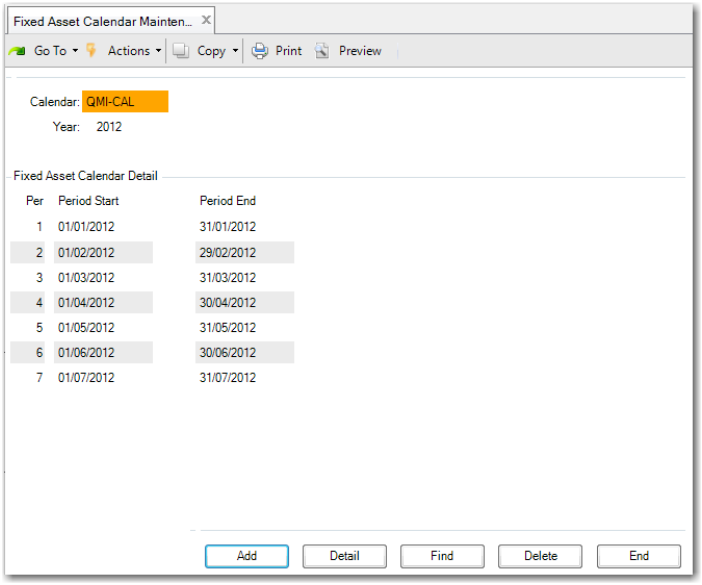
Setting Up Fixed-Asset Calendars

Use Fixed Asset Calendar Maintenance (32.1.5) to set up optional fixed-asset calendars for non-posting books. Use this program to add and delete fixed-asset calendars. You can use the Find function to go directly to a fixed-asset calendar by entering the calendar ID.

You can associate a fixed-asset calendar with non-posting books in Book Maintenance (32.1.9). You cannot associate a fixed-asset calendar with posting books. Posting books automatically follow the GL calendar set up in Financial Calendar Setup Menu (25.4).

You cannot modify a fixed-asset calendar after an asset has been assigned to a book that uses the calendar.

Fig. 2.7
Fixed Asset Calendar Maintenance (32.1.5)



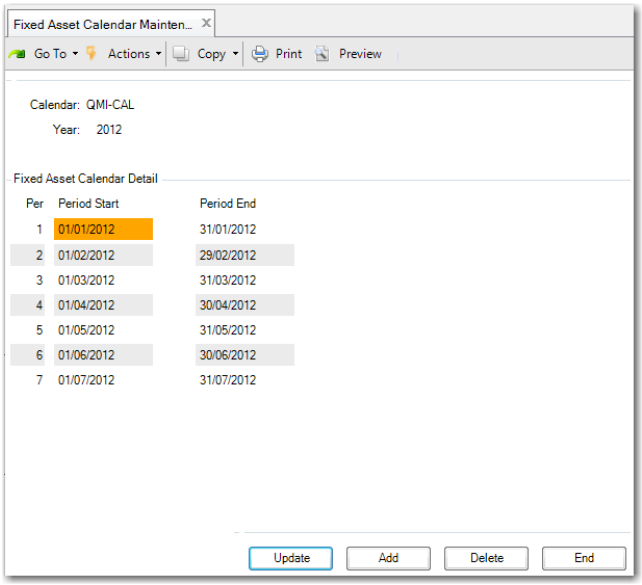
Click Add to create a new calendar.

Calendar. Enter up to an eight-character calendar ID.

Year. Enter the year that applies to this fixed-asset calendar.

Click Detail and then Update to define fixed-asset calendar periods and their start and end dates.

Fig. 2.8
Fixed Asset Calendar Maintenance, Fixed Asset Calendar Detail



Period Start. Enter the start date for this period. The default is one day after the previous Period Finish date. Periods cannot overlap.

Period End. Enter the end date for this period. Periods cannot overlap.

A warning displays if the calendar does not cover an entire year.

Setting Up Books

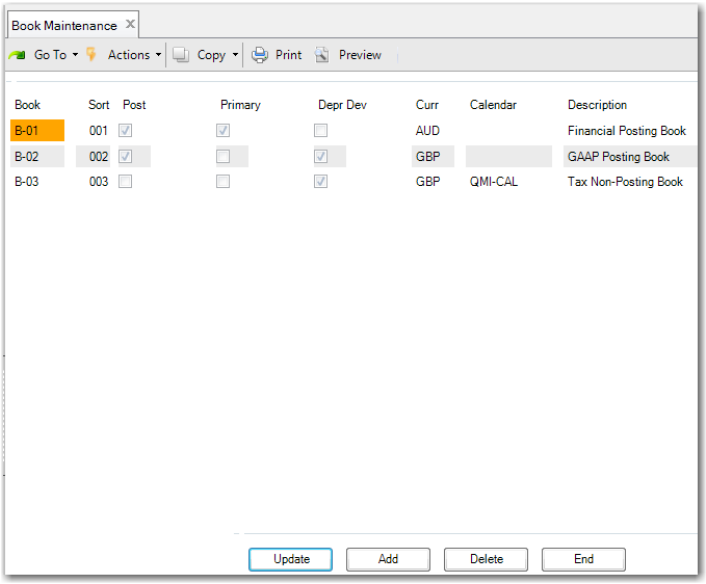
Use Book Maintenance (32.1.9) to set up depreciation books for fixed assets. You can add, modify, and delete fixed-asset books. Any fixed assets that are depreciated must be assigned to a posting book.

For each book, you specify:

- If it is the primary posting book
- The book currency
- If the book updates the GL
- Any user-defined fixed-asset calendars associated with non-posting books
- The unique sort sequence used for reporting

A depreciable asset must be assigned to a posting book for fixed-asset transactions to be recorded in the GL. Multiple depreciation books are often required to meet different reporting needs. An asset can be depreciated under an unlimited number of non-posting books. However, only posting books affect the GL.

Fig. 2.9
Book Maintenance (32.1.9)



Click Add to add a new book or Update to modify the selected book.

Book. Enter a unique ID (maximum four characters) identifying the fixed-asset book. The information set up in Book Maintenance establishes default book information for assets set up in Fixed Asset Maintenance.

Sort. Enter the order in which the system should display this book in browses, reports, and on the Depreciation Books screen in Fixed Asset Maintenance.

Post. If Yes, this book posts to the GL. There can be more than one posting book, but only one can be a primary book; the others are secondary posting books. Fixed Asset Transaction Post (32.13) creates unposted transactions for accumulated depreciation and depreciation expense accounts based on depreciation calculated for this book. Posting books always follow the GL calendar.

Primary. If Yes, this book is referred to as the primary posting book. Only one primary posting book is allowed.

Depr Dev. If Yes, the differences between the primary and secondary books are posted to the GL. If No, the full amounts of the secondary posting books are posted to the GL. You can specify a depreciation deviation value for non-primary posting books only.

To select the Depr Dev field for a book, the book currency must be the same as the primary book currency. If the Depr Dev field is cleared, the book currency can be any value in the system currency list.

The default value is retrieved from Fixed Asset Control. However, you can change the default value for non-primary posting books.

For primary books and non-postable books, the Depr Dev field is cleared and read only.

Curr. Specify the book currency. Use the lookup to select any currency defined in the system. You can only specify one currency for each fixed asset book.

The default value is the base currency for the current domain.

Note If a book has been used in a fixed asset class or assigned to a fixed asset in Fixed Asset Maintenance, you cannot change the book currency.

Calendar. This field only applies to non-posting books. Enter the calendar ID for the calendar you want associated with this non-posting book. Define calendar IDs in Fixed Asset Calendar Maintenance. If this field is blank, the non-posting book automatically follows the GL calendar.

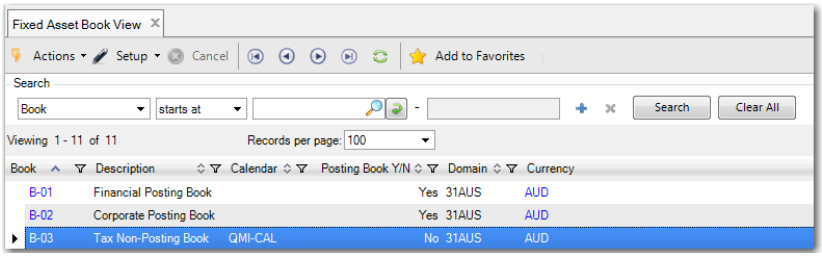
See “Setting Up Fixed-Asset Calendars” on page 19.

Description. Enter a brief description (maximum 30 characters) describing this fixed-asset book. This description displays on various reports and inquiries.

Fixed Asset Book View

Use the Fixed Asset Book View to view the list of books defined for the current domain. The view also displays the book currency and indicates whether the book is a posting book.

Fig. 2.10
Fixed Asset Book View

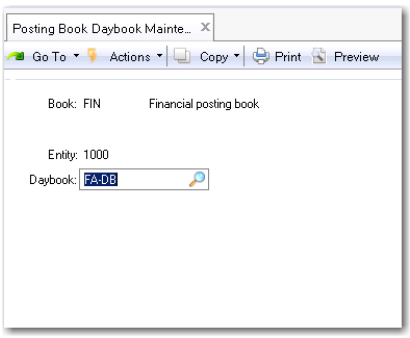


Defining Posting Book and Daybook Combinations

Use Posting Book Daybook Maintenance (32.9) to define the daybooks to which the system posts GL transactions that result from fixed asset movements for primary and secondary posting books.

GL transactions for fixed asset movements on primary posting books must be posted to daybooks in the official layer, and GL transactions for fixed asset movements on secondary posting books must be posted to daybooks in the management layer.

Fig. 2.11
Posting Book Daybook Maintenance (32.9)



Book. Select the posting book for which you want to define a posting book and daybook combination.

Description. This field displays a description of the posting book.

Entity. Specify the entity in which the system must create the GL postings for the fixed asset movements for the book. This field is optional and can be left blank. In this case, the system uses the same daybook for all entities in the domain.

Note You can update the entity. However, if any fixed asset GL transactions are posted to that posting book, the system displays a warning if you modify the entity and click Next.

Daybook. Specify the daybook to which the system must post GL transactions for fixed asset movements for the posting book.

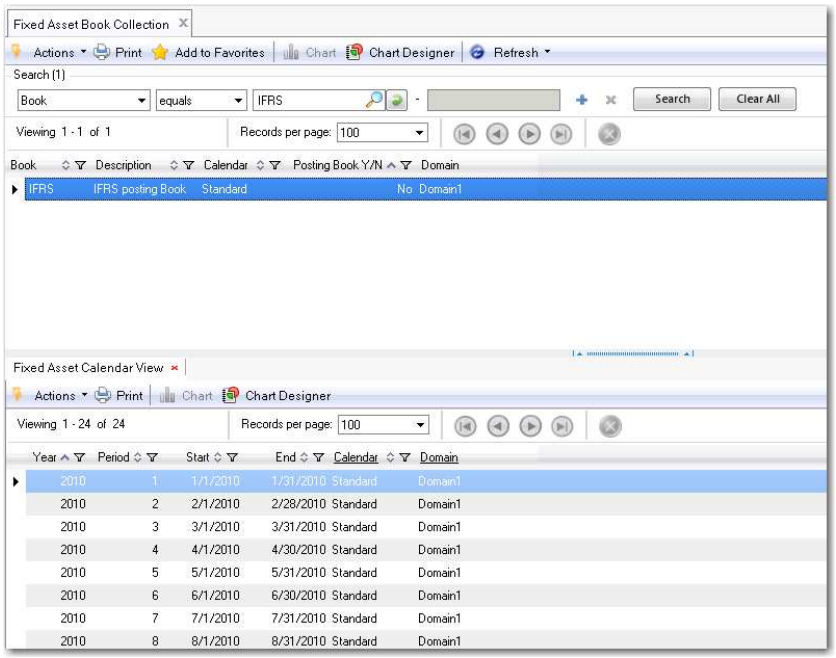
The daybook must be of type Journal Entries, must have a daybook control of Operational, and cannot be associated with the transient layer.

GL transactions for fixed asset movements on primary posting books must be posted to daybooks in the official layer, and GL transactions for fixed asset movements on secondary posting books must be posted to daybooks in the management layer.

Fixed Asset Book Collection

The Fixed Asset Book Collection browse displays all posting books defined in the system. For each book, you can select a related Fixed Asset Calendar Browse, which displays the year, GL period, period start and end dates, and the domain.

Fig. 2.12
Fixed Asset Book Collection



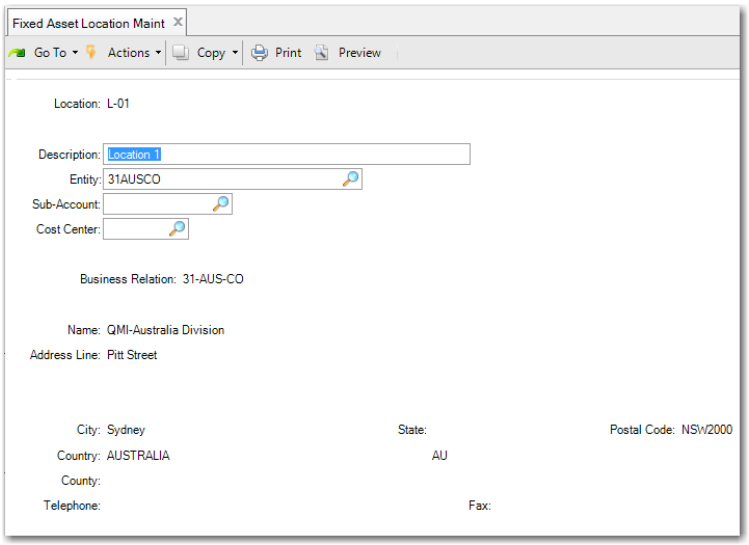
Setting Up Locations

Use Location Maintenance (32.1.13) to set up, modify, and delete fixed-asset locations. Use the Find function to view the Location Browse by location ID.

Asset locations identify the accounting location and entity of the fixed asset and the default sub-accounts and cost centers for depreciation reporting.

Note In contrast to location IDs used elsewhere in the system, fixed-asset location IDs are generally used to locate an asset for tax and asset tracking purposes. There is no connection between the fixed-asset location and inventory location. For example, you cannot issue inventory from a fixed-asset location.

Fig. 2.13
Location Maintenance (32.1.13)



Location. Enter a unique ID identifying a fixed-asset location.

Description. Enter a brief description (maximum 32 characters) of this fixed-asset location.

Entity. Enter a valid, active entity code to associate with this location.

Sub-Account. Enter a sub-account code. This sub-account defaults for assets entered in Fixed Asset Maintenance for this location.

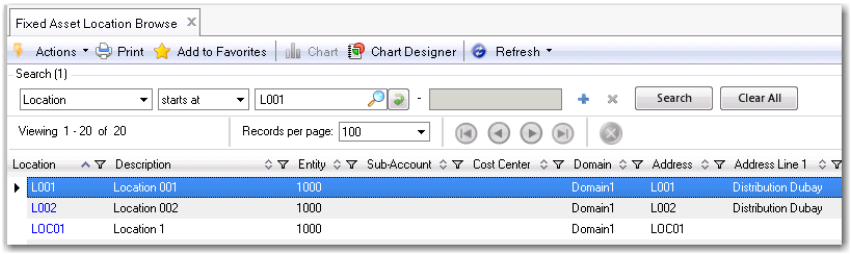
Cost Center. Enter a cost center code. This cost center defaults for assets entered in Fixed Asset Maintenance for this location.

Business Relation. If address information is needed for the location, specify a business relation. Address details from the headoffice address type of this business relation are used. See *User Guide: QAD Financials* for details on business relations.

Fixed Asset Location Browse

The Fixed Asset Location Browse (32.5.23) lets you view location details, such as the location ID, description, domain, entity, sub-account, cost center, address, city, county, state, zip, country, phone, and fax for each location that matches the search criteria.

Fig. 2.14
Fixed Asset Location Browse



Setting Up Classes

Use Class Maintenance (32.1.17) to set up, modify, and delete fixed-asset classes. Also set up default depreciation books and GL accounts. Depreciation for assets in the same class generally affects the same GL accounts for the asset investment, accumulated depreciation, and depreciation expense.

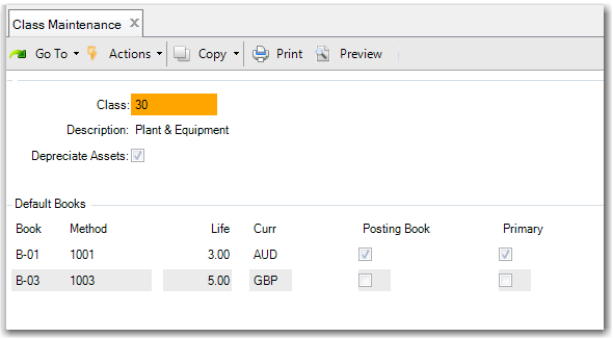
Primary criteria for a class are:

- Items are similar and grouping is reasonable.
- Items are related for accounting purposes, affecting the same GL accounts. These accounts are set as the default entries for the class.
- Items use the same books.
- Items have the same service lives for calculating depreciation.
- Items use the same depreciation methods for both book and tax purposes.

After you set up a class, assets can be assigned to it in Fixed Asset Maintenance. The information set up in Class Maintenance provides default book and account information for the asset.

In Fixed Asset Maintenance, accounts default from the class-book combination. The entity, sub-account, and cost center default from the location.

Fig. 2.15
Class Maintenance (32.1.17)



Class. Enter a unique class ID.

