QAD Enterprise Applications
Standard & Enterprise Edition

Training Guide

Fixed Assets

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About This Course

Course Description

This course covers implementing the Fixed Assets module of QAD Enterprise Applications. It includes:

- An introduction to the Fixed Assets module
- An overview of key business issues
- Setting up the Fixed Assets module
- Operating the Fixed Assets module
- Activities and exercises throughout the course
  - Students practice key concepts and processes in the Fixed Assets module

Students learn how to:

- Analyze key business decisions before setting up the Fixed Assets module
- Set up and operate the Fixed Assets module

Course Objectives

By the end of this class, students will:

- Configure the Fixed Assets Control file
- Create an optional fixed asset calendar
- Set up posting and non-posting Books
- Define depreciation methods and conventions
- Define asset classes
- Define fixed asset locations
- Option to set up meters
- Create fixed asset records

Operation

- Transfer assets
- Retire or dispose of assets
- Post depreciation expense
- Void a Fixed Asset GL transaction
- Report on assets

Audience

- Implementation consultants
- Members of implementation teams
- Operators
- Accountants

Prerequisites

- Basic knowledge of:
  - Hardware and network configurations
  - QAD Enterprise Applications Standard Edition as it is used in the business
  - Students unfamiliar with QAD Standard Edition should work through the User Interface Guide before attending this class.
- Working knowledge of:
  - Accounting principles
  - The manufacturing industry in general

Course Credit and Scheduling

This course is one of several courses designed to assist students in preparing for QAD certification examinations. QAD does not guarantee anyone a passing grade as a result of having taken this course.

This course is designed to be taught in one day.

Differences Between SE and EE Fixed Assets

The SE and EE versions of Fixed Assets are largely the same. However, in QAD 2010.1 EE, some functionality changes were introduced to EE Fixed Assets. These changes are described in the *Enterprise Financials: Fixed Assets - Functional Detail - 2010.1 Launch* course on the Learning Portal.

QAD Resources

If you encounter questions or problems on QAD software that are not addressed in this book, several resources are available.

Product Help

All QAD products ship with integrated help systems. A properly installed QAD application displays help when you press the Help key (F1), or access it through the menu. The help covers the normal use of the product.

QAD Web Resources

The QAD website provides product and company overviews.

http://www.qad.com/

From QAD's main site, you can access QAD's Learning or Support sites.

QAD Learning Portal for Training Opportunities

To view available training courses, locations, and materials, use the QAD Learning Portal. Choose Learning under the Global Services tab to access this resource.

QAD Support for Product Documentation and the QAD Knowledgebase

To access release notes, user guides, installation and conversion guides by product and release, visit the Support website. Support also offers an array of tools depending on your company's maintenance agreement with QAD. These include the Knowledgebase and direct links to QAD Support experts.

Choose Support under the Global Services tab.

Any QAD customer can register for a QAD web account by accessing the Support web site and clicking the Accounts link at the top of the screen. Your customer ID number is required. Access to certain areas is dependent on the type of agreement you have with QAD.

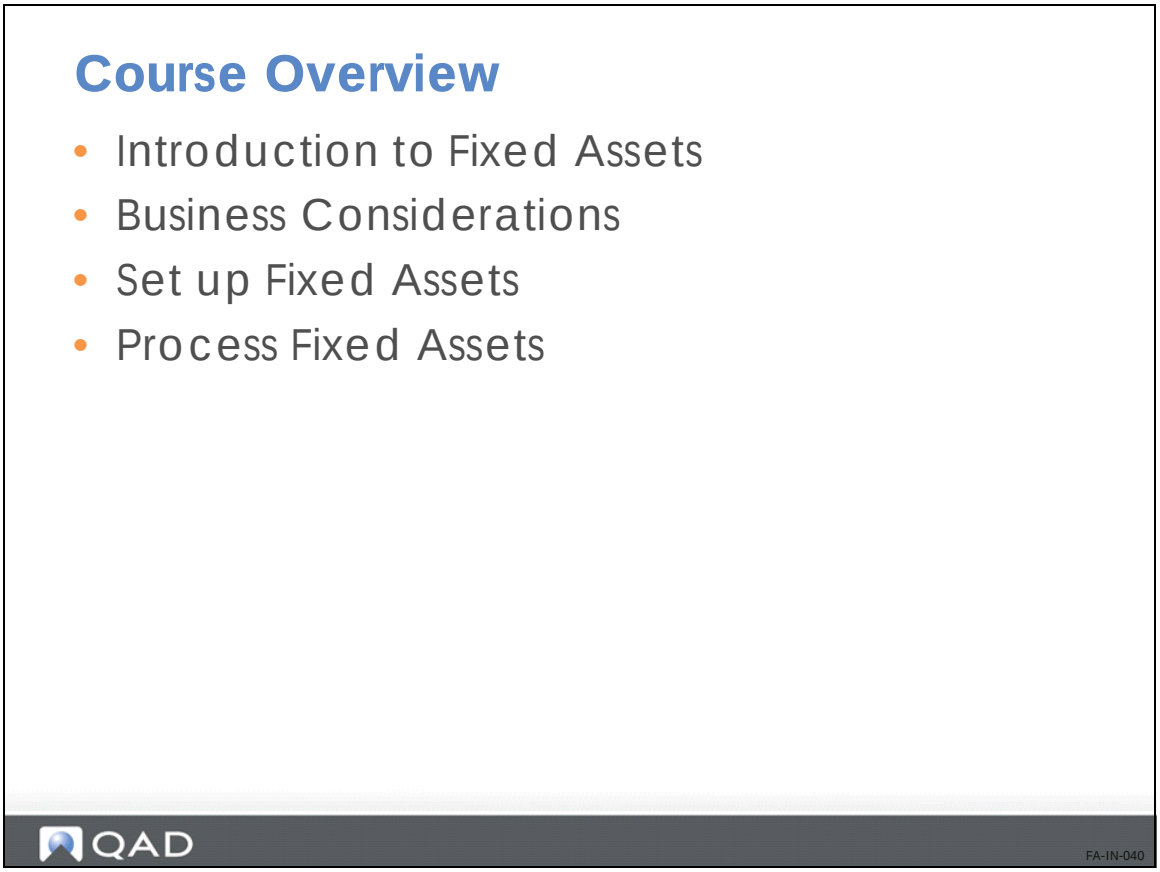
Virtual Environment Information

Standard Edition 2010 - Training, Train

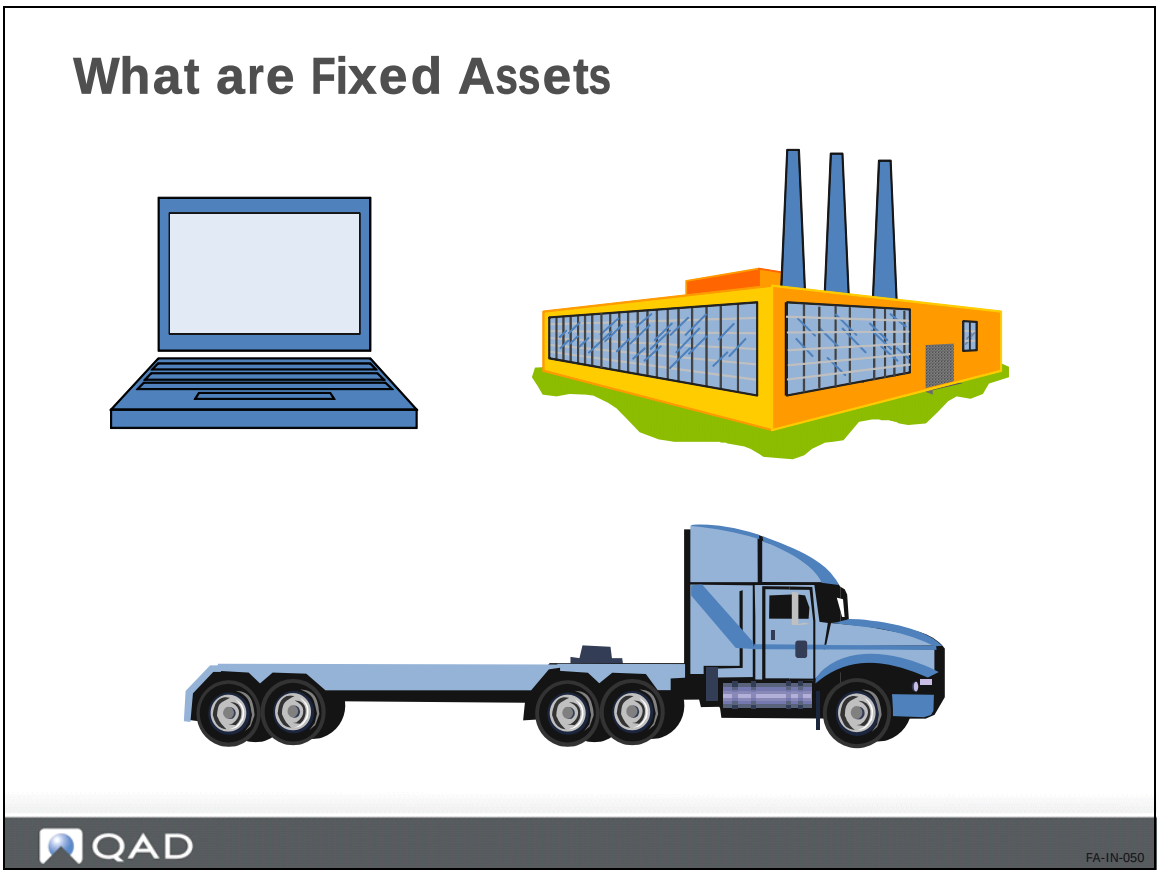
Chapter 1

Introduction to Fixed Assets

Overview


Course Overview
Introduction to Fixed Assets
Business Considerations
Set up Fixed Assets
Process Fixed Assets
QAD
FA-IN-040

What are Fixed Assets?