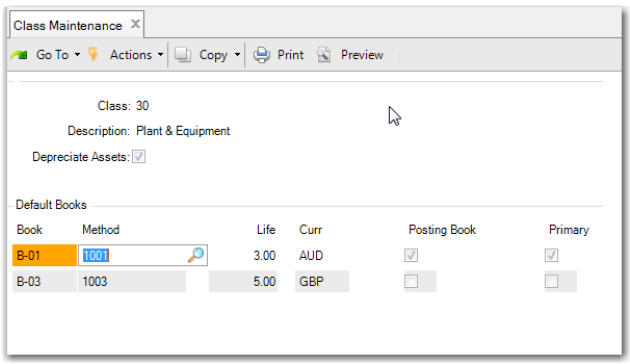
Description. Enter a brief (43 characters maximum) description of this fixed-asset class ID. This description displays on various reports and inquiries.

Depreciate Assets. If Yes, this fixed-asset class is depreciated. Depreciation schedules are created for assets assigned to this class.

Choose the Books function to specify default fixed-asset books.

Note You must choose the Books function before the Accts function, which lets you maintain the account numbers for the selected book of the fixed asset. Account numbers default from the class-book combination.

Fig. 2.16
Class Maintenance, Default Books



Book. Enter a predefined fixed-asset book ID for this class. Define book IDs in Book Maintenance (32.1.9). Any fixed assets that are depreciated must be assigned to a posting book. See “Setting Up Books” on page 20.

Method. Enter the predefined depreciation method ID. It cannot begin with a zero. Set up depreciation methods in Method Maintenance. Methods identify how depreciation is calculated for the asset service years. See “Setting Up Methods” on page 14.

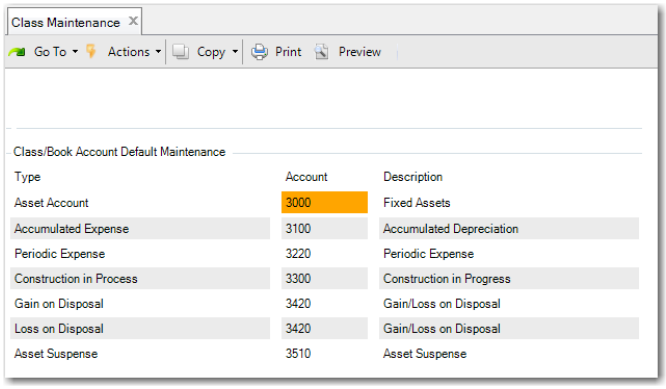
Life. Enter the number of years for the book’s life. This number is used as a basis for depreciation calculations.

Curr. Displays the book currency as defined in Book Maintenance. This field is read only. You can only update the book currency in Book Maintenance.

Posting Book, Primary. The system displays the values associated with the book in Book Maintenance. See “Post” on page 21.

Choose the Accts function to specify default GL accounts. This screen can only be accessed for a posting book. When the book is not a posting book and the Accts button is selected, an error displays. No accounts can be entered for a non-posting book.

Fig. 2.17
Class Maintenance, Class/Book Account Default Maintenance



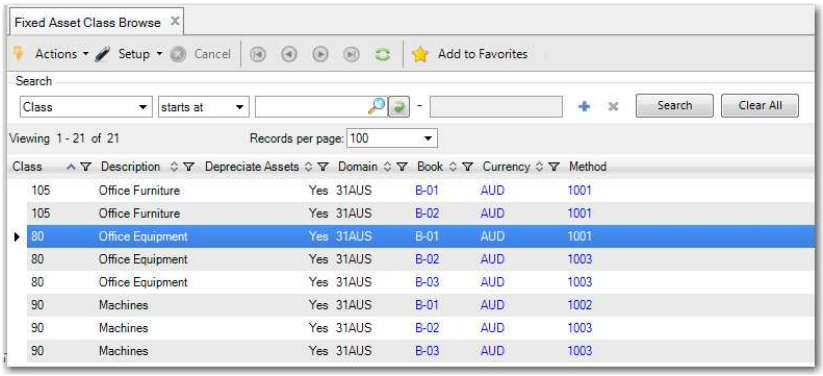
Account. Enter valid, active GL accounts to be associated with each type of fixed-asset account. Table 1.2, "Fixed-Asset Accounts," on page 6 lists the accounts and GL types that you specify here. The system validates the account types you enter.

Primary posting books and secondary posting books can use the same account or different accounts.

Fixed Asset Class Browse

The Fixed Asset Class Browse (32.5.25) displays book, book currency, and method information for assets.

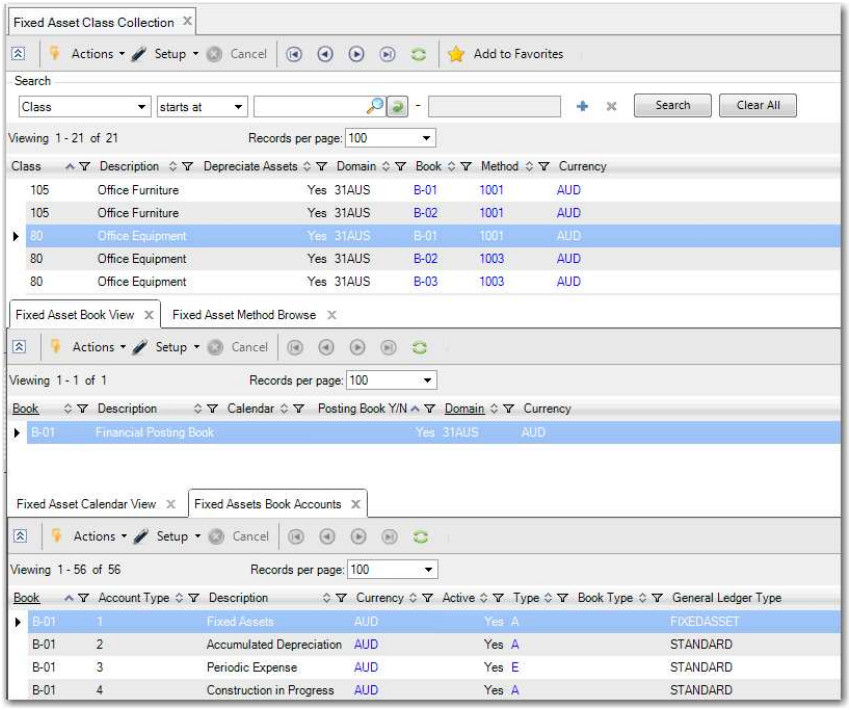
Fig. 2.18
Fixed Asset Class Browse



Fixed Asset Class Collection

The Fixed Asset Class Collection displays book, book currency, method, and GL account information for assets. For each class, you can browse a listing of books or methods. You can then optionally browse calendars.

Fig. 2.19
Fixed Asset Class Collection



Depreciation Methods and Conventions

Using Depreciation Methods

Depreciation is the process of allocating the cost of an asset over its service life. There are several methods of calculating depreciation. Depreciation can be calculated one way for tax purposes and another for financial purposes.

Straight Line

Straight-line depreciation allocates the asset cost evenly over its service life. The formula for straight-line depreciation is:

Depreciation Charge = Depreciable Basis / Service Life

Depreciable Basis = Cost – Salvage Value

Example A company purchases a $20,000 car that has a $2,000 salvage value and a five-year service life.

Table 2.4 illustrates the straight-line depreciation schedule.

Table 2.4
Straight-Line Depreciation Schedule

Year	Calculation	Depreciation Expense
1	$18,000 / 5	$3,600
2	$18,000 / 5	$3,600
3	$18,000 / 5	$3,600
4	$18,000 / 5	$3,600
5	$18,000 / 5	$3,600

Declining Balance

Declining balance is an accelerated method that provides higher depreciation charges in the earlier years of the asset life and lower depreciation charges in the later years.

The annual depreciation is calculated by using a constant depreciation percentage rate and multiplying it by the remaining net book value each year of the asset service life.

The formulas for declining-balance depreciation are:

Depreciation Rate = Percentage Multiplier / Service LIfe

*Depreciation Charge = Depreciation Rate * Net Book Value*

Each year the net book value is calculated with the following formula:

Net Book Value = Net Book Value – Depreciation Expense

Example A company purchases a $20,000 car that has a five-year service life. The company uses a percentage multiplier of 150% to calculate the depreciation for the automobile. The annual depreciation rate is calculated by annualizing the percentage multiplier over the automobile's service life:

150% / 5 years = 30%

Table 2.5 illustrates the declining-balance depreciation schedule.

Table 2.5
Declining-Balance Depreciation Schedule

Year	Net Book Value	Depreciation Rate	Calculation	Depreciation Expense
1	$20,000	30%	$20,000 * 30%	$6,000
2	$14,000	30%	$14,000 * 30%	$4,200
3	$9,800	30%	$9,800 * 30%	$2,940
4	$6,860	30%	$6,860 * 30%	$2,058
5	$4,802	30%	$4,802 * 30%	$1,441

With the declining-balance method, $3,361 ($4,802 - $1,441) of the asset cost is not depreciated. This amount is used to calculate a gain or loss at the time of retirement.

Declining Balance Switch to Straight Line

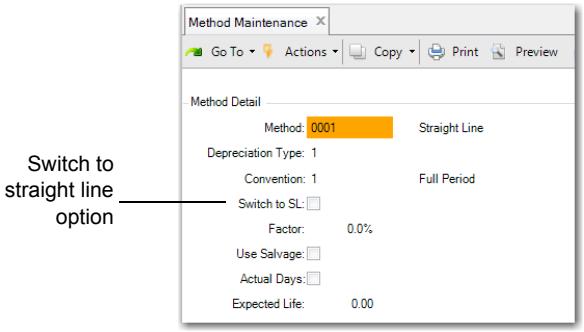
The standard declining-balance method does not depreciate the asset to zero. You can choose to switch the declining-balance method to the straight-line method when the depreciation calculated by the straight-line method is greater than the depreciation calculated by the declining-balance method. This method fully depreciates the asset.

When you specify the switch to straight-line method, the system uses a different calculation than for the standard straight-line method.

Depreciation Charge = (Depreciable Basis – Accumulated Depreciation) / Remaining Service Life

The system performs this calculation every year to compare the results against the declining balance. When the straight-line method yields higher annual depreciation, the calculation is switched.

Fig. 2.20
Switch to Straight Line Option in Method Maintenance



Example A company purchases a $20,000 car that has a $2,000 salvage value and a five-year service life. The company uses a percentage multiplier of 150% to calculate the depreciation for the automobile. The annual depreciation rate is calculated by annualizing the percentage multiplier over the automobile's service life:

150% / 5 years = 30%

Table 2.6 illustrates the depreciation charges for declining-balance and straight-line methods.

Table 2.6
Declining-Balance Switch to Straight-Line Depreciation Schedule

Year	Declining-Balance Depreciation	Straight-Line Depreciation	Declining-Balance Switch to Straight-Line Depreciation	Accumulated Depreciation
1	$5,400	$3,600	$5,400	$5,400
2	$3,780	$3,150	$3,780	$9,180
3	$2,646	$2,940	$2,940	$12,120
4	N/A	$2,940	$2,940	$15,060
5	N/A	$2,940	$2,940	$18,000

In year 3, the declining-balance depreciation charge is less than the straight-line depreciation charge. Therefore, the straight-line method will be used for the remaining years.

Sum of the Years' Digits

Sum of the years' digits is an accelerated method that provides a decreasing fraction to the asset depreciable basis.

The annual depreciation is calculated by applying a fraction to the asset depreciable basis. Each fraction uses the sum of the years' digits as the denominator and the remaining years in the asset service life as the numerator. The numerator decreases each year while the denominator remains constant.

The formula for sum-of-the-years'-digits depreciation is:

*Depreciation Charge = Depreciable Basis * (Number of Years Remaining / Sum-of-the-Years'-Digits)*

Depreciable Basis = Cost – Salvage Value

Sum-of-the-Years'-Digits = 1 + 2 + n . . .

Example A company purchases a $20,000 car that has a $2,000 salvage value and a five-year service life.

Depreciable Basis = $20,000 – $2,000 = $18,000

Sum of the Years' Digits = 1 + 2 + 3 + 4 + 5 = 15

Table 2.7 illustrates the sum-of-the-years'-digits depreciation schedule.

Table 2.7
Sum-of-the-Years'-Digits Depreciation Schedule

Year	Remaining Life	Depreciation Fraction	Calculation	Depreciation Expense
1	5	5 / 15	$18,000 * (5 / 15)	$6,000
2	4	4 / 15	$18,000 * (4 / 15)	$4,800
3	3	3 / 15	$18,000 * (3 / 15)	$3,600
4	2	2 / 15	$18,000 * (2 / 15)	$2,400
5	1	1 / 15	$18,000 * (1 / 15)	$1,200

Flat Rate

Flat rate calculates depreciation by using a constant percentage and multiplying it by the depreciable basis over the asset service life until the sum of the depreciation is greater than the basis amount. At this time, the final year of depreciation is adjusted so that the total of depreciation equals the basis amount.

The formula for flat-rate depreciation is:

*Depreciation Charge = Depreciable Basis * Flat-Rate Percentage*

Depreciable Basis = Cost – Salvage Value

When the sum of depreciation is greater than the basis amount, you use the following equation to calculate the last year of depreciation:

Depreciation Charge = Depreciable Basis – Accumulated Depreciation

Example A company purchases a $20,000 car that has a $2,000 salvage value and a five-year service life. The annual flat-rate is 23.6%.

Table 2.8 illustrates the flat-rate depreciation schedule.

Table 2.8
Flat-Rate Depreciation Schedule

Year	Flat-Rate	Calculation	Depreciation Expense	Accumulated Depreciation
1	23.6%	$18,000 * 23.6%	$4,248	$4,248
2	23.6%	$18,000 * 23.6%	$4,248	$8,496
3	23.6%	$18,000 * 23.6%	$4,248	$12,744
4	23.6%	$18,000 * 23.6%	$4,248	$16,992
5		$18,000 - $16,992	$1,008	$18,000

In year 5, the accumulated depreciation exceeds the asset depreciable basis. The depreciation charge is adjusted in year 5.

Units of Production

The units of production (UOP) method calculates depreciation based on items produced or units consumed from the asset. The formulas for units of production are:

Depreciation Per Unit of Production = Depreciable Basis / Total Units of Production

Depreciable Basis = Cost – Salvage Value

*Depreciation Charge = Units of Production Per Period * Depreciation Per Unit of Production*

Example A company purchases a $25,000 stamping machine with a $2,000 salvage value. The machine is expected to produce 150,000 units over its service life. The depreciation per unit of production is:

$25,000 – $2,000 / 150,000 = $0.15 per unit

Table 2.9 illustrates the units-of-production depreciation schedule for 5 years.

Table 2.9
Units-of-Production Depreciation Schedule

Year	Units of Production Per Period	Calculation	Depreciation Expense
1	30,000	30,000 * $0.15	$4,500
2	25,000	25,000 * $0.15	$3,750
3	20,000	20,000 * $0.15	$3,000
4	40,000	40,000 * $0.15	$6,000
5	30,000	30,000 * $0.15	$4,500

Important Beginning with QAD Enterprise Edition 2014, you can run the Fixed Assets module in Desktop mode. The only case where you must run the screen in Terminal mode is in Fixed Asset Maintenance (32.3) when an asset has a depreciation based on units of production.

Custom Table

You can substitute custom depreciation tables for the standard depreciation methods for calculating depreciation. Depreciation is calculated by specifying a depreciation factor for each period and year of the asset life. The depreciation factors are user-defined and must equal 100% at the end of the asset service life.

The formulas for custom table are:

*Depreciation Charge = Depreciable Basis * Depreciation Factor*

Depreciable Basis = Cost – Salvage Value

Example A company purchases a $10,000 computer that has a $2,000 salvage value and a four-year service life. The depreciation factors for each year of the asset service life are:

Table 2.10
Custom-Table Depreciation Factors

Year	Depreciation Rate
1	7.0%
2	9.5%
3	27.0%
4	56.5%
Total	100.0%

Table 2.11 illustrates the custom-table depreciation schedule.

Table 2.11
Custom-Table Depreciation Schedule

Year	Depreciation Rate	Calculation	Depreciation Expense
1	7.0%	$8,000 * 7.0%	$560
2	9.5%	$8,000 * 9.5%	$760
3	27.0%	$8,000 * 27.0%	$2,160
4	56.5%	$8,000 * 56.5%	$4,520

Using Conventions

Fixed assets are not always acquired on the first day of the year, nor are they always retired on the last day of year. Fixed-asset conventions are used for averaging depreciation in the first and last years of an asset life.

Example A company purchases a $3,600 computer that has a three-year service life and does not have a salvage value. The computer is depreciated using the straight-line method.

Using the straight-line method, the first year depreciation calculation and depreciation per period are:

Annual Depreciation = $3,600 / 3 Years = $1,200

Depreciation Per Period = $1,200 / 12 = $100

This example is used to illustrate how each convention works.

Full Period

The computer is placed into service on March 14, 2012, and it is retired on October 13, 2013.

Table 2.12 illustrates the depreciation taken for each period.

Table 2.12
Full-Period Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	$100	$100
April	$100	$100
May	$100	$100
June	$100	$100
July	$100	$100
August	$100	$100
September	$100	$100
October	$100	0
November	$100	0
December	$100	0

Half Period

The computer is placed into service on March 14, 2012, and it is retired on October 13, 2013.

Table 2.13 illustrates the depreciation taken for each period.