Fixed assets are tangible assets that are used by a business to produce income. Some examples are:

- Plant
- Equipment
- Machinery
- Computers
- Anything that may bring future economic benefits

Fixed assets share common characteristics. They:

- Are used in the production of business income
- Have a useful economic life of at least one year
- Are used up or wear out over time

Assets can be tangible or intangible. Tangible assets have a physical substance to them. Intangible assets cannot be seen, touched or physically measured. Examples of intangible assets include:

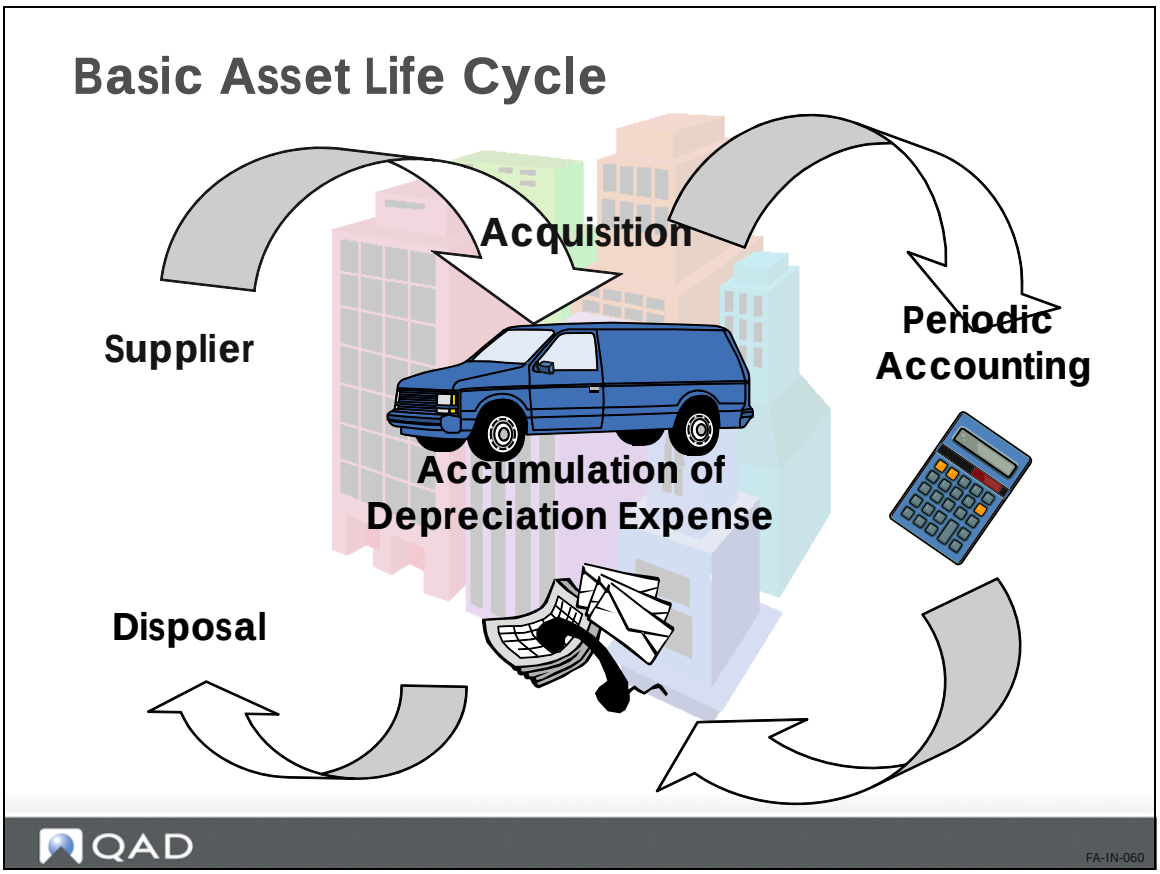
- Software
- Goodwill
- Patents
- Copyrights

Depreciation is the process of allocating asset costs over its life. This allocation is done in a way that the cost of the asset (depreciation expense) is charged to the accounting periods during the economic life of the asset.

Note Specific questions regarding whether or not an asset should be depreciated should be referred to an accounting or tax professional.

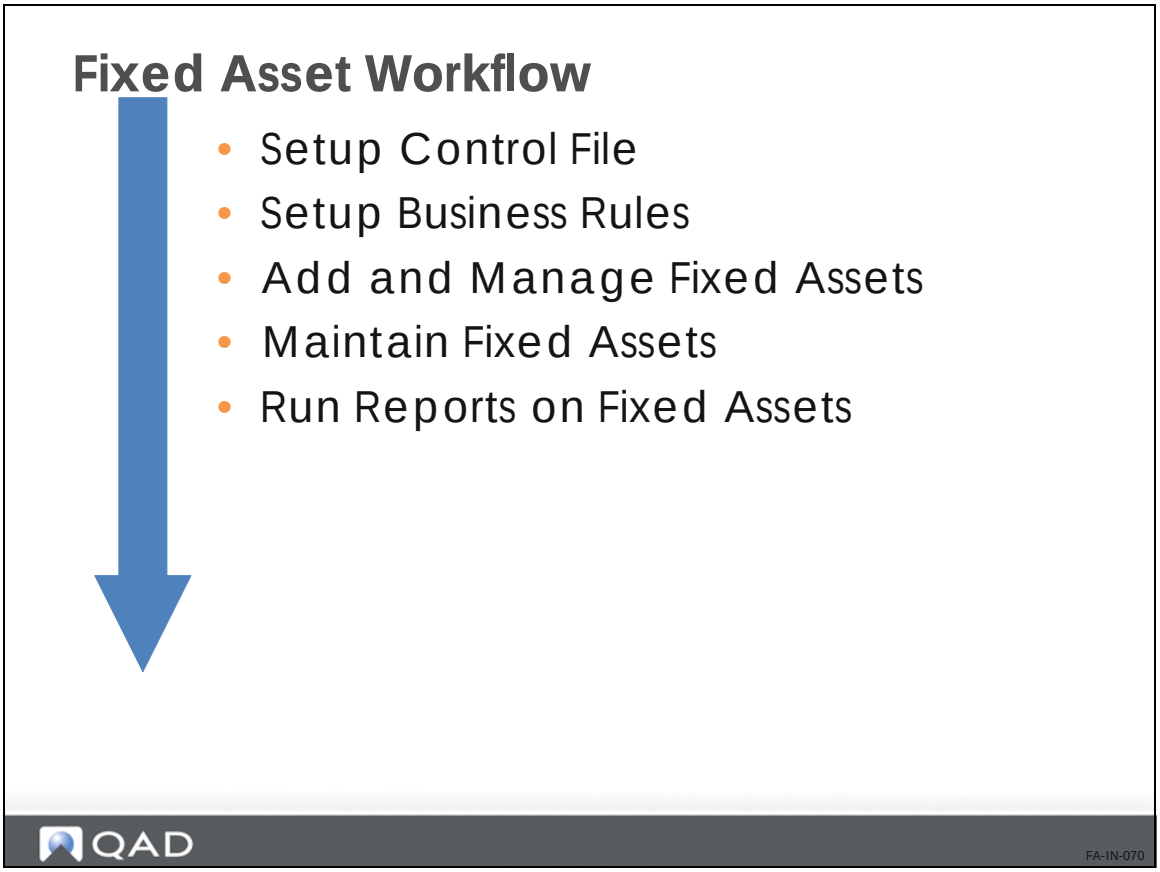
The purpose of these training materials are to familiarize you with the fixed assets application.