Table 2.13
Half-Period Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	$50	$100
April	$100	$100
May	$100	$100
June	$100	$100
July	$100	$100
August	$100	$100
September	$100	$100
October	$100	$50
November	$100	0
December	$100	0

Next Period

The computer is placed into service on March 14, 2012, and it is retired on October 13, 2013.

Table 2.14 illustrates the depreciation taken for each period.

Table 2.14
Next-Period Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	0	$100
April	$100	$100
May	$100	$100
June	$100	$100
July	$100	$100
August	$100	$100
September	$100	$100
October	$100	$100
November	$100	0
December	$100	0

Full Quarter

The computer is placed into service in the third quarter on September 14, 2012, and it is retired in the fourth quarter on November 13, 2013.

The following factors are used for calculating depreciation using the full-quarter convention:

Table 2.15
Full-Quarter Factors

Quarter in Service	Acquisition Factor	Retirement Factor
1	100%	0%
2	75%	25%
3	50%	50%
4	25%	75%

The first year depreciation and depreciation per period calculations are:

*Annual Depreciation = $1,200 * 50% = $600*

Depreciation Per Period = $600 / 4 = $150

The retirement depreciation calculation is:

*Depreciation = $1,200 * 75% = $900*

When the computer is retired, $1,100 has already been taken in depreciation. There is a difference of $200 ($1,100 – $900) in the depreciation calculation due to the early retirement. Therefore, a depreciation expense credit of $100 is applied in the retirement period.

Table 2.16 illustrates the depreciation taken for each period.

Table 2.16
Full-Quarter Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	0	$100
April	0	$100
May	0	$100
June	0	$100
July	0	$100
August	0	$100
September	$150	$100
October	$150	$100
November	$150	–$100
December	$150	0

Half Quarter

The computer is placed into service in the third quarter on September 14, 2012, and it is retired in the fourth quarter on November 13, 2013.

The factors listed in Table 2.17 are used for calculating depreciation using the half-quarter convention.

Table 2.17
Half-Quarter Factors

Quarter in Service	Acquisition Factor	Retirement Factor
1	87.5%	12.5%
2	62.5%	37.5%
3	37.5%	62.5%
4	12.5%	87.5%

The first year depreciation and depreciation per period calculations are:

*Annual Depreciation = $1,200 * 37.5% = $450*

Depreciation Per Period = $450 / 4 = $112.50

The retirement depreciation calculation is:

*Depreciation = $1,200 * 87.5% = $1050*

When the computer is retired, $1,100 has already been taken in depreciation. There is a difference of $50 ($1,100 – $1,050) in the depreciation calculation due to the early retirement. Therefore, a depreciation expense credit of $50 is applied in the retirement period.

Table 2.18 illustrates the depreciation taken for each period.

Table 2.18
Half-Quarter Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	0	$100
April	0	$100
May	0	$100
June	0	$100
July	0	$100
August	0	$100
September	$112.50	$100
October	$112.50	$100
November	$112.50	–$50
December	$112.50	0

Full Year

The computer is placed into service on July 14, 2012, and it is retired on October 13, 2013.

The first year of depreciation is allocated to the six remaining periods.

Depreciation Per Period = $1,200 / 6 = $200

When the computer is retired, $1,000 has already been taken in depreciation. Depreciation must be reversed in the retirement period. Therefore, a depreciation expense credit of $1000 is applied in the retirement period.

Table 2.19 illustrates the depreciation taken for each period.

Table 2.19
Full-Year Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	0	$100
April	0	$100
May	0	$100
June	0	$100
July	$200	$100
August	$200	$100
September	$200	$100
October	$200	–$1000
November	$200	0
December	$200	0

Half Year

The computer is placed into service on March 14, 2012, and it is retired on October 13, 2013.

The first year depreciation and depreciation for the 10 periods of ownership calculations are:

Annual Depreciation = $1,200 / 2 = $600

Depreciation Per Period = $600 / 10 = $60

The retirement depreciation calculation is:

Depreciation = $1,200 / 2 = $600

When the computer is retired, $900 of depreciation has already been taken and only $600 is allowed in the retirement year. Depreciation must be reversed in the retirement period. Therefore, a depreciation expense credit of $300 ($900 – $600) is applied in the retirement period.

Table 2.20 illustrates the depreciation taken for each period.

Table 2.20
Half-Year Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	$60	$100
April	$60	$100
May	$60	$100
June	$60	$100
July	$60	$100
August	$60	$100
September	$60	$100
October	$60	–$300
November	$60	0
December	$60	0

Modified Half Year Version 1

The computer is placed into service on March 14, 2012, and it is retired on October 13, 2013.

The depreciation for the 10 periods of ownership calculations are:

Depreciation Per Period = $1,200 / 10 = $120

Since the computer is retired in the second half of the year, a full-year depreciation is taken. The remaining depreciation for the year is added to the retirement period.

Table 2.21 illustrates the depreciation taken for each period.

Table 2.21
Modified Half-Year (Version 1) Depreciation

Period	2012	2013
January	0	$100
February	0	$100

Period	2012	2013
March	$120	$100
April	$120	$100
May	$120	$100
June	$120	$100
July	$120	$100
August	$120	$100
September	$120	$100
October	$120	$300
November	$120	0
December	$120	0

Modified Half Year Version 2

The computer is placed into service on March 14, 2012, and it is retired on October 13, 2013.

The depreciation for the 10 periods of ownership calculations are:

Depreciation Per Period = $1,200 / 10 = $120

The retirement depreciation calculation is:

Depreciation = $1,200 / 2 = $600

When the computer is retired, $900 of depreciation has already been taken and only $600 is allowed in the retirement year. Depreciation must be reversed in the retirement period. Therefore, a depreciation expense credit of $300 ($900 – $600) is applied in the retirement period.

Table 2.22 illustrates the depreciation taken for each period.

Table 2.22
Modified Half-Year (Version 2) Depreciation

Period	2012	2013
January	0	$100
February	0	$100
March	$120	$100
April	$120	$100
May	$120	$100
June	$120	$100
July	$120	$100
August	$120	$100
September	$120	$100
October	$120	–$300
November	$120	0
December	$120	0

Creating Meters

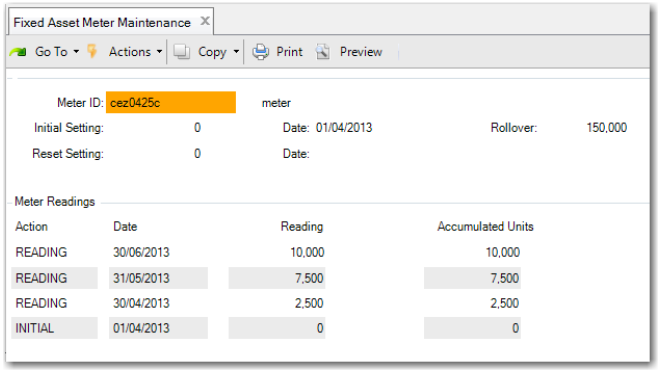
Use Fixed Asset Meter Maintenance (32.11) to create, modify, and delete meters, and enter meter readings. You can also view any assets and fixed-asset books that use the meter.

Meters measure asset usage for the units-of-production depreciation method. You can attach a meter to an asset or group of assets to collect the usage in Fixed Asset Maintenance.

For example, a punch press machine costs $5000 and the meter records that the machine produced 10,000 units for the period. The punch press is expected to produce 1,000,000 units during its service life. The depreciation per period calculation is:

*Depreciation Per Period = (10,000 Units / 1,000,000 Units) * $5,000 = $50*

Fig. 2.21
Fixed Asset Meter Maintenance (32.11)



Meter. Enter a code (maximum 12 characters) identifying a meter.

Description. Enter a brief description (maximum 30 characters) for this fixed asset meter.

Rollover. Enter the number after which the meter should reset to zero. For example, if a meter can read a maximum number of 1000, enter 1000. When the meter reaches 1001, it begins again at zero.

Initial Setting. Enter the beginning meter number. The default is 0.

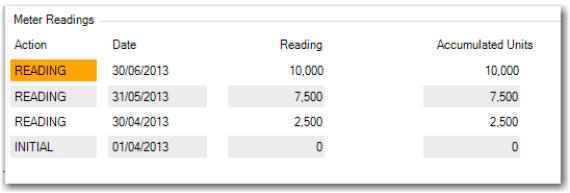
Date. Enter the initial date of the meter setting.

Reset Setting. Enter the initial setting for the new meter. You can use this field if you need to replace the meter. The reset setting represents the previous ending meter number.

Date. Enter the date of the reset setting. This date must be after the initial setting date.

Choose the Detail function to enter meter readings.

Fig. 2.22
Fixed Asset Meter Maintenance, Meter Readings



Action. The following are system-assigned actions:

INITIAL: Displays the initial meter setup number.

READING: Displays meter readings.

RESET: Displays the meter reset number.

Date. Enter the date for the meter reading. This date must be later than the previous reading date.

Reading. Enter the meter reading. You can delete only the most recent meter reading.

Accumulated Units. The system displays the total number of units since the meter was created.

Choose the Assets function to view assets and books that use the meter.

Chapter 3

Creating and Managing Fixed Assets

This chapter discusses how you can create new fixed assets and manage them on an ongoing basis.

Overview

In many cases, fixed asset values are expressed in base currency. However, there are environments where assets need to be accounted for in other currencies.

For example, an organization has set up the system with statutory currency for the local country currency and base currency for the functional currency. In this setup, it is recommended to have fixed asset values and depreciation in statutory currency as the leading currency. In some cases, group reporting requires depreciation of the assets in a different GAAP than the local one, using different depreciation methods and a different currency; for example, the currency of the corporate group.

To support such cases, it is possible to link a currency to each of the asset books. During the life cycle of the asset, that currency becomes the leading currency in the transactions. The values in other currencies, required for posting in the general ledger, are derived from the book currency by applying the historical rate applicable at the time the asset was acquired. That historical rate is stored at asset book level. In fixed assets reporting, you can choose to display values in the book currency or convert them to base or statutory currency.

After you define the control program parameters and your company's business rules, you can add fixed assets to the system. You can add fixed assets individually in Fixed Asset Maintenance (32.3) or create a batch of similar assets in Fixed Asset Batch Maintenance (32.7).

When you add a new asset, you can optionally create GL postings for the acquisition cost.

After assets are created, you can perform multiple functions using Fixed Asset Maintenance. Your company may not use all of these functions, and not all of the functions are required when managing assets in Fixed Asset Maintenance. The functions include:

- Maintaining asset account information
- Retiring or transferring an asset
- Entering asset comments
- Maintaining user fields for customizations
- Maintaining insurance data
- Adjusting depreciation books
- Adjusting posted depreciation
- Maintaining book detail
- Maintaining information for the units-of-production depreciation method
- Maintaining information about asset components
- Dividing an asset into two separate assets

If you are retiring or transferring a group of assets, you can use Fixed Asset Transfers (32.16) and Fixed Asset Retirements (32.19) to process a batch of assets.

Fixed Asset Maintenance

Use Fixed Asset Maintenance (32.3) to set up and maintain your company's fixed assets. Before you enter assets in Fixed Asset Maintenance, you must set up values in the following programs:

- Fixed Asset Control

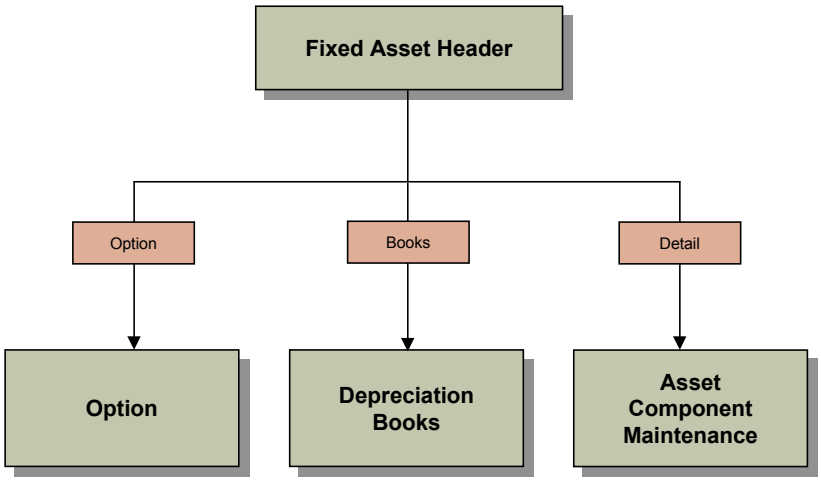
- Method Maintenance
- Fixed Asset Calendar Maintenance (optional)
- Book Maintenance
- Location Maintenance
- Class Maintenance
- Fixed Asset Meter Maintenance (optional)

You can also use functions on the CIM Interface Menu (36.15) to update assets in Fixed Asset Maintenance. See “Using CIM to Load Fixed-Asset Data” on page 70.

Fixed Asset Maintenance Header

Figure 3.1 illustrates the different screens you can access with the navigation buttons.

Fig. 3.1
Fixed Asset Header

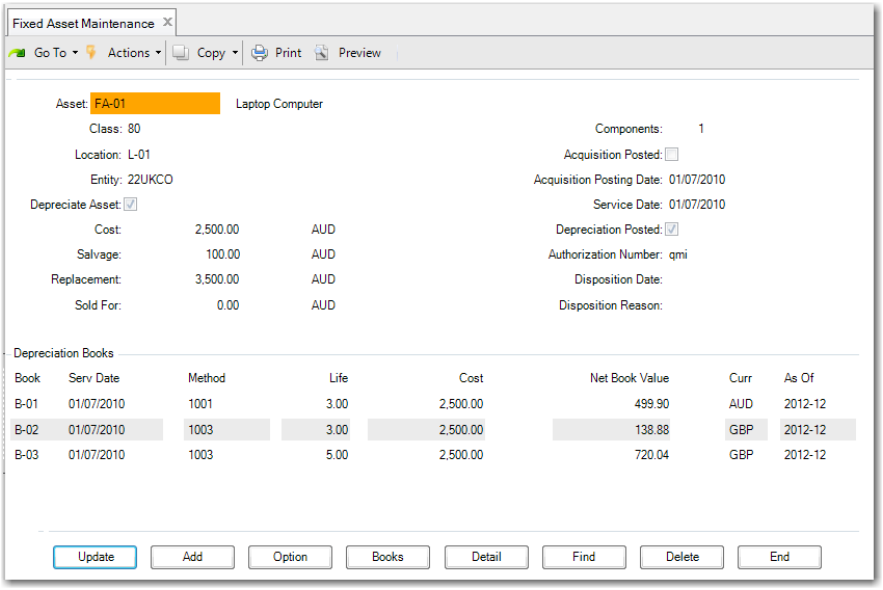


Use this header to enter your company’s fixed assets. Asset IDs are assigned automatically by the system or manually, based on the value of Auto Generate Asset in Fixed Asset Control. See Chapter 2, “Setting Up Fixed Assets,” on page 11.

After you have assigned an asset ID, you set up the following for each asset:

- Class
- Location
- Service date
- Asset cost
- Salvage amount
- Replacement cost
- Number of asset components
- If the acquisition is posted
- If the asset is depreciated
- Authorization number

Fig. 3.2
Fixed Asset Maintenance (32.3), Header



Asset. Enter a unique alphanumeric asset ID for the fixed asset if Auto Generate Asset is No in Fixed Asset Control. Duplicate asset IDs are not allowed.

If Auto Generate Asset is Yes in Fixed Asset Control, the system automatically assigns an asset ID using the predefined Number Range Management sequence.

Description. Enter up to 50 characters describing the fixed asset.

Class. Enter a predefined class ID. Define class IDs in Class Maintenance (32.1.17). See “Setting Up Classes” on page 25.

If you change the class before the asset has been posted, the depreciation schedule is updated with the new values.

Important If you change the class after the asset is created, the accounts are not automatically updated.

Location. Enter a predefined location ID. Define location IDs in Location Maintenance (32.1.13). You cannot update the location if the asset has been posted to the GL. See “Setting Up Locations” on page 23.

Important If you change the location after the asset is created, the sub-accounts and cost centers are not automatically updated.

Acquisition Posted. This field is read only and is automatically selected when the acquisition transaction for the fixed asset has been posted.

Acquisition Posting Date. This field is read only and displays the date on which the acquisition transaction for the fixed asset was posted.

Acquisition Effective Date. Specify the date used to retrieve the exchange rate for calculating base currency and statutory currency amounts. The default value is the system date, but you can modify the default. This field is mandatory.

You cannot modify this field if the fixed asset has posted the acquisition.

Service Date. Enter the date that this fixed asset was put into service. This date defaults as the service date for each asset book and is used to calculate depreciation.

The service date must exist in the GL calendar and any fixed-asset calendar associated with the default books. You cannot update the service date if the asset has been posted to the GL.

Cost. Enter the amount paid to acquire the asset in the currency of the primary book. This cost is not necessarily a basis for a depreciation calculation. This cost defaults as the cost for each asset book.

You cannot update the cost if the asset has been posted to the GL. You must make a basis adjustment on the Depreciation Adjustments screen.

The cost amount for each book in the Depreciation Book grid defaults automatically after you specify the cost here in the Fixed Asset Maintenance header.

Salvage. Optionally enter a salvage value for this asset. Use the currency of the primary book. The salvage value must be less than the asset cost.

Salvage value is the estimated value of property at the end of its useful life. It is the amount reasonably expected in an open market for the asset after it is no longer productive. If a salvage value is defined at the beginning of the depreciation calculation, it is used to reduce the depreciable base.