Basic Asset Life Cycle



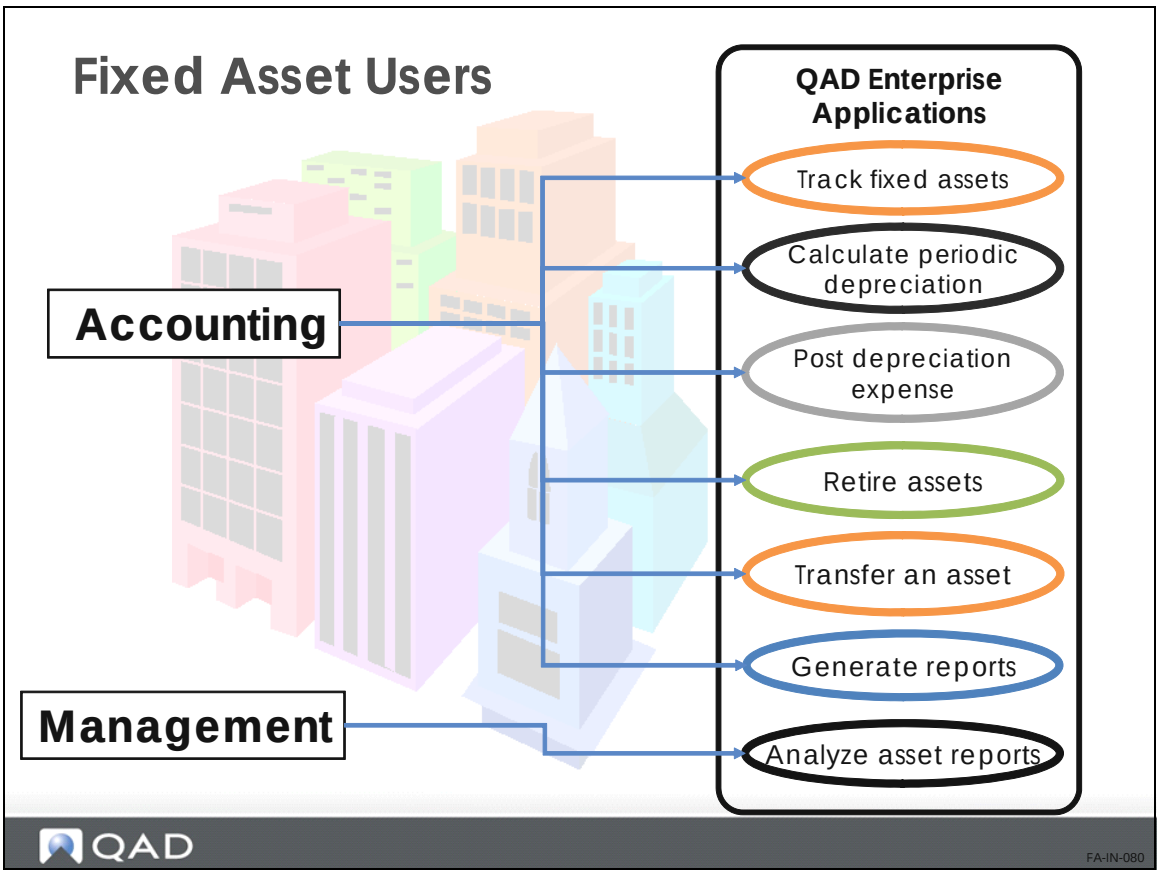
- An asset is acquired and added to the asset ledger
- At end of each period, depreciation expense for qualifying assets is recorded for each book
- Journal entries are generated for the posting book to specified accounts in the General Ledger
- At some point, ownership interest in the asset is relinquished and the asset is disposed.

Workflow



- Set up the Fixed Assets Control File
- Set up the business rules, which includes:
  - Defining locations
  - Setting up a fixed assets calendar
  - Setting up books
  - Setting up methods
  - Setting up classes
- Create/add and manage fixed assets
- Maintain fixed assets
- Periodically generate fixed asset reports

Typical Users



Various people typically control key tasks.

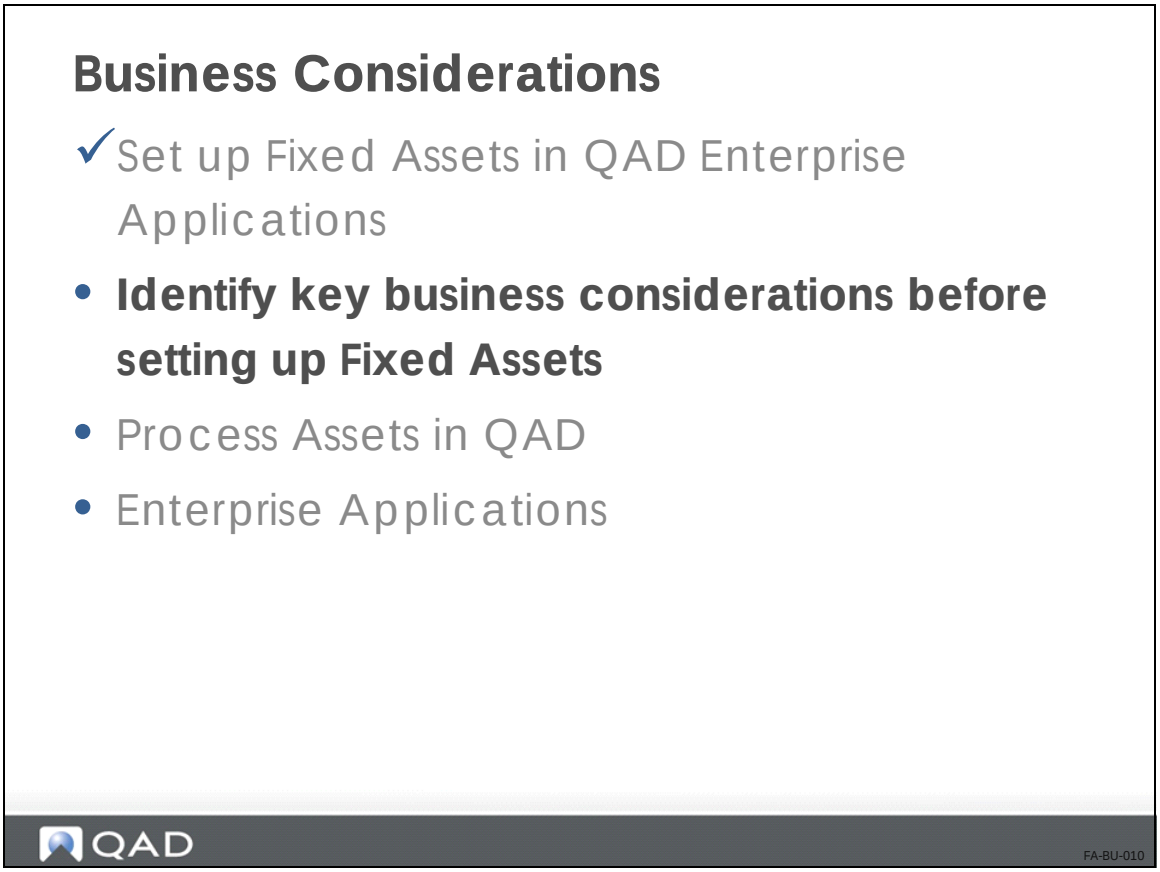
- Accounting tracks fixed assets, calculates periodic depreciation, posts depreciation expense, retire assets as they are disposed of, transfer assets within the company, and generates various asset reports
- Management analyzes these asset reports