This amount defaults as the salvage amount for each asset book when the depreciation method uses salvage value.

If the asset has been posted to the GL, you must use the adjusting book by choosing type Salvage to update the salvage amount.

You can define a separate salvage value for each fixed asset book.

Curr. Displays the currency of the primary book for the fixed asset. This value is read only, and defaults from Book Maintenance.

However, the amounts in the Depreciation Books grid are displayed in the corresponding currency for each fixed asset book.

Replacement. Enter the replacement value for the asset in the currency of the primary book. This value is not used for any calculations, but can be used for management purposes. For example, this value can be used to create budgets for assets replaced on a recurring basis.

Components. Enter the number of items that belong to this asset ID.

For example, if an asset is acquired that consists of 200 chairs, the chairs can be grouped as one asset. In this case, set Components to 200.

If you update the number of components in the Asset Component Maintenance screen, this field is automatically updated.

Depreciate Asset. If Yes, this is a depreciable asset and must be assigned to a posting book.

Authorization Number. Optionally enter an authorization number for this fixed asset. This field is for reference only.

Disposition Date. Enter the disposal date for the asset. The disposal date is the date the asset is removed from service and ownership interest is relinquished. If the asset is suspended as of the disposal date, you must reinstate the asset before retiring it.

The date must be a valid date in the GL calendar or any fixed-asset calendar associated with the book. It must also be in an open GL period and must be after the service date.

Disposition Reason. Enter the reason for the disposal of the asset. The field is validated against codes set up in Generalized Codes Maintenance for field fa_disp_rsn.

Disposition reason is the reason the asset is removed from service and ownership interest relinquished. Examples of disposition reasons are sold, stolen, destroyed, donated, and impaired.

Important You might enter a cost and salvage amount for a book and the book currency and the statutory currency and base currency are not equal. In this case, the system displays an error when the exchange rate from transaction currency to statutory currency or from transaction currency to base currency is not defined for the acquisition effective date. When the transaction currency to statutory currency exchange rate is missing but Fallback to Accounting is selected for the Statutory exchange rate and an Accounting exchange rate is defined for the effective date, no error message is displayed.

Acquisition Costs

After completing the header, you are prompted to post GL transactions related to acquisition costs. The frame containing these fields displays when you click End or press F4.

Whether you post to GL is determined by how you manage such costs. For example, if you account for the acquisition cost during purchase order receipt, you can enter No in Post to GL to avoid double-booking of the cost.

Important You can use Fixed Asset Control (32.24) to set the default value for the Post to GL field in Fixed Asset Maintenance (32.3). See “Setting Up Control Parameters” on page 12.

Fig. 3.3
Fixed Asset Maintenance, Post to GL

If you choose to generate those transactions when you add the asset, set Post to GL to Yes. You can then specify an effective date, as well as display a report showing an audit trail for the resulting transactions. The date specified in the Acquisition Effective Date field in the Fixed Asset Maintenance header is the default effective date.

If you set Post to GL to Yes, the system posts the GL transaction to the daybook defined in Posting Book Daybook Maintenance (32.9) for the posting book and entity. If the system cannot find a daybook linked to the current entity, it uses a daybook linked to a blank entity. If the system cannot find a daybook linked to the current entity or a daybook linked to a blank entity, it posts the GL transaction to the system daybook defined in Default Daybook Maintenance (25.8.4).

For a fixed asset acquisition, the transaction currency, base currency, and statutory currency amounts are calculated during Operational Transaction Post. The exchange rates between the transaction currency and base currency, and between the transaction currency and statutory currency are the rates defined for each fixed asset book at acquisition. Using Journal Entry View, you can see the amounts and rates.

If you set Post to GL to No, the system prompts you to confirm that you do not want to post the GL transaction.

Note The setting of Summarized Journal in Fixed Asset Control has no effect on transactions created for acquisition costs. These transactions are always created in detail.

Depreciation Deviation

If depreciation deviation is selected for a book in Book Maintenance, the differences between the primary and secondary books are posted to the GL.You can specify a depreciation deviation value for non-primary posting books only. To activate depreciation deviation for a book, the book currency must be the same as the primary book currency.

If depreciation deviation is selected for a book, the system only posts the difference amount between the current book and the primary book. If there is a cost difference in transaction currency, the difference is posted. The base currency amount and the statutory currency amount on the non-primary book are calculated according to the accounting rate and statutory rate per fixed asset book respectively.

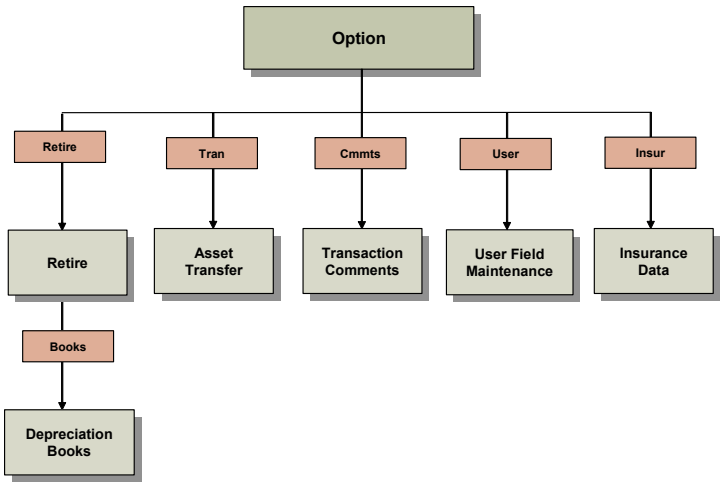
If depreciation deviation is not selected for a book, the system posts the full amount according to the setting of the fixed asset book.

Option

Access this function by choosing Option on the Fixed Asset Maintenance header.

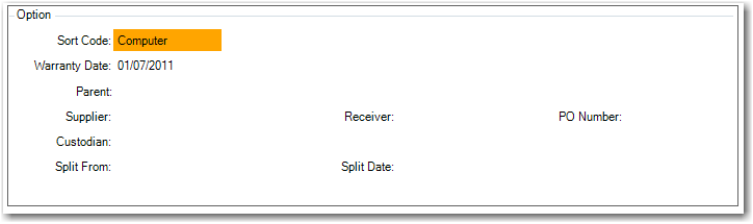
Figure 3.4 illustrates the different screens you can access with the navigation buttons.

Fig. 3.4
Option Screen



Use this function to maintain optional asset data, such as sort codes, warranty date, and an asset custodian. Also, specify the supplier and an associated PO or receiver number.

Fig. 3.5
Fixed Asset Maintenance, Option



Click Update to specify basic option values.

Sort Code. Optionally enter a sort code. Use sort codes for sorting purposes and grouping similar assets within a category. You can also use them to establish a standard for describing assets.

The field is validated against codes set up in Generalized Codes Maintenance for field fa_code.

For example, sort codes can include FC (Filing Cabinets), FC2 (Filing Cabinets, 2 drawer), FC4 (Filing Cabinets, 4 drawers).

Warranty Date. Optionally enter an expiration date for the asset warranty.

Parent. Enter the parent asset ID for this asset if it is a component for another asset. For example, a keyboard is a component of a computer, the parent asset.

Supplier. Optionally enter a predefined supplier of this asset. Define suppliers in Supplier Create (28.20.1.1) and complete the operational data in Supplier Data Maintenance (2.3.1).

Receiver. Optionally enter a receiver number for this fixed asset. When you receive fixed assets, you can create a receiving record for verification against the supplier invoice when it is entered into Accounts Payable (AP).

Note There is no interface between the AP module and the Fixed Assets module.

If you enter a receiver number, the associated purchase order number defaults in the PO Number field.

PO Number. Optionally enter a purchase order number for this asset. The default is the PO number associated with the receiver.

Custodian. Enter up to eight characters describing the name of the asset custodian. Custodians are employees responsible for tracking the location of fixed assets.

Retirement

Access this function by choosing Retire on the Option screen.

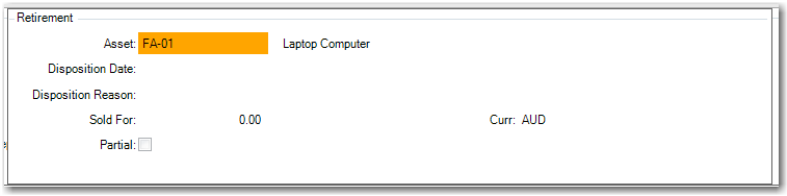
Use this function to retire an asset. Retirement removes the asset- acquisition cost from the books and posts any gains or losses to the GL.

Note If depreciation has not been posted for this asset, delete the asset instead of retiring it.

After retiring the asset, the system calculates and displays values for Basis Amount, Accumulated Depreciation, Net Amount, and Gain/Loss on Disposal. Appropriate GL retirement transactions and reversing transactions are created to void future depreciation periods.

You can view the adjustments on the Depreciation Query screen by choosing the Audit function on the Depreciation Books screen. Run Fixed Asset Transaction Post to create unposted transactions. After you run Fixed Asset Transaction Post, you must run Operational Transaction Post (25.13.7) to update the GL.

Fig. 3.6
Fixed Asset Maintenance, Retirement



Disposition Date. Enter the disposal date for the asset. The disposal date is the date the asset is removed from service and ownership interest is relinquished. If the asset is suspended as of the disposal date, you must reinstate the asset before retiring it.

The date must be a valid date in the GL calendar or any fixed-asset calendar associated with the book. It must also be in an open GL period and must be after the service date.

Disposition Reason. Enter the reason for the disposal of the asset. The field is validated against codes set up in Generalized Codes Maintenance for field fa_disp_rsn.

Disposition reason is the reason the asset is removed from service and ownership interest relinquished. Examples of disposition reasons are sold, stolen, destroyed, donated, and impaired.

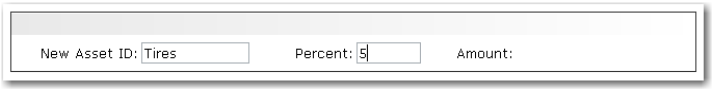
Sold For. Enter the amount received for the disposal of the asset. This amount is optional and used when calculating the gain or loss on the disposition of an asset.

Curr. Displays the currency of the fixed asset book, as defined in Book Maintenance.

Partial. If Yes, this is a partial retirement and you split the existing asset into two separate assets. The new asset created is retired.

If this is a partial retirement and the asset has only one component, enter either a percentage of the original cost in the Percent field or a currency amount in the Amount field. Figure 3.7 illustrates this screen.

Fig. 3.7
Fixed Asset Maintenance, Partial Retirement



New Asset ID. Enter a unique asset ID for the components being removed from the asset. If Auto Generate Asset is Yes in Fixed Asset Control, the system automatically assigns an asset ID using the predefined sequence defined in Number Range Maintenance.

Percent. If the asset has only one component, enter the percentage of the original asset cost to assign to the new asset. You can also enter a currency amount in Amount.

Amount. If the asset has only one component, enter the base currency amount to assign to the new asset. You can also enter a percentage of the original cost in Percent.

If this is a partial retirement and the asset has multiple components, the system displays a list of assets. By default, all components are selected.

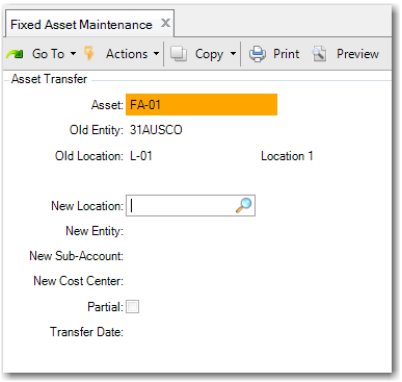
Asset Transfer

Access this function by choosing Trans on the Option screen.

Use this function to transfer an asset from one predefined location to another. The asset is transferred when you choose Move. Appropriate unposted transactions are created when you run Fixed Asset Transaction Post.

The new sub-account and cost center default from the new location. The new cost center and sub-account combination is validated with the accounts associated with the asset. You cannot complete the transfer if the combination is invalid.

Fig. 3.8
Fixed Asset Maintenance, Asset Transfer



New Location. Enter a predefined location for the transferred asset. Define locations in Location Maintenance.

The entity, cost center, and sub-account associated with this new location default for the transferred asset.

New Sub-Account. Enter a valid, active sub-account. Define sub-accounts in Sub-Account Create (25.3.17.1). The default is the sub-account for the new location.

New Cost Center. Enter a valid, active cost center. Define cost centers in Cost Center Create (25.3.20.1). The default is the cost center for the new location.

Partial. If Yes, this is a partial transfer and you split the existing asset into two separate assets. The new asset created is transferred.

Transfer Date. Enter the effective date for the transfer. This date determines the year and period of the GL transaction.

The transfer date must be a valid date in the GL calendar and any fixed-asset calendars associated with the asset books. It must also be in an open GL period and must be after the service date.

If this is a partial transfer and the asset has only one component, enter either a percentage of the original cost in the Percent field or a currency amount in the Amount field. This is exactly the same screen that displays when you do a partial retirement. See Figure 3.7 on page 51 for detailed field descriptions.

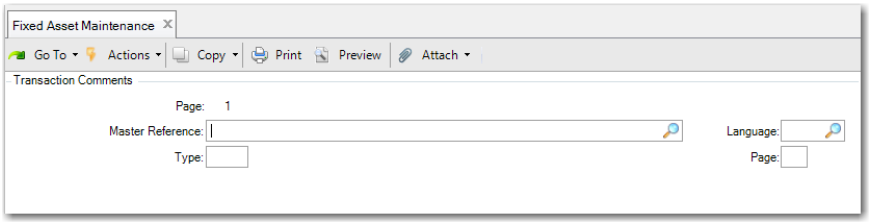
If this is a partial transfer and the asset has multiple components, the system displays a list of components. By default, all components are selected. Modify the selection as needed and click Next to continue.

Transaction Comments

Access this function by choosing Cmmts on the Option screen.

Use this function to enter comments about the asset.

Fig. 3.9
Fixed Asset Maintenance, Transaction Comments



Master Reference. To copy master comments, enter the reference code identifying the master comment. Reference codes identify a master comment, usually identifying the topic of the comment, perhaps by the item number or address code to which the comment text applies. Leave blank to enter your own comments.

Type. Enter the type code for this comment. Type codes group similar comments.

Type code can identify the source or use of the comment. Type can be left blank. This field is validated against codes set up in Generalized Codes Maintenance for field cd_type.

Language. Enter a valid, active language code for this master comment. Language codes identify the comment text language. Define language codes in Language Create (36.4.1.1). Leave blank if you are not using multiple languages.

Page. Enter the page number for this master comment. Multiple pages of text can be stored for any comment. Each page is identified and accessed by page number.

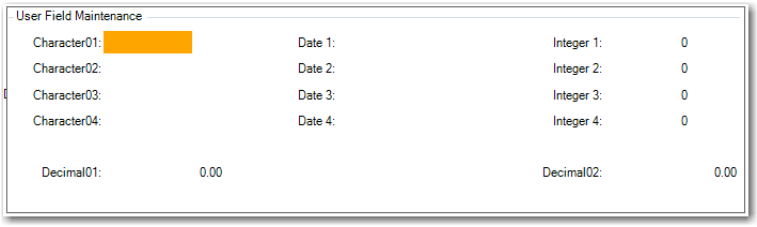
Comments. Enter the comments. Multiple pages of text can be stored for any transaction comment. Pages are identified and accessed by page number. Each page number of transaction comments can be copied from a different master comment by specifying an existing master comment reference, type, language, and page. Transaction comment text can also be entered manually with up to 15 lines of text per page.

User Field Maintenance

Access this function by choosing User on the Option screen.

Use this function to maintain user fields for customization.

Fig. 3.10
Fixed Asset Maintenance, User Field Maintenance

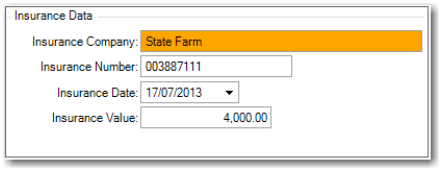


Insurance Data

Access this function by clicking Insur on the Option screen; then Update.

Use this function to set up insurance information for the asset, such as the insurance company, policy number, and the insurance value for the asset. Insurance data is for reference only.

Fig. 3.11
Fixed Asset Maintenance, Insurance Data



Insurance Company. Optionally enter the name of the company that insures the asset.

Insurance Number. Optionally enter an insurance policy number for the asset.

Insurance Date. Optionally enter the date that insurance coverage begins or ends for the asset. This date depends on how your company records coverage dates.

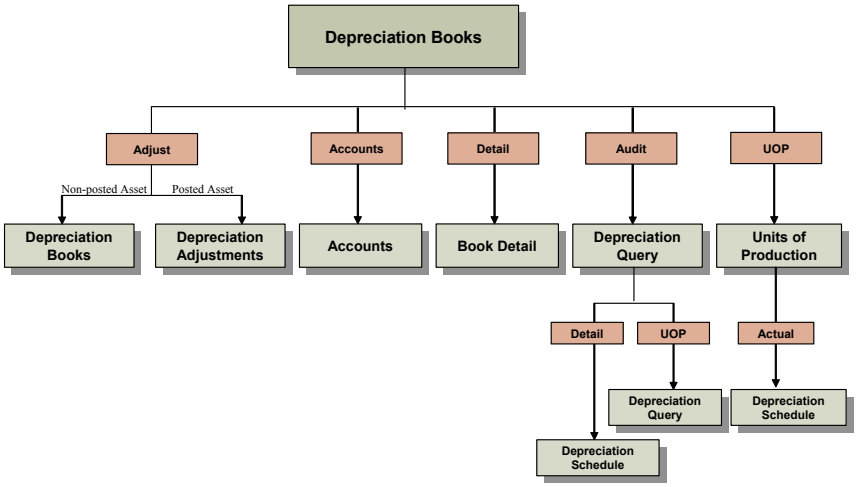
Insurance Value. Optionally enter an insurance value or replacement cost of the asset.

Depreciation Books

Access this function by choosing Books on the Fixed Asset Maintenance header.

Figure 3.12 illustrates the different screens you can access with the navigation buttons.

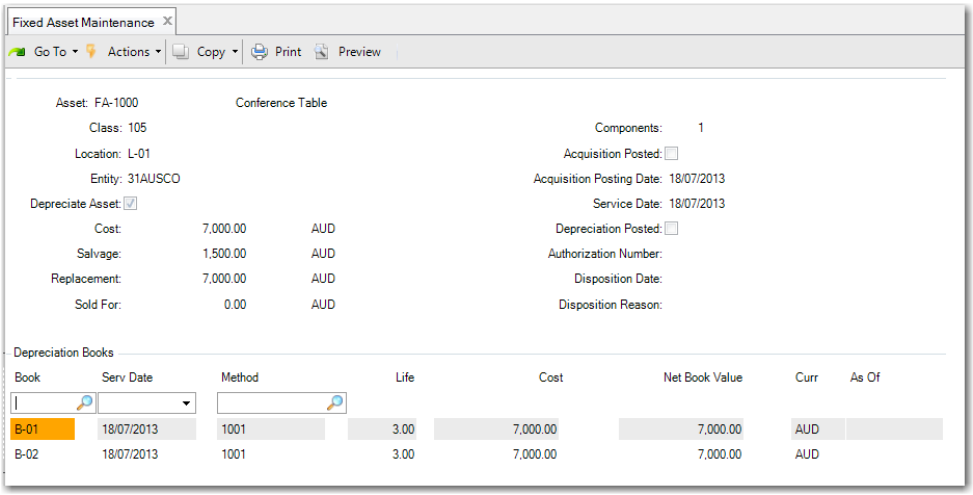
Fig. 3.12
Depreciation Books Screen



Use this function to assign or change depreciation books for the asset. Books default from the asset class. You can change the default books or add other books.

If the asset has been posted to the GL, you cannot modify the depreciation books.

Fig. 3.13
Fixed Asset Maintenance, Depreciation Books



Book. Enter a predefined book ID. Define books in Book Maintenance. An asset must have a posting book to record fixed-asset transactions in the GL. An asset can be depreciated under an unlimited number of non-posting books. See “Setting Up Books” on page 20.

Serv Date. Enter the date that depreciation calculation starts. The service date must be a valid date in the GL calendar or in the fixed-asset calendar associated with the book if it is a non-posting book.

Method. Enter an active depreciation method ID. Set up methods in Method Maintenance. The ID is a four-character alphanumeric ID and cannot start with a zero. See “Setting Up Methods” on page 14.

Life. Enter the expected useful life for assets depreciated by this method. The expected life is used in calculating depreciation over the life of the asset.

Cost. Enter the acquisition cost. This amount is used to determine the basis for the book. The default is the cost from the Fixed Asset Maintenance header.

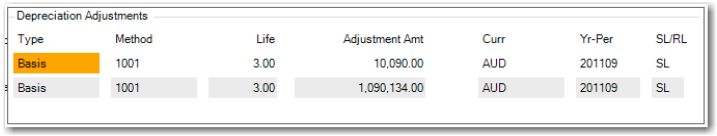
When you specify the asset cost amount in the Fixed Asset Maintenance header, the base currency amount for the primary book is calculated according to the accounting exchange rate on the asset acquisition effective date. If the primary book currency is the base currency, the Cost field for the primary book displays the same amount as defined in the Fixed Asset Maintenance header.

Depreciation Adjustment

Access this function by choosing Adjust on the Depreciation Books screen.

You can only access this function if the asset has been posted to the GL. Use this function to add adjustments to the depreciation schedule. Run Fixed Asset Transaction Post to create unposted transactions. An audit trail is maintained showing a history of the depreciation activity. After you run Fixed Asset Transaction Post, you must run Operational Transaction Post (25.13.7) to update the GL.

Fig. 3.14
Fixed Asset Maintenance, Depreciation Adjustments



Type. Enter the adjustment type for the posted asset. Run Fixed Asset Transaction Post to create the adjustment transactions. An audit trail is maintained showing a history of the depreciation activity.

Note You cannot undo an adjustment for an asset that has been converted from a previous fixed-asset system. For details, see the *Conversion Guide*.

Fixed Assets supplies the following adjustment types:

Basis: Adjust Basis. Lets you change the cost of the asset after depreciation has been posted. The system uses the new basis to recalculate the depreciation schedule for the life of the asset. Then the difference between the old depreciation schedule and the new depreciation schedule is calculated. Any adjustments to posted periods are posted in the first open period. The new basis must be greater than the posted depreciation and cannot be negative.

Bonus: Bonus Adjustment. Lets you record additional depreciation for an asset. For example, bonus depreciation is used to indicate that an asset has become obsolete. Bonus adjustments are not allowed in posted, suspended, or final periods of the depreciation schedule. The bonus amount must not exceed the remaining total of the depreciation schedule.

Life: Adjust Life. Lets you change the estimated life of an asset after depreciation has been posted. The system calculates the difference between the old depreciation schedule and the new depreciation schedule. The new depreciation schedule begins in the first open period.

Method: Adjust Method. Lets you change the depreciation method after depreciation has been posted. The system calculates the difference between the old depreciation schedule and the new depreciation schedule. The new depreciation schedule begins in the first open period.

Reinstate: Reinstate Depreciation. Lets you reinstate the asset into service. The reinstate date must be after the suspension date.

Suspend: Suspend Depreciation. Lets you suspend the asset from service. Suspensions are not allowed if the asset is already suspended or the starting period is posted.

Salvage: Adjust Salvage. Lets you change the salvage value. Often, when a fixed asset's basis is adjusted, the salvage must also be adjusted. If you adjust the salvage value, the system uses the basis minus the salvage adjustment as the new basis to recalculate the depreciation schedule for the life of the asset.

You can only adjust the salvage value if the depreciation method allows the use of salvage. To enable salvage, the Use Salvage field must be selected for the method in Method Maintenance (32.1.1). See "Setting Up Methods" on page 14.

Method. If you are adjusting the method, enter a depreciation method ID. Set up methods in Method Maintenance. The ID is a four-character alphanumeric ID and cannot start with a zero. See "Setting Up Methods" on page 14.

Life. If you are adjusting the life, enter the new expected useful life for the asset. The expected life is used in calculating depreciation over the life of the asset.

Adj Amt. For Bonus Depreciation, enter the bonus amount. Bonus adjustments are not allowed in posted, suspended, or final periods of the depreciation schedule. The bonus amount must not exceed the remaining total of the depreciation schedule.

For Adjust Basis, enter the new asset basis. The new basis must be greater than the posted depreciation and cannot be negative.

For Adjust Salvage, enter the new salvage value. The salvage adjustment cannot be a negative value. You cannot adjust the salvage to be larger than the net book value of the asset.

Curr. Displays the currency of the fixed asset book as defined in Book Maintenance. This field is read only.

Yr-Per. Enter the year and the period for this adjustment. The format is YYYYXX, where YYYY is the year and XX is the period.

You can modify this field only if the adjustment type is:

- Bonus Depreciation
- Suspend Depreciation
- Reinstate Depreciation

SL/RL. Assign the code indicating the type of recalculation to use for the depreciation.

SL: Service Life. Calculate the difference between the old depreciation schedule and the new depreciation and post the adjustments to posted periods in the first open period.

RL: Remaining Life. Calculate the difference between the old depreciation schedule and the new depreciation and spread the adjustments to posted periods over the remaining periods.

The system prompts you to enter this field when the recalculation of the depreciation of the fixed asset is performed for the *first* time *and* the adjustment type is Basis, Life, or Method.

Once chosen, the method is normally the same for later recalculations of the same asset, but you are not excluded from changing the life.

The following example illustrates the effect of this setting.

Fixed Asset Cost:	600.00
Life:	5 years (60 periods)
Depreciation Amt:	10.00
Posted Periods:	24
Cum Depreciation Amt:	240.00

Adjustment Amt:	660.00 (Type = Basis)
New Depr. Amt:	11.00
Corr. Depr. Amt:	24.00 = (24 * 11.00 – 10.00)
Cum Depreciation Amt:	254.00

	Service Life	Remaining Life
Period 24	10.00	10.00
25	35.00	11.666.67
26	11.00	11.666.67
27	11.00	11.666.67
and so on....		
Period 60	11.00	11.666.67

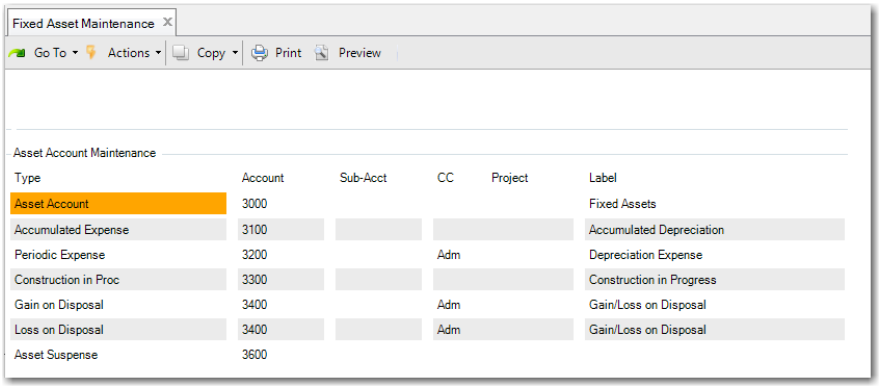
Asset Account Maintenance

Use Asset Account Maintenance to change the accounts, sub-accounts, and cost centers that defaulted from the asset book, class, and location. You can also add an optional project code. See *User Guide: QAD Financials* for details on accounts.

Access this function by choosing Accts on the Depreciation Books screen. You have to choose the Books function first to maintain the account numbers for the selected book of the fixed asset. The screen to maintain the asset account numbers can only be accessed for a posting book. No accounts can be entered for a non-posting book. When the book is not a posting book and the Accts option is selected, an error occurs.

The account, sub-account, cost center, and project combination must be valid.

Fig. 3.15
Fixed Asset Maintenance, Asset Account Maintenance



Account. For each type of FA account, enter a valid, active GL account code that records transactions for this fixed-asset book. Define accounts in Account Create (25.3.13.1). Fixed-asset accounts default from class-book combination defined in Class Maintenance.

The same restrictions on account types apply here that applied in Class Maintenance. See Table 1.2, “Fixed-Asset Accounts,” on page 6 for a list of accounts and GL types that you specify here.

Sub-Acct. Optionally enter a valid, active sub-account code that records transactions for this fixed-asset book. Define sub-accounts in Sub-Account Create (25.3.17.1). Fixed-asset sub-accounts default from Location Maintenance.

CC. Optionally enter a cost center code that records transactions for this fixed-asset book. Define cost centers in Cost Center Create (25.3.20.1). Fixed-asset cost centers default from Location Maintenance.

Project. Optionally enter a valid, active project code that records transactions for this fixed-asset book. Define project codes in Project Create (25.3.11.1.1).

Book Detail

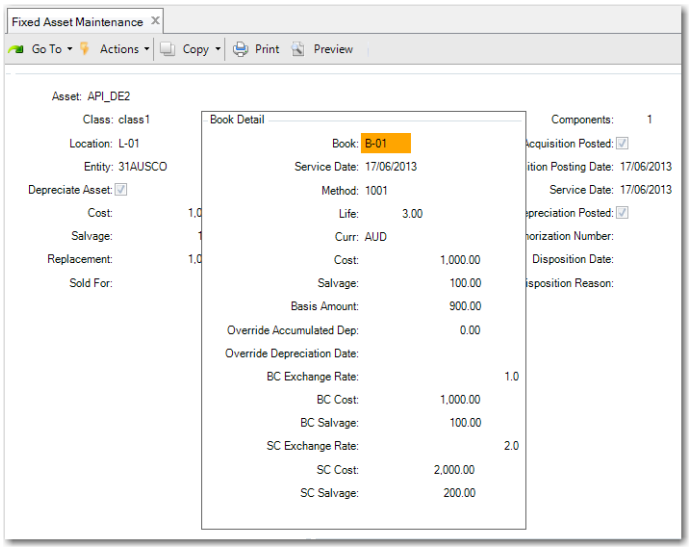
Access this function by choosing Detail on the Depreciation Books screen.

Use this function to view book detail and optionally override accumulated depreciation.

You might need to override accumulated depreciation if you convert from another fixed-assets system. Enter the date that the new fixed-assets system begins calculating depreciation in the Override Depreciation Date field. Enter the amount of depreciation previously taken in the Override Accumulated Dep field. If at the end of the asset life there was any difference in the total depreciation and the actual amount that was taken, it is added to the final period depreciation amount.

Important If a fixed asset has been acquired (acquisition posted), the fields in the Book Detail screen are no longer editable.

Fig. 3.16
Fixed Asset Maintenance, Book Detail



Curr. Displays the currency for the book, which is defined in Book Maintenance.

Cost. Displays the fixed asset cost in the transaction currency.

You can update this value if the fixed asset has not been posted.

If you modify the Cost field, the BC Cost and SC Cost fields are automatically updated.

Salvage. Displays the salvage amount in the transaction currency.

You can update this value if the fixed asset has not been posted.

If you modify the Salvage field, the BC Salvage and SC Salvage fields are automatically updated.

If the fixed asset is depreciated, you can only update the salvage value using a depreciation adjustment type of Salvage. See “Depreciation Adjustment” on page 56.

Override Accumulated Dep. Enter the amount of depreciation that was taken between the service date and the override depreciation date. You can update this amount only if the asset has not been posted to the GL.

Override Depreciation Date. Enter the date that the override depreciation calculation begins. You can update this date only if the asset has not been posted to the GL.

BC Exchange Rate. Displays the exchange rate from the transaction currency to the base currency. The exchange rate used is the Accounting exchange rate valid on the date specified in the Acquisition Effective Date field.

You can update the exchange rate if the transaction currency and base currency are different. You cannot update the exchange rate if the fixed asset has been posted.

BC Cost. Displays the fixed asset cost in the base currency. If you modify the Cost field, the BC Cost field is automatically updated.

BC Salvage. Displays the salvage amount in the base currency. If you modify the Salvage field, the BC Salvage field is automatically updated.

If the fixed asset is depreciated, you can only update the salvage value using a depreciation adjustment type of Salvage. See “Depreciation Adjustment” on page 56.

SC Exchange Rate. Displays the exchange rate from the transaction currency to the statutory currency. The exchange rate used is the Statutory exchange rate valid on the date specified in the Acquisition Effective Date field.

In domains where the statutory currency is not enabled, the SC Exchange Rate field is read only and displays the transaction currency to base currency exchange rate.

You can update the exchange rate if the statutory currency is enabled, and if the transaction currency and statutory currency are different. You cannot update the exchange rate if the fixed asset has been posted.

If no Statutory exchange rate is available for the effective date and Fallback to Accounting is selected for the Statutory exchange rate type, the system uses the Accounting exchange rate for the transaction currency to statutory currency conversion.

SC Cost. Displays the fixed asset cost in the statutory currency. If you modify the Cost field, the SC Cost field is automatically updated.

In domains where the statutory currency is not enabled, the SC Cost field is read only and displays the base currency cost.

SC Salvage. Displays the salvage amount in the statutory currency. If you modify the Salvage field, the SC Salvage field is automatically updated.

If the fixed asset is depreciated, you can only update the salvage value using a depreciation adjustment type of Salvage. See “Depreciation Adjustment” on page 56.

In domains where the statutory currency is not enabled, the SC Salvage field is read only and displays the base currency salvage amount.

Depreciation Query

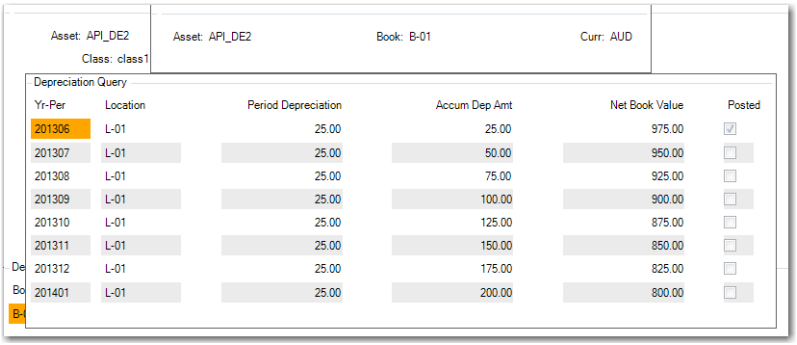
Access this function by choosing Audit on the Depreciation Books screen.

Use this function to view the original depreciation schedule and any adjustments. You can view the depreciation schedule in a rolled-up or detailed version.

- The rolled-up schedule displays the calculated depreciation amount.
- The detailed schedule displays the original depreciation calculation and any adjustments.