Course Objectives

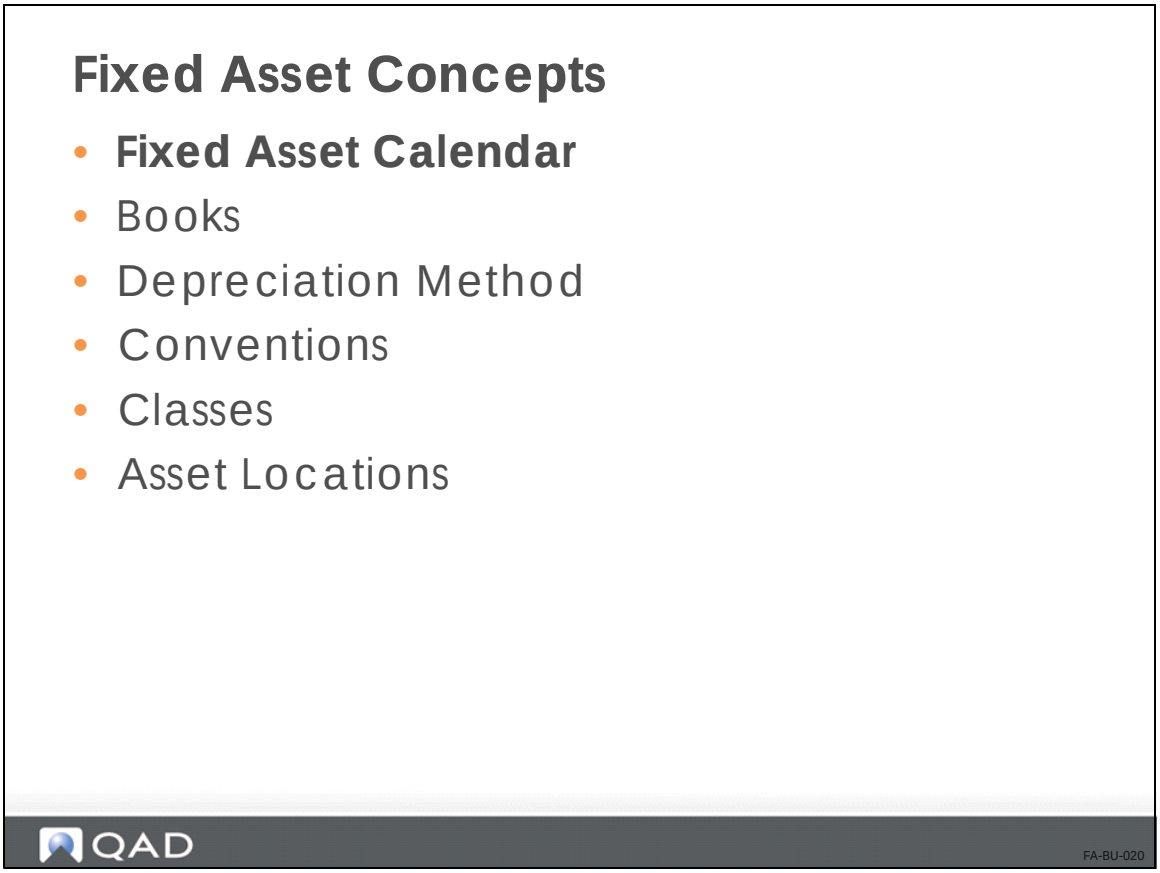
Chapter 2

Business Issues

Business Issues



Fixed Asset Calendar



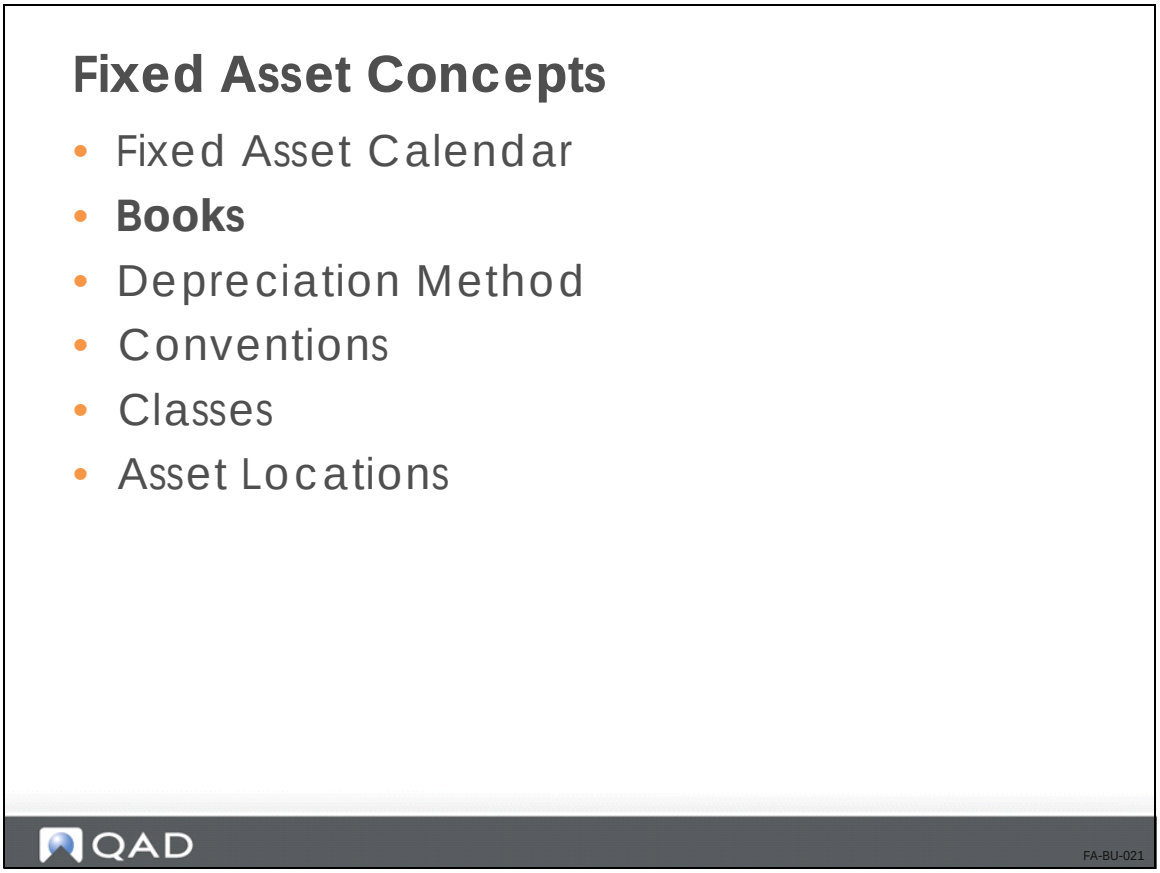
An optional calendar used with non-posting books in Book Maintenance.

Can be used for non-posting books that uses a calendar different from the GL Calendar

Setup Implications

- Optional
- Cannot associate a fixed asset calendar with posting books
  - Posting books automatically use the GL Calendar
- Cannot modify a fixed asset calendar after an asset has been assigned to a book that uses the calendar

Books



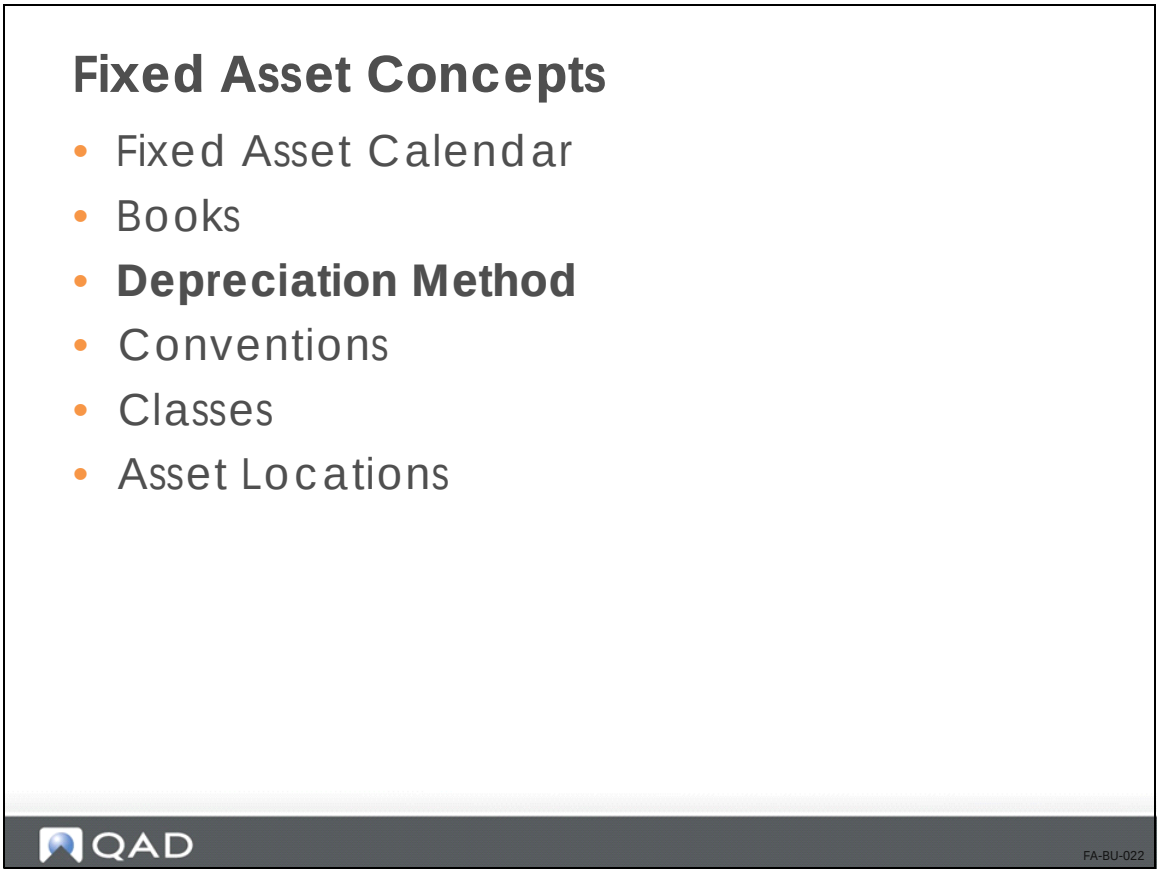
Depreciation books are used for assets that are depreciated.

- Holds information relating to the asset and depreciation information
- A minimum of one posting book is required
  - Usually financial book
- Any assets that are depreciated must be assigned to a posting book
- You can set up unlimited non-posting books, but can only set up one posting book

Setup Implications

- For each book, you specify:
  - If a book is the posting book that updates the GL
  - 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
- Only one posting book affects the GL

Depreciation Method



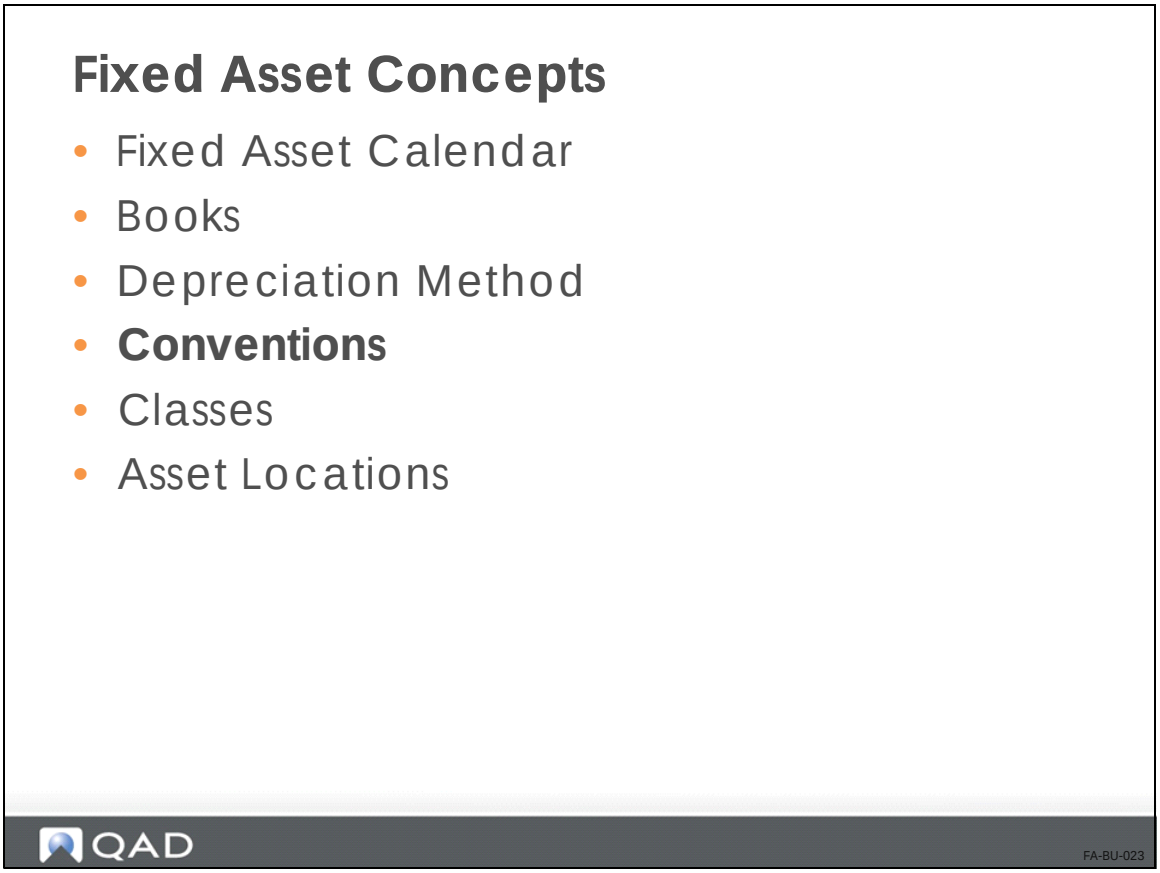
Depreciation allocates an asset's cost to periods units service life. Methods identify how annual depreciation is calculated for an asset.