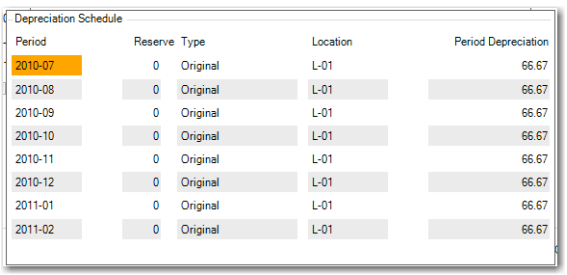
If you are using the units-of-production depreciation method, you can also view the estimated, actual, and estimated accumulated units for each period.

Fig. 3.17
Fixed Asset Maintenance, Depreciation Query



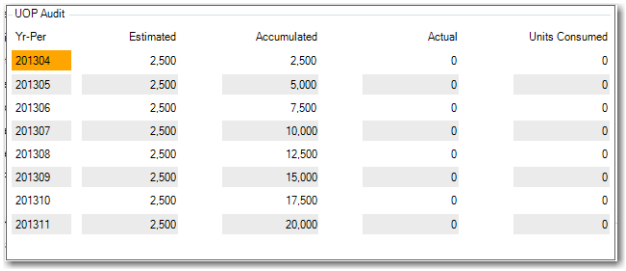
Choose the Detail function to view the detailed depreciation schedule.

Fig. 3.18
Fixed Asset Maintenance, Depreciation Schedule



Choose the UOP function to view the units-of-production (UOP) information.

Fig. 3.19
Fixed Asset Maintenance, UOP Audit



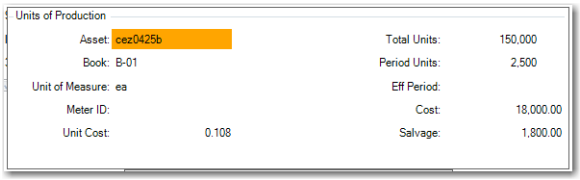
Units of Production and Depreciation Schedule

Access this function by choosing UOP on the Depreciation Books screen.

Note The Fixed Asset Maintenance screen can only run in Terminal mode for assets using this method of depreciation.

If you are using the UOP depreciation method, use this function to update the total and estimated units of production. You also track the actual period of production.

Fig. 3.20
Fixed Asset Maintenance, Units of Production



Unit of Measure. Enter the unit of measure for this asset; for example, inch or foot.

Meter ID. Enter a predefined meter ID. Meters are used to measure asset usage for the units-of-production depreciation method. You can attach a meter to an asset or group of assets to collect the usage in Fixed Asset Maintenance.

Total Units. Enter the estimated total number of units that this asset is expected to produce during its service life.

Eff Period. Enter the effective period that you want to use to adjust the total and estimated units of production. The format is YYYYXX, where YYYY is the year and XX is the period.

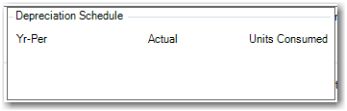
Important If you modify this number, all unposted periods are automatically adjusted.

Period Units. Enter the estimated number of units that this asset is expected to produce each period. This amount must be less than the total units.

Cost. Enter the cost to acquire this asset. This amount cannot be less than the amount of depreciation already taken for this asset.

Choose the Actual function to track the actual period of production.

Fig. 3.21
Fixed Asset Maintenance, Depreciation Schedule



Yr-Per. Enter the year and the period for the actual period of production.

The format is YYYYXX, where YYYY is the year and XX is the period.

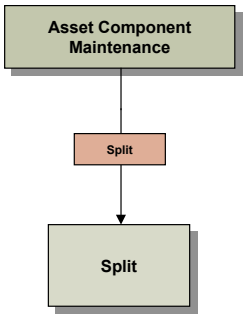
Actual Period Production. Enter the actual number of units that this asset produced this period. This number must be less than the remaining units for the asset.

Asset Component Maintenance

Access this function by choosing Detail on the Fixed Asset Maintenance header.

Figure 3.22 illustrates the different screens you can access with the navigation buttons.

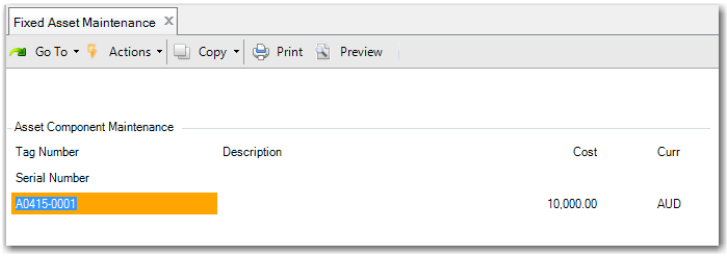
Fig. 3.22
Asset Component Maintenance Screen



Use this function to maintain serial numbers, tag numbers, and costs for each asset or asset component. For example, if the fixed asset has separate components, you can track the asset and all of its components. If you want to modify an existing tag, you must first delete it and then create a new tag.

When an asset is created, the asset component records are automatically created based on the value entered in the Components field on the Fixed Asset Maintenance header screen.

Fig. 3.23
Fixed Asset Maintenance, Asset Component Maintenance



Tag Number. Enter a unique tag number for the asset component. You can access this field only if you are adding a tag.

Description. Enter up to 20 characters describing this asset component.

Cost. Enter the amount paid to acquire the asset component. This amount is automatically calculated by dividing the cost by the number of components entered on the Fixed Asset Maintenance header screen. If you change this amount, the total amounts for all asset components must equal the value in the Cost field on the Fixed Asset Maintenance header.

Serial Number. Optionally enter a serial number for the asset. This number is a unique identifier for the asset and is not necessarily the same as the asset ID.

Split

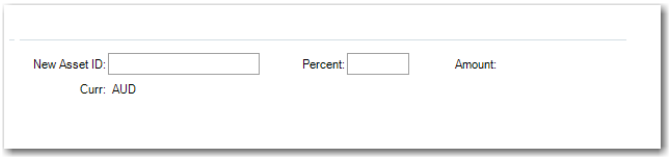
Access this function by choosing Split on the Asset Component Maintenance screen.

Use this function to divide an asset into two separate assets. This is referred to as splitting. Splitting is used to divide an asset containing a group of individual items into two separate assets. Splitting is also used for partial retirements and transfers.

Enter a unique asset ID for the components being removed from the asset. If Auto Generate Asset is Yes in Fixed Asset Control, the system automatically assigns an asset ID using the predefined Number Range Management sequence.

The new asset is created containing the separate items and the appropriate percentage of the original asset cost, salvage, depreciation, and depreciation adjustments. The Split From and Split Date fields on the Option screen are updated to reflect the source asset and the date of creation.

Fig. 3.24
Fixed Asset Maintenance, Split



New Asset ID. Enter a unique asset ID for the components being removed from the asset. If Auto Generate Asset is Yes in Fixed Asset Control, the system automatically assigns an asset ID using the predefined Number Range Management sequence.

Percent. If the asset has only one component, enter the percentage of the original asset cost to assign to the new asset. You can also enter a currency amount in Amount.

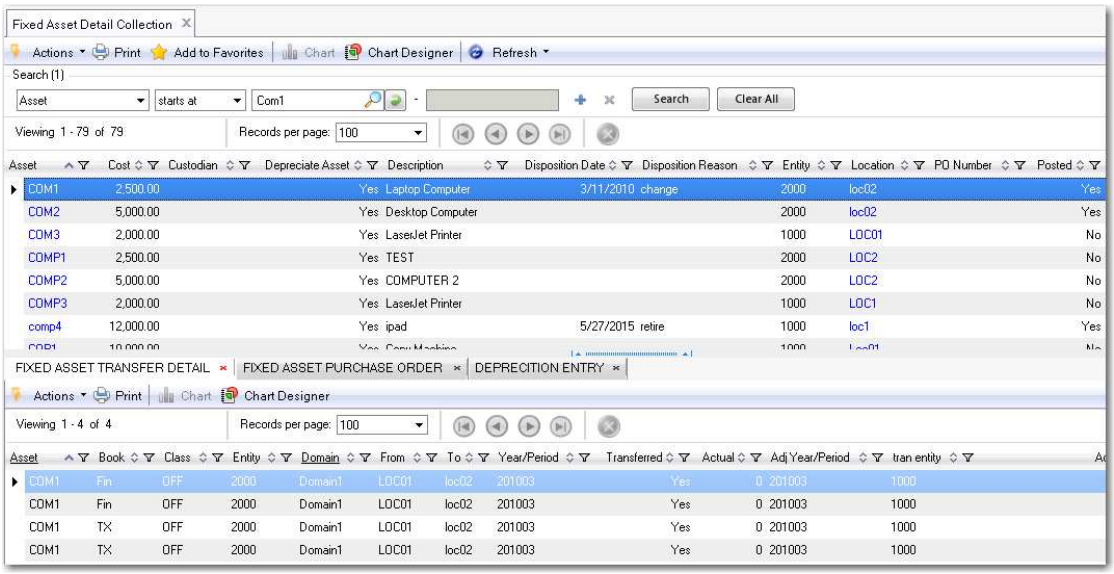
Amount. If the asset has only one component, enter the base currency amount to assign to the new asset. You can also enter a percentage of the original cost in Percent.

Curr. Displays the book currency as defined in Book Maintenance. This field is read only.

Fixed Asset Detail Collection

The Fixed Asset Detail Collection browse displays all depreciation entries for an asset. For every fixed asset, you can select from the following related views: Fixed Asset Transfers, Fixed Asset Purchase Orders, and Depreciation Entry.

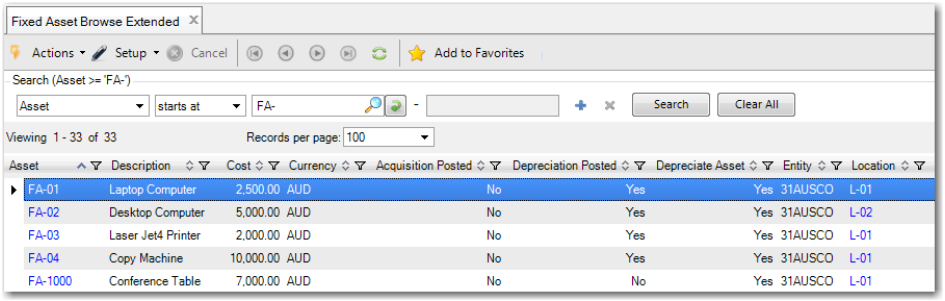
Fig. 3.25
Fixed Asset Detail Collection



Fixed Asset Browse Extended

Fixed Asset Browse Extended (32.5.24) lists all assets for the current domain and indicates the asset cost, currency, entity, location, and whether the asset has been posted or depreciated.

Fig. 3.26
Fixed Asset Browse Extended



Fixed Asset Batch Maintenance

Use Fixed Asset Batch Maintenance (32.7) to group similar fixed assets together in a batch and add them to the system as individual asset records. Batch processing lets you group up to 25 fixed assets and add them to the system as individual asset records.

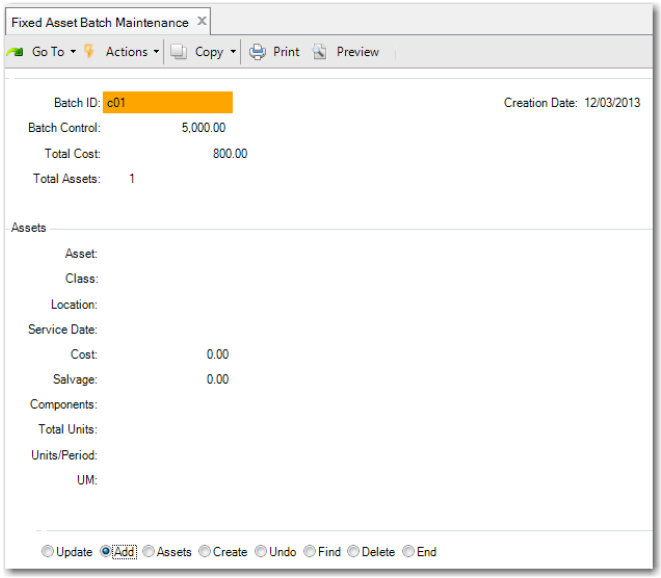
When you create assets, you can optionally post GL transactions related to acquisition costs. Whether you post to GL is determined by how you manage such costs. For example, if you account for the acquisition cost during purchase order receipt, you can enter No in Post to GL to avoid double-booking of the cost. This feature is described in more detail in “Acquisition Costs” on page 48.

Note Fixed-asset batches have no relation or similarity to batches used in other financial modules.

After the assets are created, you can modify them individually in Fixed Asset Maintenance.

To allow for CIM processing, Fixed Asset Batch Maintenance does not use the standard buttons found in other fixed-asset functions. You can use the CIM-load functions to load fixed-asset data into the system. See page 72 for details.

Fig. 3.27
Fixed Asset Batch Maintenance (32.7)

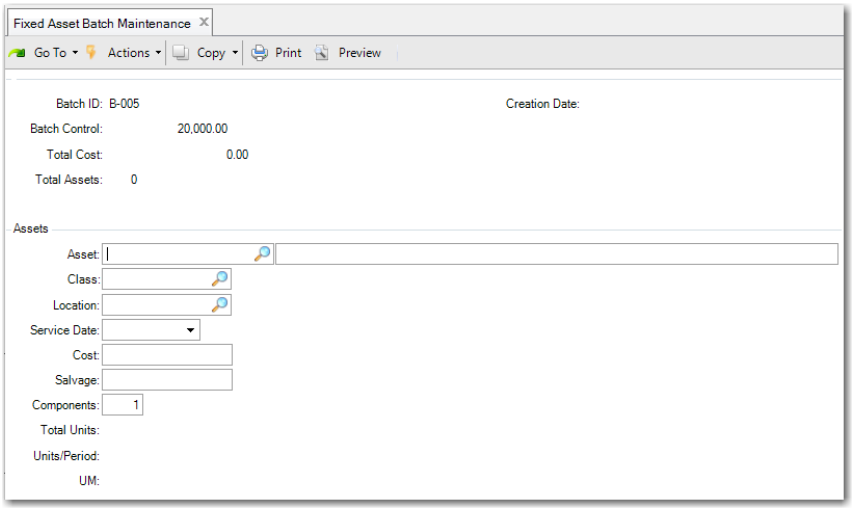


Batch. Enter a unique batch ID or click Next to have the system assign a batch ID. System-generated batch IDs are in the format YYMMDDNN. YY is the year, MM is the month, DD is the day, and NN is the next batch number for the day.

Batch Control. Enter a control amount for this batch. The control amount is the total value for all the assets in the batch. Use the control amount to set a minimum or maximum amount allowed for the batch.

Choose the Assets function to add assets to the batch.

Fig. 3.28
Fixed Asset Batch Maintenance, Assets



Asset. Enter a unique ID of up to 12 characters identifying a fixed asset that is part of the batch.

If Auto Generate Asset is Yes in Fixed Asset Control, this field cannot be updated. Asset IDs are automatically assigned.

Asset Description. Enter up to 30 characters describing the fixed asset. This description is for reference only and displays on various reports and inquiries.

Class. Enter a predefined class ID. Define class IDs in Class Maintenance. The class determines the default account codes for the asset.

Location. Enter a predefined location ID. Define location IDs in Location Maintenance.

Fixed-asset location codes refer to the accounting location of the fixed asset. This location is not necessarily the physical location of the fixed asset.

Service Date. Enter the date that this fixed asset was put into service. The service date is the default date used to calculate depreciation.

This date must be in an open GL calendar period and must exist in any fixed-asset calendars associated with default books in the class.

Cost. Enter the amount paid to acquire the asset.

This cost is used to calculate the basis amount for each default book created for the asset.

Salvage. Enter an optional salvage value for this asset.

Salvage value is the estimated value of property at the end of its useful life. It is the amount reasonably expected in an open market for the asset after it is no longer productive. If a salvage value is defined at the beginning of the depreciation calculation, it is used to reduce the depreciable basis.

Components. Enter the number of components that belong to this asset ID. If you are updating an asset, the new value cannot be less than the original value entered.

For example, if an asset is acquired that consists of 200 chairs, the chairs can be grouped together as one asset. In this case, you set components to 200.

You cannot enter a value less than 1.

Total Units. If you are using the units-of-production depreciation method, enter the estimated total number of units that this asset is expected to produce during its service life.

Units/Period. If you are using the units-of-production depreciation method, enter the estimated number of units that this asset is expected to produce each period.

UM. If you are using the units-of-production depreciation method, enter the unit of measure for this asset; for example, inch or foot.

Fixed Asset Transfers

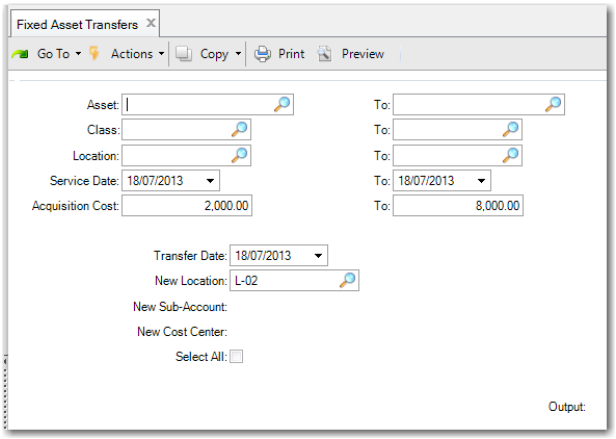
Use Fixed Asset Transfers (32.16) to transfer multiple assets from one predefined location to another.