- Methods are required by QAD Standard Edition in order to calculate depreciation over the life of an asset
- Active methods can be assigned to assets in Fixed Asset Maintenance
- Can be assigned as class defaults in Class Maintenance

Setup Implications

- Cannot modify methods that are assigned to assets

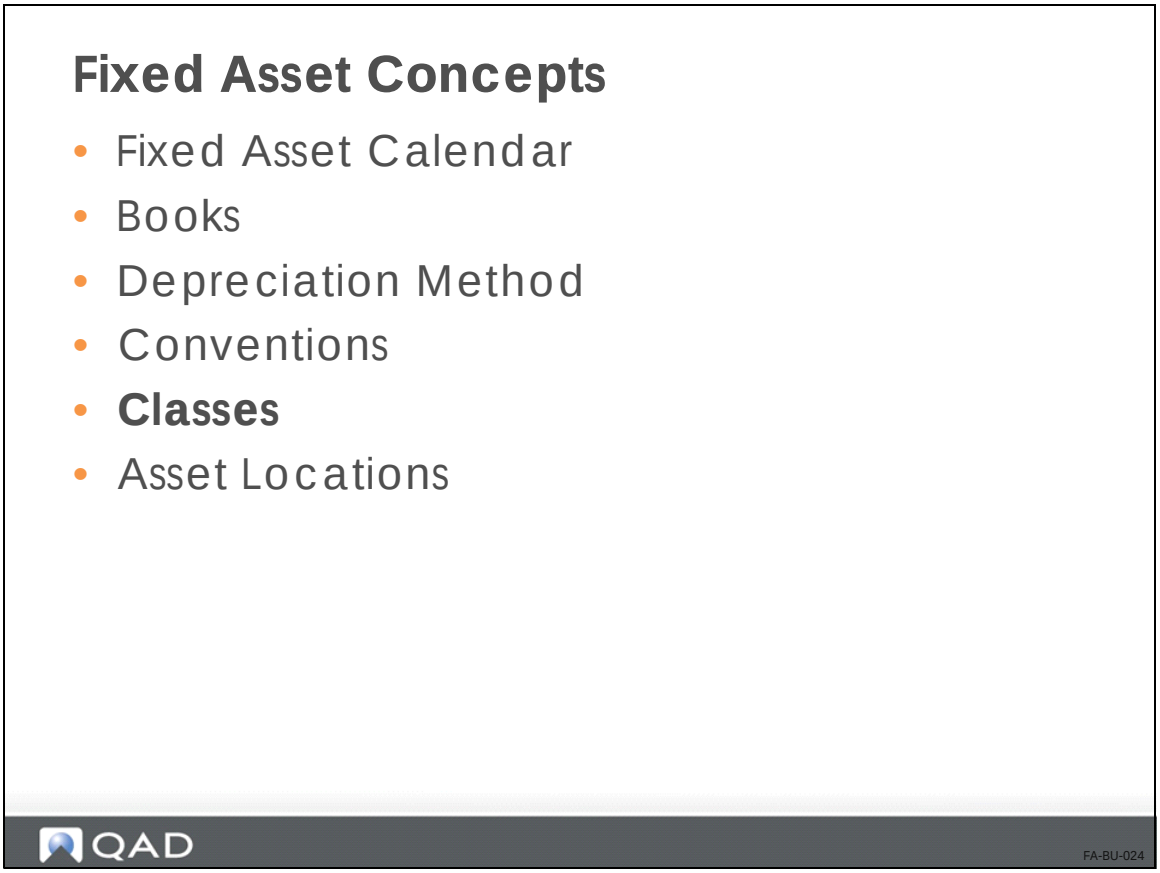
Conventions



Conventions are used for averaging depreciation in the first and last years of an asset's life.

- Full Period
- Half Period
- Next Period
- Full Quarter
- Half Quarter
- Full Year
- Half Year
- Modified Mid Year Version 1
- Modified Mid Year Version 2

Classes



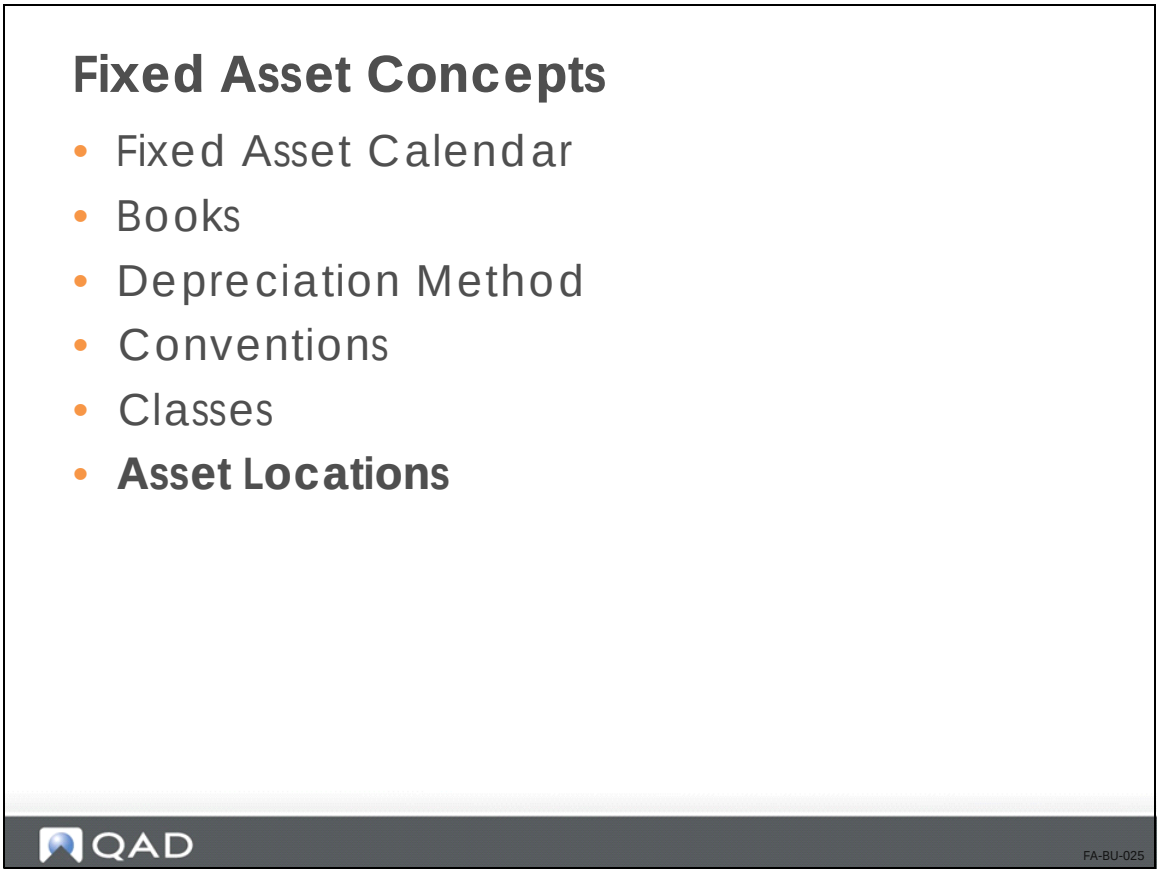
Classes are used to define default asset information that can be used on assets that affect the same GL accounts.