If you transfer assets to different a location using Fixed Asset Transfers, and then use Fixed Asset Transaction Post (32.13) to post the GL transactions, the system posts the resulting GL transactions to the daybook defined in Posting Book Daybook Maintenance (32.9) for the posting

book and entity. If the system cannot find a daybook linked to the current entity, it uses a daybook linked to a blank entity. If the system cannot find a daybook linked to the current entity or a daybook linked to a blank entity, it posts the GL transaction to the system daybook defined in Default Daybook Maintenance (25.8.4).

The new cost center and sub-account combination is validated with the accounts associated with the asset. You cannot complete the transfer if there is an invalid combination.

Fig. 3.29
Fixed Asset Transfers (32.16)



Asset, To. Enter a range of asset IDs to select assets to transfer.

Class, To. Enter a range of class IDs to select assets to transfer.

Location, To. Enter a range of location IDs to select assets to transfer.

Service Date, To. Enter a range of service dates to select assets to transfer.

Acquisition Cost, To. Enter a range of acquisition costs to select assets to transfer.

Transfer Date. Enter the effective date of the transfer. This date must be in an open GL period.

There cannot be any other transfer transactions for these assets in the same period as the date entered.

New Location. Enter the new location for the assets. This location must be defined in Location Maintenance.

New Sub-Account. Enter the new sub-account for the transferred assets. The default is the sub-account for the new location.

New Cost Center. Enter the new cost center for the transferred assets. The default is the cost center for the new location.

Select All. This field indicates whether the assets matching the selection criteria are automatically selected for the transfer.

Yes: All assets matching the selection criteria are selected to transfer. You can modify the assets on the Select Assets to Transfer screen.

No: Assets are not automatically selected. You must manually select the assets on the Select Assets to Transfer screen.

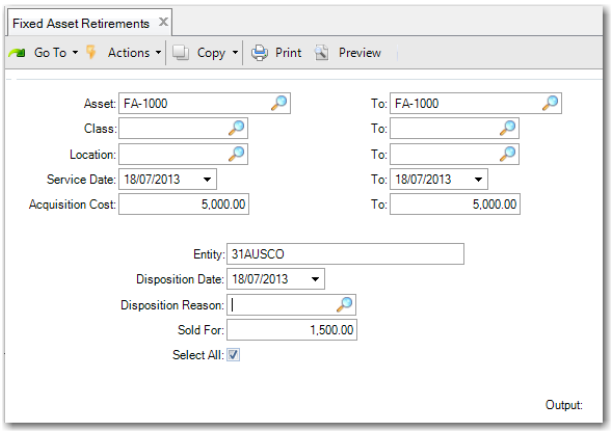
Click Next to display a list of assets that match your selection criteria. Adjust the list as needed and then click Next again to transfer the assets.

Fixed Asset Retirements

Use Fixed Asset Retirements (32.19) to dispose of multiple assets at one time.

If you retire an asset and then use Fixed Asset Transaction Post (32.13) to post the GL transactions, the system posts the resulting GL transactions to the daybook defined in Posting Book Daybook Maintenance (32.9) for the posting book and entity. If the system cannot find a daybook linked to the current entity, it uses a daybook linked to a blank entity. If the system cannot find a daybook linked to the current entity or a daybook linked to a blank entity, it posts the GL transaction to the system daybook defined in Default Daybook Maintenance (25.8.4).

Fig. 3.30
Fixed Asset Retirements (32.19)



Asset, To. Enter a range of asset IDs to select assets to retire.

Class, To. Enter a range of class IDs to select assets to retire.

Location, To. Enter a range of Location IDs to select assets to retire.

Service Date, To. Enter a range of service dates to select assets to retire.

Acquisition Cost, To. Enter a range of acquisition costs to select assets to retire.

Entity. Enter the entity for the assets you want to select to retire. This is a required entry. The default is the database primary entity.

Disposition Date. Enter the effective date of the retirement. This is a required entry. This date must be in an open GL period.

Disposition Reason. Enter the reason for the disposal of the asset.

The field is validated against codes set up in Generalized Codes Maintenance for field fa_disp_rsn.

This is the reason the asset is removed from service and ownership interest relinquished. Examples of disposition reasons are sold, stolen, destroyed, donated, and impaired.

Sold For. Enter the amount received for the disposal of the asset. This field is optional.

The disposition amount is assigned to each asset that you are retiring. This amount is used when calculating the gain or loss on the disposition of an asset.

Select All. This field indicates whether the assets matching the selection criteria are automatically selected to retire.

Yes: All assets matching the selection criteria are selected to retire. You can modify the assets on the Select Assets to Retire screen.

No: Assets are not automatically selected. You must manually select the assets on the Select Assets to Retire screen.

Click Next to display a list of assets that match your selection criteria. Adjust the list as needed and then click Next again to transfer the assets.

Using CIM to Load Fixed-Asset Data

The functions on the CIM Interface Menu (36.15) let you transfer properly formatted data from an external file into the QAD database. This is particularly useful when initially populating the database or when large numbers of changes are required. See *User Guide: QAD System Administration* for details on CIM.

You can use either of two programs for loading fixed-asset data using CIM:

- Use Fixed Asset Maintenance to load basic data and specific details such as prior depreciation amounts or to change default values such as the asset life and depreciation method.
- Use Fixed Asset Batch Maintenance to load basic data for 25 asset records at a time. These records can then be modified as needed in Fixed Asset Maintenance.

Using CIM with Fixed Asset Maintenance

When loading CIM data into Fixed Asset Maintenance, include the names of the buttons that are pressed while manually entering data. The following example illustrates how to add asset FA01 by specifying the Add button.

```
@@batchload fafamt.p
"add"
"FA01" "Asset Added through CIM" "FL01" "001"
04/24/07 1000
100
"end"
@@end
```

Figure 3.31 is an example of a CIM data input file to add an asset and update the depreciation amount and date for a selected book. An explanation of each line follows the example.

Fig. 3.31
CIM Data Input File for Depreciation Amount

```
1  @@batchload fafamt.p
2  "add"
3  "FA02" "Asset Added through CIM" "FL01" "001"
4  04/28/07 1000
5  100 1000 1 Yes "Auth-No"
6  "books"
7  "find"
8  "PB"
9  "detail"
10 "update"
11 300 04/26/07
12 "end"
13 "end"
14 "end"
15 .
16 @@end
```

Table 3.1 explains each element of the CIM data input file.

Table 3.1
CIM Data Input File Elements

Line	Explanation
1	Indicates the beginning of the CIM data file
2	Select Add button on the Fixed Asset Maintenance header
3	“FA02”: Asset field
	“Asset Added through CIM”: Asset description field
	“FL01”: Class field
	“001”: Location field
4	04/28/07: Service Date field
	1000: Cost field
5	100: Salvage field
	1000: Replacement field
	1: Components field
	Yes: Depreciate Asset field
	“Auth-No”: Auth Number field
6	Select Books button on the Fixed Asset Maintenance header
7	Select Find button on the Depreciation Books frame
8	Enter the name of the book to find: PB
9	Select Detail button on the Depreciation Books frame
10	Select Update button on the Book Detail frame
11	300: Override Accumulated Dep field
	4/26/07: Override Depreciation Date field
12	Select End button on the Book Detail frame
13	Select End button on the Depreciation Books frame
14	Select End button on the Fixed Assets Maintenance header
15	End
16	Indicates the ending of the CIM data file

In Fixed Asset Location Maintenance (32.1.13), you can define a sub-account and cost center for all assets referencing a location. This sub-account and cost center combination sets the default for all accounts defined in Fixed Asset Maintenance.

In some cases, a business may have different sub-accounts or cost centers associated with each fixed-asset account. The default values can be modified using a CIM-load script.

Up to seven accounts can be defined in the Accounts frame of Fixed Asset Maintenance. See “Asset Account Maintenance” on page 58. These are referenced by numbers from 1 to 7.

1: Asset Account

2: Accumulated Expense

3: Periodic Expense

4: Construction in Proc

5: Gain on Disposal

6: Loss on Disposal

7: Asset Suspense

The example in Figure 3.32 is a CIM data input file to update the first three GL accounts of an existing asset. The general format is as follows:

- Enter a number representing the account type (1–7).
- On the next line, specify an update statement.
- On the next line, enter account code values: account, sub-account, cost center, and project.

Fig. 3.32
CIM Data Input File for Updating Accounts

```
@@batchload fafamt.p
 "find"
 "asset1"
 "options"
 "accts"
 "1"
 "update"
 "1800" "sub1" "cc-1" "pr1"
 "2"
 "update"
 "1810" "sub2" "cc-2" "pr1"
 "3"
 "Update"
 "1820" "sub3" "cc-3" "pr1"
 "end"
 "end"
 "end"
 @@end
```

Using CIM Load in Fixed Asset Batch Maintenance

In Fixed Asset Batch Maintenance, you can use the CIM-load functions to load basic fixed-asset data for 25 assets at a time into the system.

Use the numbers in Table 3.2 to represent the corresponding radio buttons in your CIM data input file.

Table 3.2
Radio Button Definitions

Screen	Number	Radio Button
Fixed Asset Batch Maintenance header screen	1	Update
	2	Add
	3	Assets
	4	Create
	5	Undo
	6	Find
	7	Delete
	8	End
Assets screen	1	Update
	2	Add
	3	Delete
	4	End

Figure 3.33 is an example of a CIM data input file for Fixed Asset Batch Maintenance.

Fig. 3.33
CIM Data Input File

```
1  @@batchload fabchmt.p
2  "2"
3  "30" "960"
4  "3"
5  "2"
6  "Asset 1" "first asset" "db01" "ca" "11/01/07" "430" "100" "1"
7  "100000" "1000" "ea"
8
9  "Asset 2" "second asset" "db01" "ca" "11/05/07" "530" "100" "1"
10 "100000" "1000" "ea"
11 "4"
12 "4"
13 "8"
14 .
15 @@end
```

Table 3.3 explains each element of the CIM data input file.

Table 3.3
CIM Data Input File Elements

Line	Explanation
1	Indicates the beginning of the CIM data file
2	Add radio button on the Fixed Asset Batch Maintenance header
3	Input for Batch and Batch Control fields
4	Assets radio button on the Fixed Asset Batch Maintenance header
5	Add radio button on the Assets screen

Line	Explanation
6	“Asset 1”: Asset field “first asset”: Asset description field “db01”: Class field “ca”: Location field “11/01/07”: Service Date field “430”: Cost field “100”: Salvage field “1”: Components field “100000”: Total Units field “1000”: Units/Period field “ea”: UM field
7	If the units-of-production depreciation method is used, enter information for the following three fields: • “100000”: Total Units field • “1000”: Units/Period field • “ea”: UM field
8	Leave a blank line after each asset in the batch except the last
9	Same explanation as line 6
10	Same explanation as line 7
11	End radio button on the Assets screen
12	Create radio button on the Fixed Asset Batch Maintenance header
13	End radio button on the Fixed Asset Batch Maintenance header
14	End
15	Indicates the ending of the CIM data file

Converting to Multi-Currency Fixed Assets from Earlier Versions

In QAD EE versions before 2014, the Fixed Assets module only supports base currency. From QAD EE 2014 onward, Fixed Assets supports multiple currencies, which means that you can set any currency for each book of a fixed asset. The book currency becomes the transaction currency of the fixed asset postings in the whole fixed asset life. The corresponding base currency value and statutory currency value are calculated according to the historical statutory exchange rate specified at the capitalization of the fixed asset.

Part 1: Normal Conversion

This step adds new database fields, initializes the new fields, and updates the Fixed Assets programs. This step also checks whether the base currency and the statutory currency are the same. If they are the same, the conversion is complete. Otherwise, you must run Part 2 of the conversion for each domain. If you do not complete the second part of the conversion, you cannot run the menu items in the Fixed Assets module. A message is displayed: Fixed Asset menus cannot be accessed now. Please run ‘Fixed Asset SC Conversion’ to correct the statutory currency balances first.

For more details, see *QAD Conversion Guide: Progress Database*.

Part 2: Correcting Statutory Currency GL Balances

The second part of the conversion involves the correction of statutory currency balances on fixed asset-related GL accounts. You must perform the conversion by domain. If the statutory currency and the base currency are the same for a domain, you do not need to perform this step for the domain. The conversion program checks whether the data in the system satisfies the checklist. If not, the errors are recorded in a log file.

Prerequisite Conversions Checklist

To run the conversion successfully, check the following conditions before you start the conversion:

- All the fixed assets in the domain that have started depreciation but are not retired must have been depreciated to the same period.
- The system posts the delta transactions on the end date of the last period of the depreciation transaction in the domain. The acquisition posting period cannot be later than the last depreciation period in the domain. Otherwise, the correction posting is earlier than the acquisition date.
- All unposted transactions in the Fixed Assets module (of the type FA) must be posted to Financials using Operation Transaction Post. Otherwise, unposted transactions are not included in the statutory currency balance correction process because they are not recorded in GL transactions.

Conversion Steps

To complete the correction:

1. Export the fixed asset codes and related accounts to a .csv file.

   Run Fixed Asset SC Rates Export to export the list of the fixed asset codes, the fixed asset-related GL accounts, and corresponding currency codes to a .csv file. You can specify the name of the file and where to store it.

2. Specify the correct statutory exchange rates for all the fixed asset books.

3. Import the .csv file and assign the statutory exchange rates for the fixed assets

   Run Fixed Asset SC Rates Import to retrieve the rates defined in a .csv file and assign them to the corresponding books of the fixed assets.

4. Correct the statutory values on the fixed assets accounts.

Fixed Asset SC Rates Export

Run Fixed Asset SC Rates Export (36.25.94) to export the list of the fixed asset codes, the fixed asset-related GL accounts, and corresponding currency codes to a .csv file.

In the .csv file, the Fixed Asset column lists the fixed assets in the domain. The From Currency column lists the related book currencies of the fixed asset.

Editing the Exported .csv File

In the second part of the conversion, a .csv file is used to specify the correct statutory exchange rates for the fixed assets. Generate the .csv file using Fixed Asset SC Rates Export. After exporting, the output .csv file has the following format:

By Fixed Asset:	Fixed Asset	From Currency	SC Exchange Rate
	FA-01	USD	
	FA-02	USD	
	FA-03	USD	
	FA-04	USD	
By Account:	**Fixed Asset Account**	**From Currency**	**SC Exchange Rate**
	3000	USD	
	3010	USD	

The From Currency column lists the domain base currency. Update the SC Exchange Rate column when converting a prior version of Fixed Assets to statutory currency.

You can use one of three possible approaches to specifying the exchanges rates: GL level, asset level, and mixed level.

- GL level

  If a rate is specified for a fixed asset account in the .csv file, the rate is assigned to the books in the fixed asset with the same linked fixed asset account.

- Asset level

  If a rate is specified for a fixed asset code in the .csv file, the rate is assigned for all books for this fixed asset.

- Mixed

  If you specify the rates for both fixed asset codes and fixed asset accounts, the rate in the fixed asset level precedes the rate in the account level.

You can choose the level at which to assign the SC rates according to the business case. Use asset level only for cases where you want to use that level of detail and the data is available for it.

Example A Construction In Process (CIP) account comprises several invoices and journals in different currencies with different exchange rates before the fixed asset is capitalized. In this case, it is common that the value of the statutory currency amount divided by the base currency amount on the CIP account is the historical statutory exchange rate applied for this particular fixed asset.

For the large assets, you may want to specify the rate per asset. For the smaller assets, GL level is generally enough. Usually, the rate for the fixed asset GL is assigned with the statutory rate at the year opening.

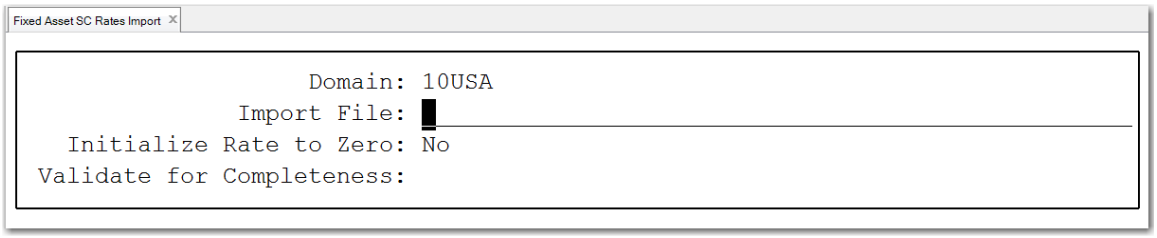
Fixed Asset SC Rates Import

For converted fixed assets, you can use Fixed Asset SC Rates Import (36.25.94) to import the statutory exchange rate from a .csv file when the statutory currency is not the same as the base currency.

Fixed Asset SC Rates Import validates the layout of the .csv file.

Important Ensure that the layout of the imported .csv file matches the layout of the exported one. Do not modify the header lines of By Fixed Asset and By Account. Each imported .csv file must contain these two sections. If you only use one of them to specify the statutory currency rate, you still need to keep the other header lines of both in the file.

Fig. 3.34
Fixed Asset SC Rates Import



Domain. Specify the domain to which you want to import statutory currency exchange rates for fixed assets.

Import File. Specify the name of the .csv file that contains the statutory currency exchange rates to import.

Initialize Rate to Zero. Set this field to Yes if you want to initialize all the fixed asset statutory currency rates in the system to 0 and then update them with the rates in the .csv file.

Validate for Completeness. Set this field to Yes when Fixed Asset SC Rates Import must check that all books for all fixed assets are assigned a statutory exchange rate using asset or GL level methods.