- Makes data entry easier
- Creates more meaningful reports
- After a class has been set up, assets can be assigned to it in Fixed Asset Maintenance
- Information in the classes provide default book and account information for assets
- Classes group similar fixed assets together and define:
  - GL accounts
  - Depreciation books
  - Service lives for calculating depreciation
  - Depreciation methods
- Class Maintenance to define classes
- Fixed Asset Maintenance to provide default book and account information

Setup Implications

- In Fixed Asset Maintenance, accounts default from Class Maintenance
- Sub-accounts and cost centers default from the location

Asset Locations



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

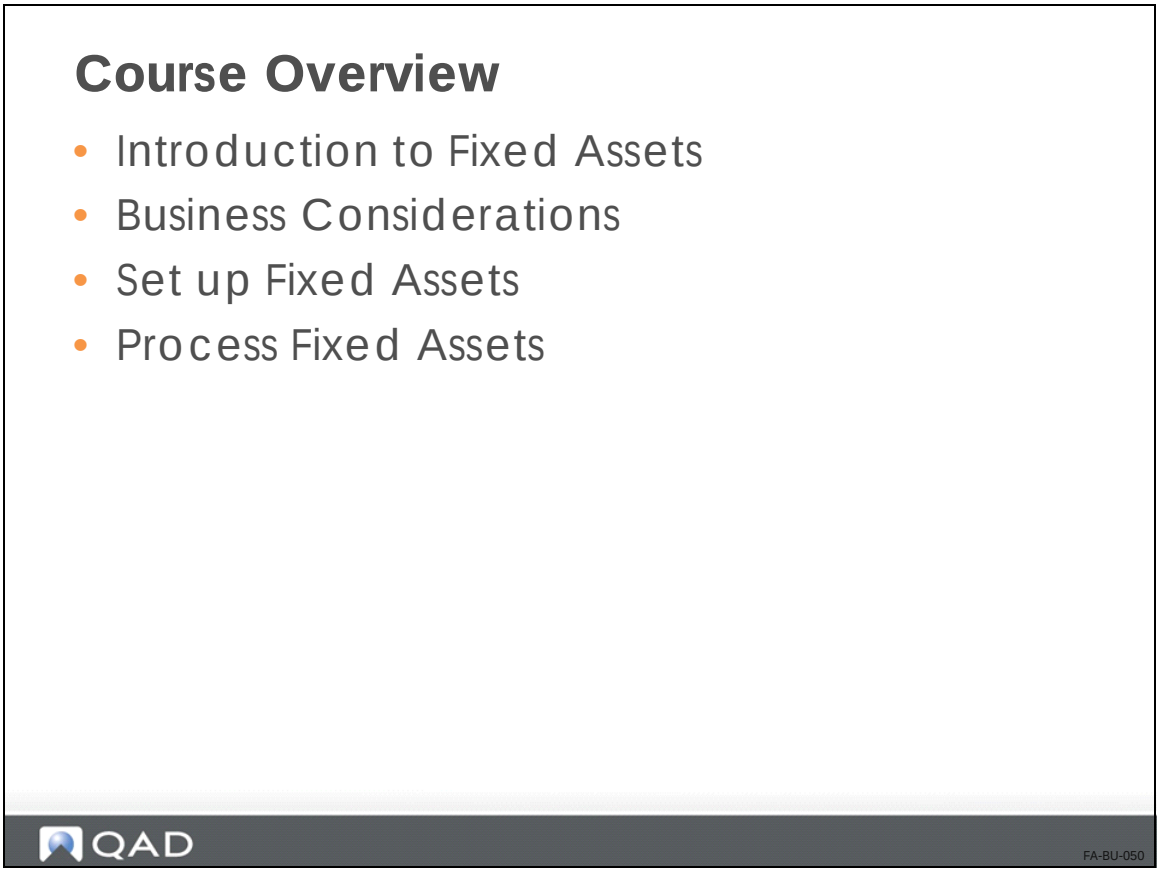
Why Consider?

- Used to locate an asset for tax and asset tracking purposes
- Defines defaults for entity, sub-account and cost center information for assets
- Helps minimize data entry and errors
- Fixed asset setup
- Location maintenance

Setup Implications

- Location IDs have no connection with locations used elsewhere in QAD Enterprise Applications
  - For example, cannot issue inventory from a fixed asset location

Course Overview

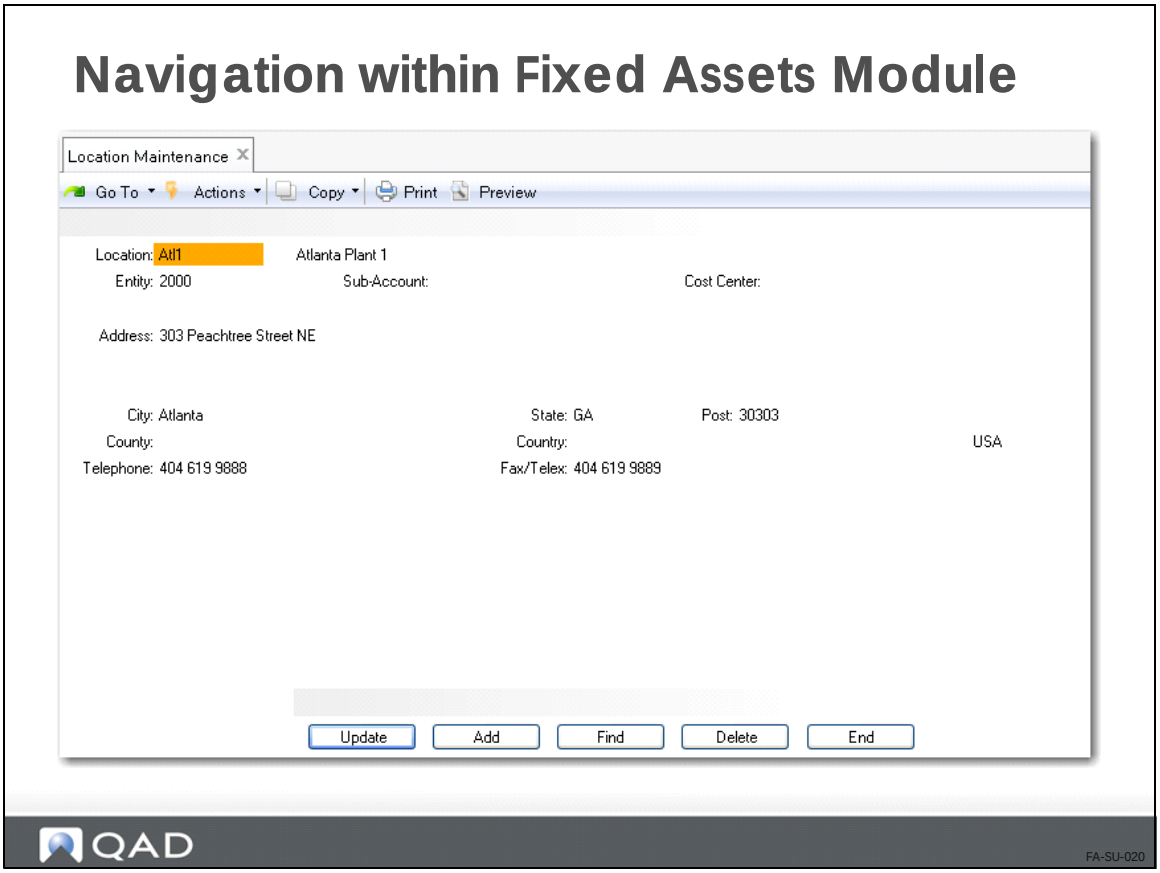


Chapter 3

Set Up Fixed Assets

Set up Fixed Assets

Navigation



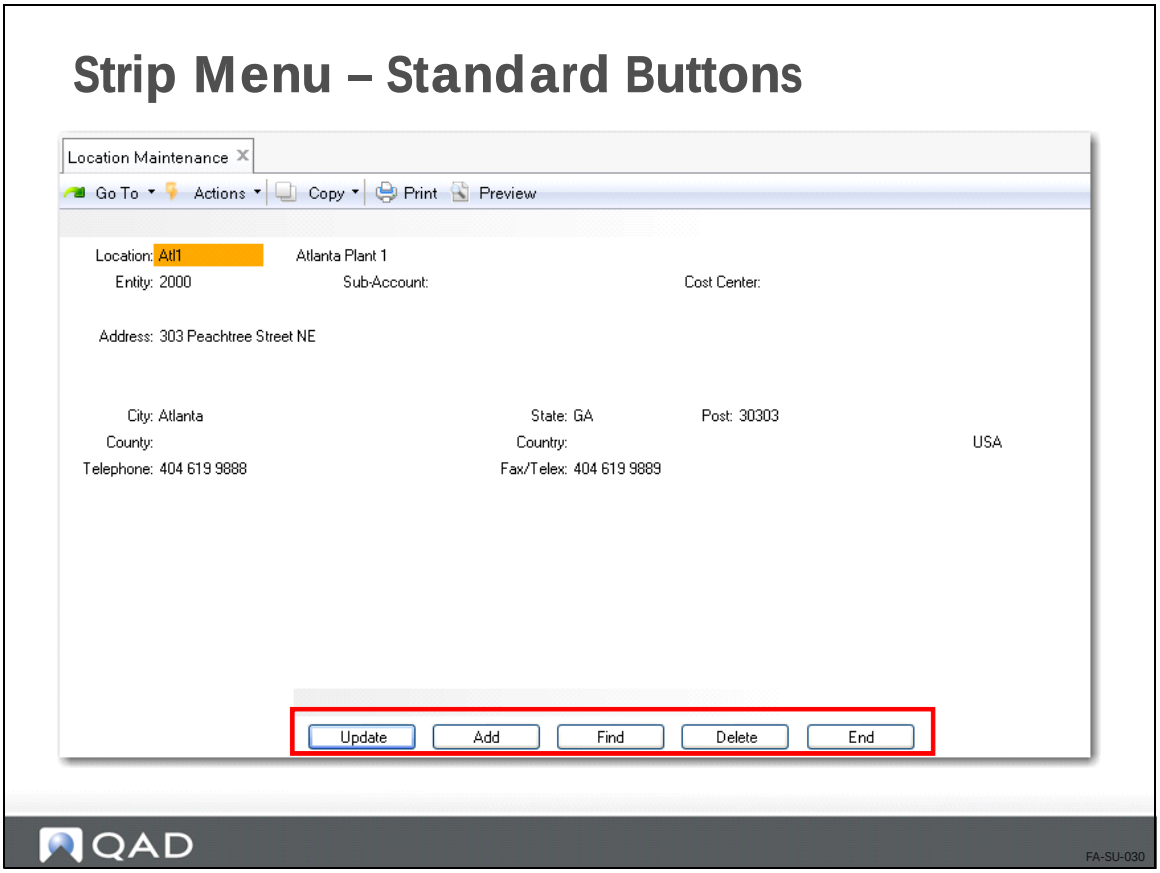
Strip Menu

All fixed asset screens have a strip menu to improve navigation within the application.

- Strip menu is active when entering a screen
- First button on left side of the strip menu is highlighted
  - Indicates the button is active
- User can move the cursor left or right with the left and right arrow keys
- Buttons are executed by highlighting it and pressing return or Go

The strip menu may contain Standard or Navigation buttons. When a button is activated, the functionality associated with that button is executed.

Standard Buttons

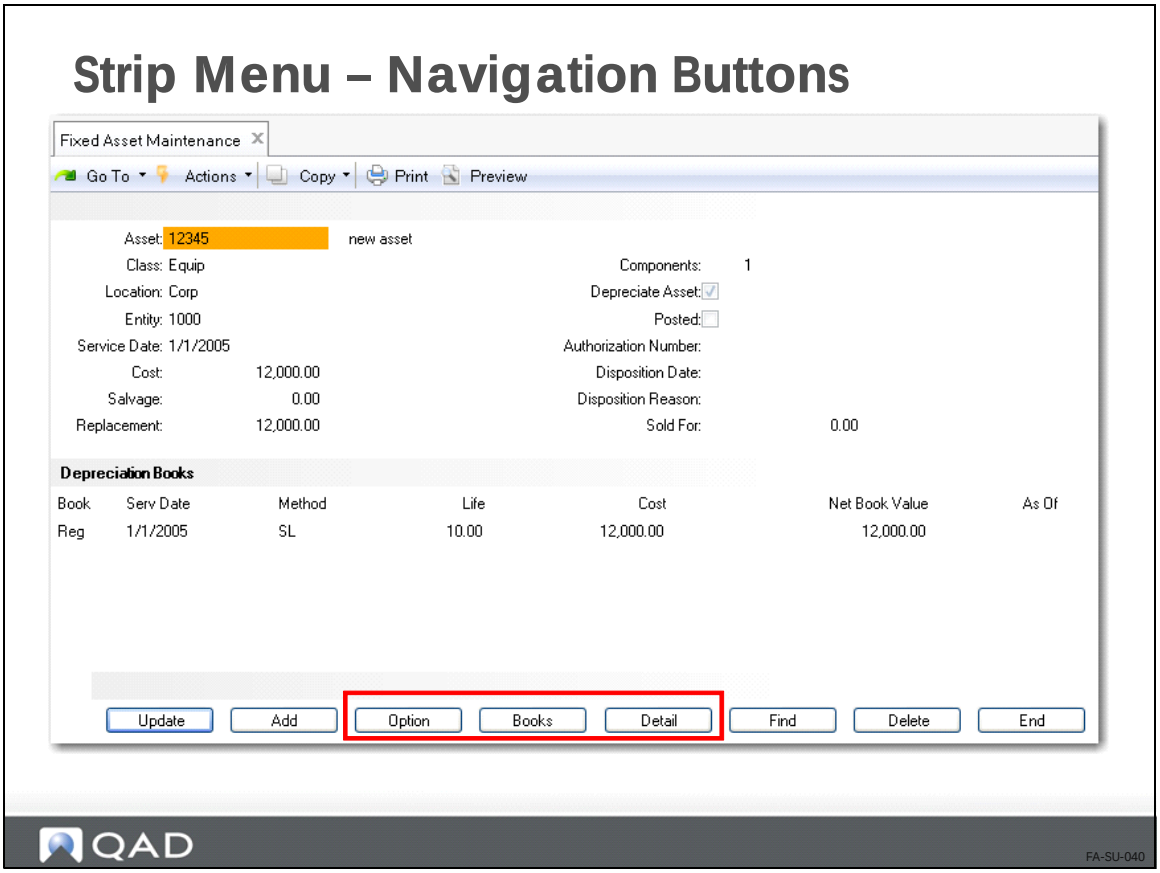


The standard buttons are:

- Add – Add a new record
- Update – Change fields in an existing record
- Delete – Delete the record displayed
- Find – Locate a different record other than the one displayed, invoking a standard QAD Enterprise Applications browse
- End – Exit the screen and return to the previous screen

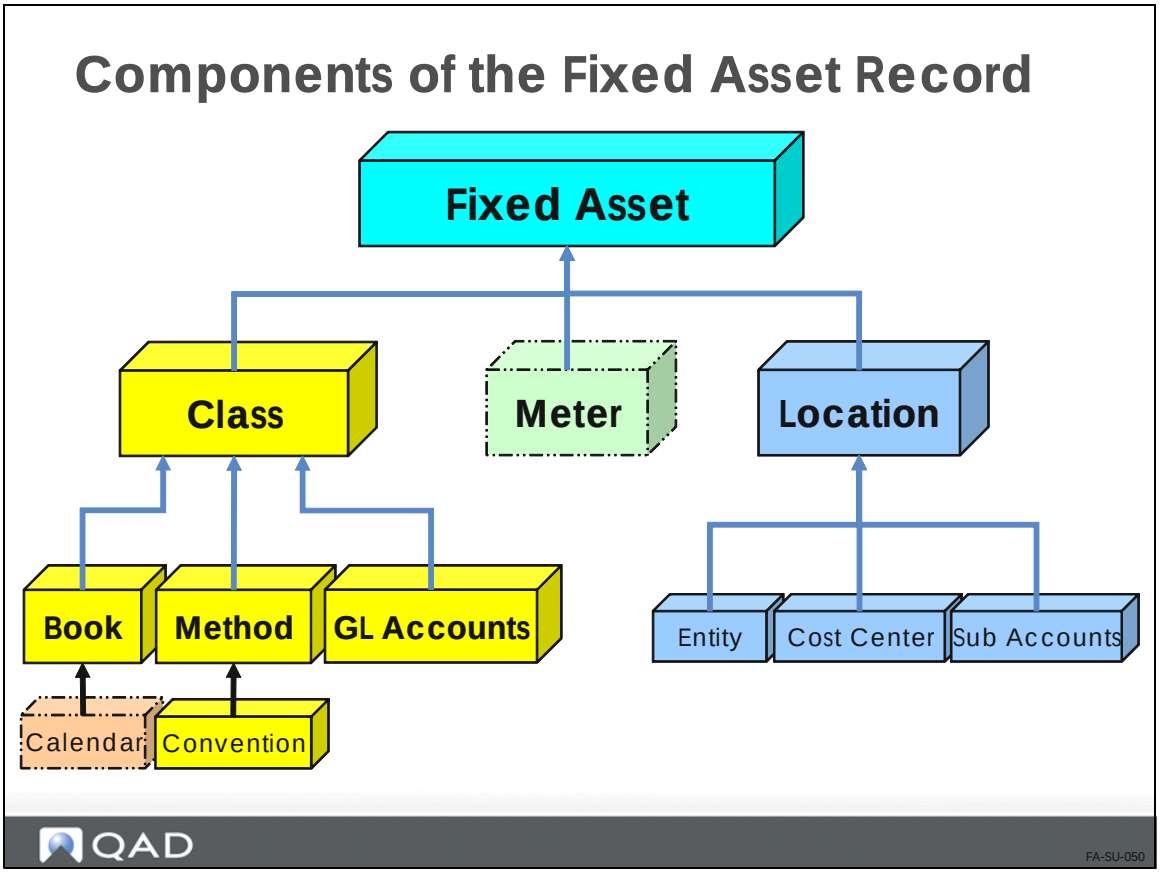
Note Not every standard button appears on every screen.

Navigation Buttons



The navigation buttons are used to access additional functionality within fixed assets. In some screens, business logic may be associated with the button. In other instances, a new screen is activated. For example, in the Fixed Asset Maintenance screen, the Option button displays a screen with optional information about an asset.