The system uses the statutory exchange rate per book to correct the statutory amounts on the fixed asset related accounts. Fixed Asset SC Rates Import detects any missing statutory exchange rates and reports an error. The rates assignments are not saved in this case.

If you set this field to No, Fixed Asset SC Rates Import detects any missing statutory exchange rates and reports a warning. The rate assignments are saved so that you can import the remaining rates later.

Fixed Asset SC Conversion

In earlier versions of the Fixed Assets module, the statutory currency balances on the fixed assets related accounts use the table rate on the posting date. The correct rate is the set of historical values at the capitalization of the fixed asset. The system must calculate two types of delta values to correct the statutory currency balances: the delta amount on the acquisition cost and the delta amount on the depreciation.

Use Fixed Asset SC Conversion to calculate the delta amounts and correct the statutory currency balances. The system checks whether it is necessary to run the menu. If it is necessary, you must run Fixed Asset SC Conversion. Otherwise, the fixed asset menus are blocked. Normally, when performing a conversion where statutory currency is applied in your system or you are updating the statutory currency setting using the Statutory-Currency Utility, it is mandatory to run the statutory conversion for fixed assets. You can look at the log file to see the detailed information during the correction process; for example, about the delta amount calculated, the details of the correction transactions, and the kinds of errors generated.

Example A fixed asset was capitalized in December 2012 and the cost value was 1500 in base currency, which was equal to 2900 in statutory currency at that time. For each period, the fixed asset depreciated by 100 in base currency. In statutory currency, the system posted the value according to the table rate on the posting date. The rates were 190, 195, 205, 205, and 210 respectively.

In May 2013, the company plans to convert the Fixed Assets module to use multiple currencies. At this time, the correct statutory exchange rate is 2 for the fixed asset at capitalization and a historical rate of 2 must be applied in the whole life of this fixed asset. Therefore, the correct asset depreciation amounts in statutory currency are 200 for each period.

After calculating, there are two delta amounts: one is the difference on the fixed asset cost, which is 10 (3000 – 2900) and the other is the difference on the depreciation, which is -5. The system calculates the differences and posts them to correct the balance on the statutory currency as the following:

	2012	**2013**							
	12	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Book Value	1500	-100	-100	-100	-100	-100	-100	-100	-100
SC Value (Old Rate)	2900	-190	-195	-205	-205	-210			
SC Value (Correct Rate)	3000	-200	-200	-200	-200	-200	-200	-200	-200

Chapter 4

Maintaining Fixed Assets

This chapter describes how to maintain fixed assets.

Creating Fixed-Asset Transactions

Use Fixed Asset Transaction Post (32.13) to create unposted fixed-asset transactions for assets by entity. Transactions are created for depreciation expenses, transfer, retirement of assets, and adjustments. After you run Fixed Asset Transaction Post, you must run Operational Transaction Post (25.13.7) to update the GL.

Note Optionally, you can generate unposted GL transactions related to acquisition costs when you initially create fixed assets using Fixed Asset Maintenance (32.3) or Fixed Asset Batch Maintenance (32.7). See “Acquisition Costs” on page 48.

At the end of each reporting period, run Fixed Asset Transaction Post to create unposted fixed-asset transactions. An audit trail report is created before creating unposted transactions. If necessary, make adjustments in Fixed Asset Maintenance and rerun Fixed Asset Transaction Post (32.13) for that period.

If you set Post Transactions to Yes, the system posts the GL transaction to the daybook defined in Posting Book Daybook Maintenance (32.9) for the posting book and entity. If the system cannot find a daybook linked to the current entity, it uses a daybook linked to a blank entity. If the system cannot find a daybook linked to the current entity or a daybook linked to a blank entity, it posts the GL transaction to the system daybook defined in Default Daybook Maintenance (25.8.4).

Accumulated depreciation and depreciation expenses from the posting book update the asset accounts, sub-accounts, cost centers, and projects.

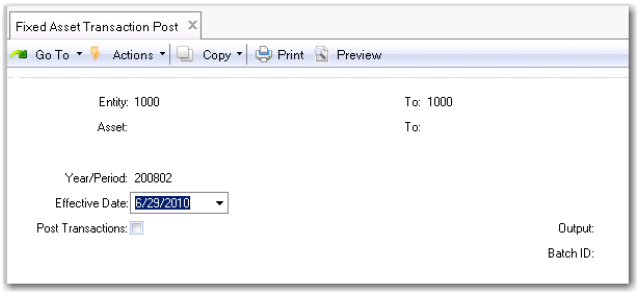
Fixed Asset Transaction Post creates unposted transactions for the following fixed-asset accounts:

- Asset
- Accumulated Expense
- Periodic Expense
- Gain on Disposal
- Loss on Disposal
- Asset Suspense

If transactions are created in error, use Fixed Asset Transaction Void (32.14) to reverse the entries. See page 82.

To create the GL entries for the fixed-asset transactions, you must run Operational Transaction Post (25.13.7) for transaction type FA.

Fig. 4.1
Fixed Asset Transaction Post (32.13)



Entity, To. Enter a range of entities to select transactions to be posted.

Note If Entity is blank and you are using daybooks, you must first create a system daybook for a blank entity in Default Daybook Maintenance (25.8.4). Otherwise, an error displays and you cannot proceed.

Asset, To. Enter a range of asset IDs to select assets to be posted.

Effective. Enter the date when fixed-asset transactions are effective in the GL. GL entries are created for the year/period. The effective date is validated against the open GL period. The default is the system date.

Post Transactions. This field determines whether transactions are posted to the GL.

Yes: A journal report is printed and the unposted transactions are created. GL entries post summary or detail information according to the Summarized Journal field in Fixed Asset Control.

No: The system generates the journal report and the unposted transactions are not created.

If any errors occur, an error report is generated with the problematic journals and no unposted transactions are created. You must fix the errors and run the Fixed Asset Transaction Post function again.

GL Transactions in Fixed Assets

The following unposted transactions are created when you run Fixed Asset Transaction Post for each activity. See “Accounts” on page 6 for details.

When the asset depreciation is posted, the following accounts are affected:

- The depreciation expense debits the Periodic Expense account.
- The depreciation expense credits the Accumulated Expense account.

When an asset is retired, the following accounts are affected:

- The acquisition cost credits the Asset account.
- The accumulated depreciation debits the Accumulated Expense account.
- The amount of the sale debits the Asset Suspense account.
- If there is a gain on disposal, the Gain on Disposal account is credited. If there is a loss on disposal, the Loss on Disposal account is debited.

When an asset is transferred within the same entity and different locations, the following accounts are affected:

- The asset-acquisition cost credits the Asset account for the old location and debits the Asset account for the new location.
- The accumulated asset depreciation debits the Accumulated Expense account for the old location and credits the Accumulated Expense account for the new location.

When an asset is transferred between two entities, the following accounts are affected:

- The asset-acquisition cost credits the old entity and debits the new entity. The asset-acquisition cost also updates the Cross-Company Fixed Assets account for the domain using the intercompany codes associated with each entity.

- The accumulated asset depreciation debits the Accumulated Expense account for the old entity and credits the Accumulated Expense account for the new entity. The asset-acquisition cost also updates the Cross-Company Fixed Assets account for the domain using the intercompany codes associated with each entity.

Voiding GL Transactions

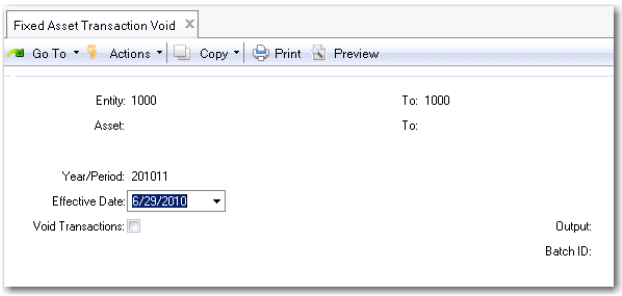
Use Fixed Asset Transaction Void (32.14) to correct errors for unposted depreciation, transfers, retirements, and adjustments. Reversing fixed-asset transactions are generated for the original entries created by Fixed Asset Transaction Post. You must run Operational Transaction Post (25.13.7) to update the GL.

You can void fixed-asset transactions only if the GL is open for the period you want to void. You cannot void entries for periods before the last posted period unless the last posted period is voided first. You must use the Fixed Asset Transaction Post function to repost the voided periods.

If you set Void Transactions to Yes, the system posts the resulting GL transactions to the daybook defined in Posting Book Daybook Maintenance (32.9) for the posting book and entity. If the system cannot find a daybook linked to the current entity, then it uses a daybook linked to a blank entity. If the system cannot find a daybook linked to the current entity or a daybook linked to a blank entity, it posts the GL transaction to the system daybook defined in Default Daybook Maintenance (25.8.4).

Unposted fixed-asset transactions are created for voids that affect posting books. For voided depreciation, the fixed-asset transactions reverse the postings for accumulated depreciation and depreciation expense.

Fig. 4.2
Fixed Asset Transaction Void (32.14)



Most fields in this function are similar to those in Fixed Asset Transaction Post, except that you indicate if you want to void transactions rather than post them.

Void Transactions. This field determines whether GL transactions are voided.

No: The system generates the journal report and the fixed-asset transactions are not voided.

Yes: Fixed-asset transactions are voided and an audit trail is printed.

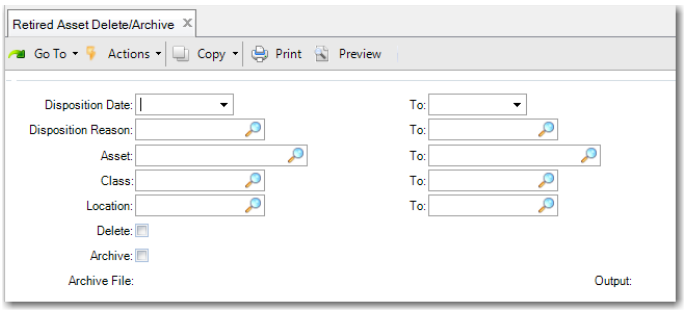
Deleting and Archiving Fixed Assets

Use Retired Asset Delete/Archive (32.23) to delete and archive retired assets.

Historical information is not automatically deleted at period or year end. It is up to you to delete this information, as frequently as you prefer. Most companies keep historical information for at least one year, depending on availability of disk space.

Usually a delete/archive function is run twice. First run it with Delete set to No and review the report. Then run it with Delete set to Yes.

Fig. 4.3
Retired Asset Delete/Archive (32.23)



Disposition Date, To. Enter a range of disposition dates to select retired assets to delete or archive.

Disposition Reason, To. Enter a range of disposition reasons to select retired assets to delete or archive.

Asset, To. Enter a range of asset IDs to select retired assets to delete or archive.

Class, To. Enter a range of class IDs to select retired assets to delete or archive.

Location, To. Enter a range of location IDs to select retired assets to delete or archive.

Delete. This field indicates whether to delete the selected records without generating a report.

Yes: The selected records are deleted from your database.

If you set Archive to Yes, the selected records are copied to an ASCII file before deletion. Use Archive File Reload to reload the data, if needed.

No: The selected records are not deleted. A report is generated listing the selected records.

Archive. This field indicates whether to archive the selected records.

Yes: The selected records are copied to an ASCII file. The system creates a file name in the following format: faYYMMDD.hst, where YYMMDD is the file creation date. If this file does not exist, it is created. If it does exist, it is modified.

No: The selected records are not copied to an ASCII file.

Note Keep a record of the name of the file and its contents because there is no label within the file. The name of the file only identifies the module and the date the file was created. If you need to reload particular data, you must know the correct file name.

Chapter 5

Fixed Assets Reports

This chapter describes the reports that let you view the status of your organization's assets.

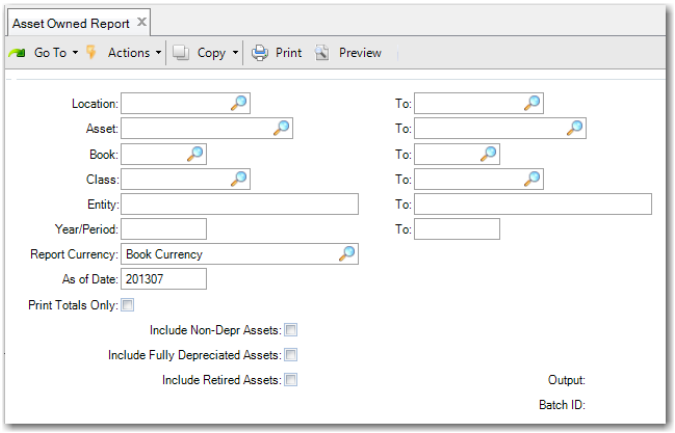
Asset Owned Report

Use Asset Owned Report (32.5.11) to view all your company's fixed assets in detail or summary form. Use the selection criteria to limit the information reported.

If you enter an As of Date that is after the last depreciable period, then the accumulated depreciation calculation is based on the last depreciable year period.

Note If the asset uses the units-of-production depreciation method and no actual period units exist for the date entered in the As of Date, the accumulated depreciation is calculated by multiplying the accumulated units by the unit cost. If actual period units do exist for the As of Date, then accumulated depreciation is determined from the fixed asset book depreciation detail record that contains the actual period units.

Fig. 5.1
Asset Owned Report (32.5.11)



Year/Period, To. Enter a range of periods for selecting assets for reporting. The format is YYYYXX, where YYYY is the year and XX is the period.

Note This date range is used only for selecting records. The system uses the value specified in As of Date to determine the accumulated depreciation to be included in the report.

When the posting book is used for reporting, the system uses the GL calendar to obtain the report output based on the specified year and period range. When a non-posting book is used, the system uses the associated fixed-asset calendar. If one is not available, the GL calendar is used just as with posting book report output.

Report Currency. Select the currency in which to display the report amounts. The options are:

- Book Currency
- Base Currency
- Statutory Currency

As of Date. Enter the effective year and period for this report. The default is the year and period associated with today's date in the GL calendar. The format is YYYYXX, where YYYY is the year and XX is the period.

The system calculates accumulated depreciation up to this year and period.

Print Totals Only. Indicate whether you want a summary or detail report of your company's assets. This is a required entry.

No: The report prints the details for each individual asset.

Yes: The report prints a summary report for your company's assets.

Include Non-Depreciating Assets. Specify whether to include non-depreciating assets in this report.

Include Fully Depreciated Assets. Specify whether to include fully depreciated assets in this report based on the year/period range.

No: Fully depreciated assets are not included in this report regardless of the year/period range.

Yes: Fully depreciated assets are included in this report when the life of the fully depreciated assets spans the specified year/period range. To include all fully depreciated assets in the system, set this field to Yes and leave the year/period range blank.

Include Retired Assets. Specify whether retired assets are included in this report based on the year/period range and the disposition date of the assets.

No: Retired assets are not included in this report when their disposition date is prior to the end of the specified year/period range. If the disposition date is after the end of the range, the assets are included in the report.

Yes: Retired assets are included in this report when the life of the retired assets spans the specified year/period range. To include all retired assets in the system, set this field to Yes and leave the year/period range blank.

Other Fixed Assets Reports

Table 5.1 summarizes Fixed Assets reports. All the reports include a Report Currency field, which lets you choose the currency in which to display the report amounts. The options are Book Currency, Base Currency, and Statutory Currency.

Table 5.1
Fixed Assets Reports

Report	Menu Number	Description
Periodic Activity Report	32.5.1	Displays asset activity for a period by entity. Shows per asset account the begin balance and the end balance of the fixed assets for a given period as well as the increases (acquisitions) and decreases (retirements). You can print a summary or detail report, and choose to include or exclude non-depreciating assets.
Depreciation Adjustment Report	32.5.3	Displays adjusted assets by book, location, class, and entity. Shows the type of adjustment and any relevant adjustment amounts.
Acquisition Report	32.5.5	Displays acquired assets, their depreciations and bonus depreciations within a specific period by class, location, and entity. Lists posting book information only.

Report	Menu Number	Description
Depreciation Expense Report	32.5.7	Displays depreciation expenses within a specific period by entity, book, class, and asset. You can choose a summary or detail report of the depreciation expenses. You can also specify whether the report should include all assets, even if they are not depreciated, and whether the report should include information regarding the transfer of assets between entities.
Asset Depreciation Array Report	32.5.9	Displays the lifetime depreciation expenses of your assets for one or more books. Also displays the original depreciation expense schedule and any adjustments. You can choose a summary or detail report of the asset lifetime depreciation expenses.
Primary Book Activity Report	32.5.13	Displays per asset account the begin balance and the end balance of the fixed assets for a given period as well as the increases (acquisitions) and decreases (retirements).
Primary Book Acquisition Report	32.5.15	Displays acquired assets, their depreciations and bonus depreciations within a specific period. Lists posting book information only.
Primary Book Retirement Report	32.5.17	Displays retirements, with the reason and the acquisition costs, depreciations, and net book value.

Product Information Resources

QAD offers a number of online resources to help you get more information about using QAD products.

QAD Forums (community.qad.com)
Ask questions and share information with other members of the user community, including QAD experts.

QAD Knowledgebase (knowledgebase.qad.com)*
Search for answers, tips, or solutions related to any QAD product or topic.

QAD Document Library (www.qad.com/documentlibrary)
Get browser-based access to user guides, release notes, training guides, and so on; use powerful search features to find the document you want, then read online, or download and print PDF.

QAD Learning Center (learning.qad.com)*
Visit QAD's one-stop destination for all courses and training materials.

*Log-in required

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