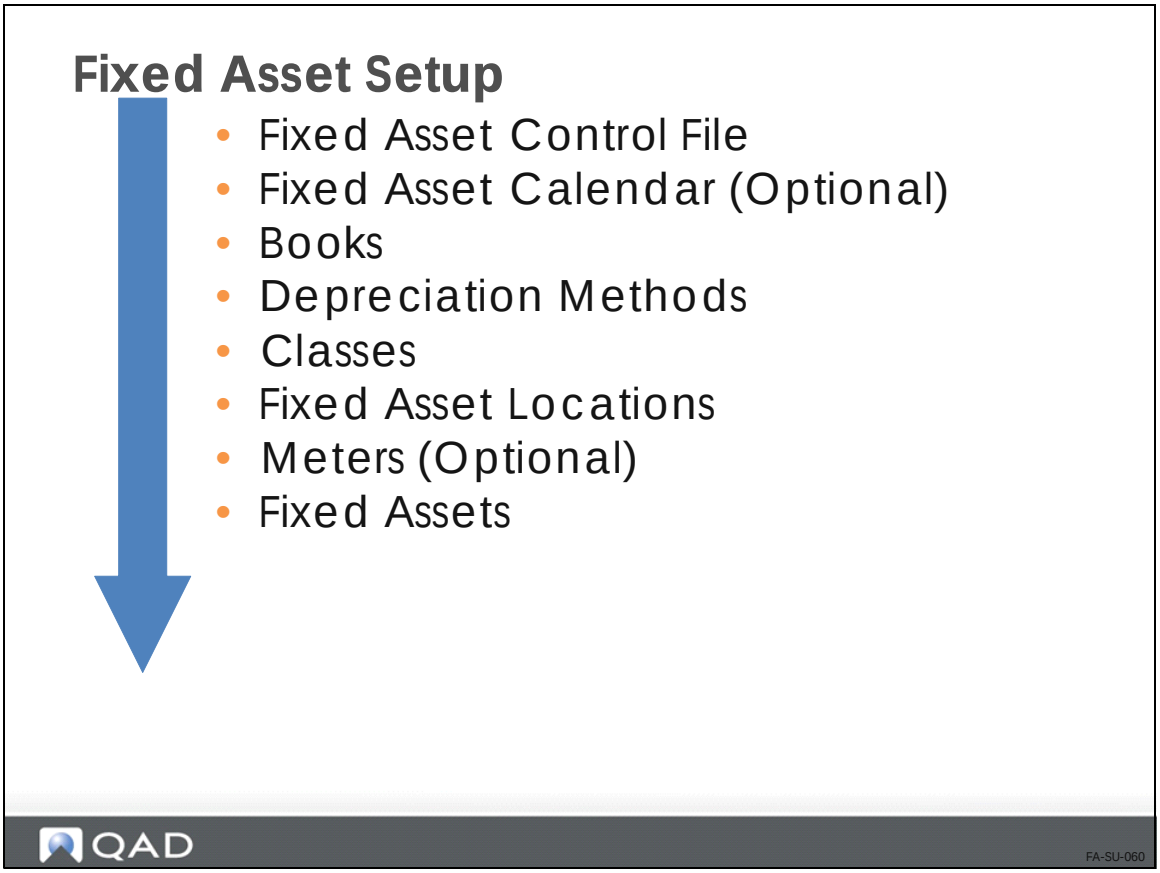
Components of the Fixed Asset Record



A fixed asset record is made up of several components. These components must be created before creating a fixed asset record. In other words, the fixed asset record is built from the bottom up.

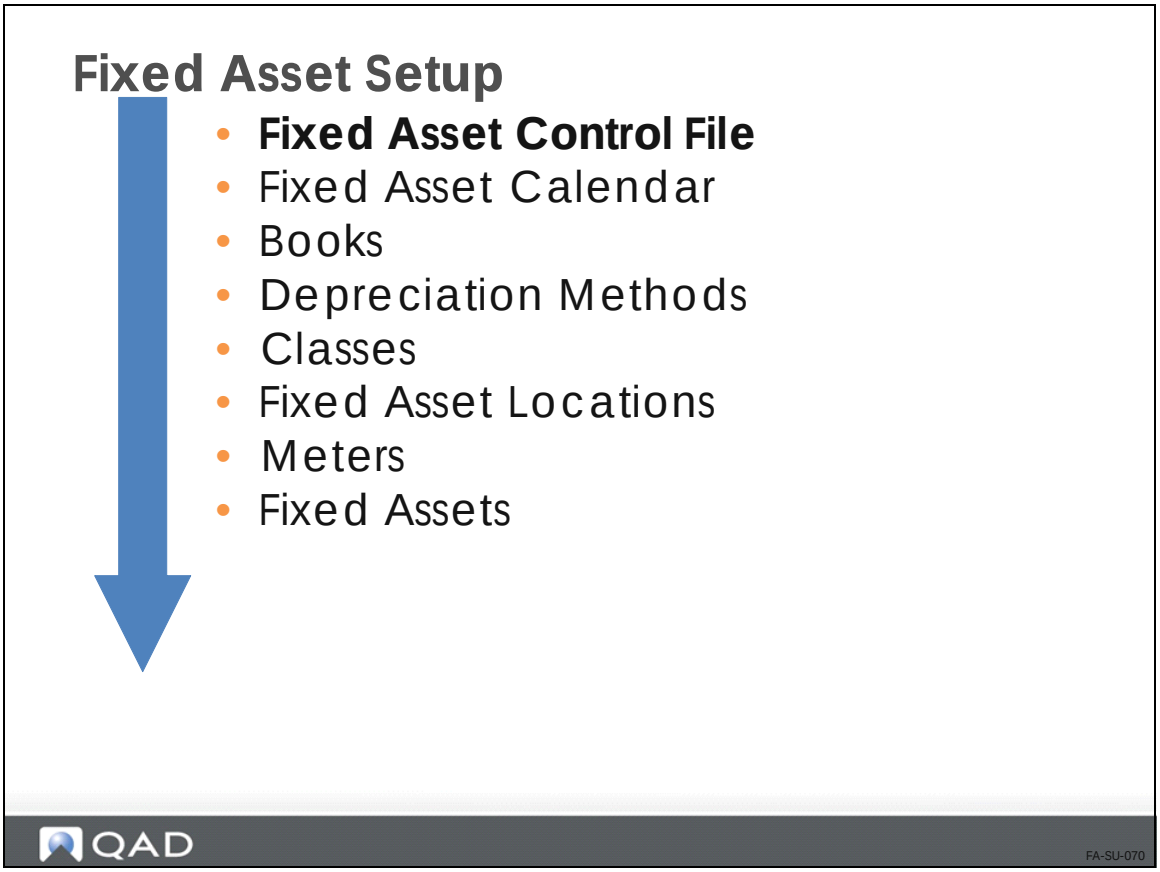
The boxes surrounded by a broken line indicate optional functionality.

Fixed Assets Setup



This illustration is a suggested setup sequence of master files for the Fixed Assets module which is based on information that flows from one master file to another and prerequisites that need to be accomplished before setting up a file.

Control File



Use Fixed Asset Control File 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

Fixed Asset Control File (32.24)

Auto Generate Asset ID. •If Yes, system assigns unique asset IDs

- Number Range Management (NRM) sequence is used
- NRM is used to generate, control, and audit sequence numbers

NRM Sequence ID. •If Auto Generate Asset ID field is Yes, enter the predefined NRM Sequence ID with the target dataset of `fa_id`

- The sequence must be 12 characters or less

Summarized Journal. •If Yes, Fixed Asset Transaction Post posts totals by account, sub-account, cost center, and project combination

- Recommended to create detailed journal entries when first implementing Fixed Assets
  - Verify that transactions are being processed correctly with right accounts
  - Ability to correct mistakes
- Switch to summarized journal later, if desired

- Takes less space and easier to handle in the GL

Intercompany Acct, Sub-acct, and CC. •GL account, sub-account, and cost center for tracking intercompany transfers

- If Verify GL Accounts is Yes in the System/Account Control File 36.1, you must enter a valid account, sub-account, and cost center

- Only used when processing information for more than one entity in one database

Note If you are processing transactions for multiple entities, do not leave the account field blank. If it is blank, no intercompany entries are created, leaving transactions unbalanced across entities.

First Activity: Preliminary Setup

1. Verify Domain: From the workspace menu select Training.
   a. Note the domain name appears in the top window frame.
2. Run Database Sequence Initialization (36.16.17)
3. Verify GL Calendar Period
   a. Use GL Calendar Browse (25.3.5)
   b. Start search at current year
   c. If you find No Records continue to step three.
4. Use GL Calendar Maintenance (25.3.4)
   Enter the 12 periods for the current year.

Exercise: Set up Fixed Asset Business Rules

In these exercises, you set up the business rules necessary for using the Fixed Assets module. You define the Fixed asset account codes needed for posting to the GL, and choose options in the Control File. You can optionally create a fixed asset calendar for non-posting books, setup books, methods, classes, locations, meters and fixed asset records.

Note If a field is not specified, accept the default.

Define Fixed Asset Accounts

1 GL accounts are needed to record your fixed asset transactions. Review the GL accounts for Fixed Assets in Account Code Maintenance (25.3.13). If any do not exist, create them using the following information:

Field	Data
Account	1204
Description	Intercompany FA Debtors
Type	A
Format Position	12000

Set Active Flag to Yes.

Field	Data
Account	1214
Description	Intercompany FA Creditors
Type	A
Format Position	12000

Set Active Flag to Yes.

Field	Data
Account	1800
Description	Fixed Assets
Type	A
Format Position	12000

Set Active Flag to Yes.

Field	Data
Account	1810
Description	FA Depreciation
Type	A
Format Position	12000

Set Active Flag to Yes.

Field	Data
Account	1830
Description	Periodic Expense

Field	Data
Type	E
Format Position	72000

Set Active Flag to Yes.

Field	Data
Account	5300
Description	Depreciation Expense
Type	E
Format Position	72000

Set Active Flag to Yes.

Field	Data
Account	1840
Description	Construction in Progress
Type	A
Format Position	12000

Set Active Flag to Yes.

Field	Data
Account	7800
Description	Gain/Loss on disposal
Type	I
Format Position	81000

Set Active Flag to Yes.

Field	Data
Account	1890
Description	Asset Suspense
Type	A
Format Position	12000

Set Active Flag to Yes

2 Create the following sub-accounts using Sub-Account Maintenance (25.3.17).

To Make valid against all accounts, leave the range fields blank; select Next twice, the word All appears under Account Ranges. If finished, end by selecting the Back button.

Sub-Account	Description	Active	Range
1000	Quality Products Company	Yes	Make valid against all accounts
2000	East Coast Division	Yes	Make valid against all accounts

Define Intercompany Accounts as set in the Entities T100 and T200

The Entity specifies the Intercompany Accounts, including the Fixed Assets Intercompany account, sub-account and cost center. Make sure the following fields are set as specified:

Note FA refers to the Fixed Asset debit and credit account numbers.

Entity	Description	M	Dr Acct	Sub-Acct	Cr Acct	Sub-Acct
T100	Quality Products Company	FA	1204	1000	1214	1000
T200	East Coast Division	FA	1204	2000	1214	2000

3 Use Intercompany Accounts Inquiry (25.3.1.3)

4 Should the accounts not be like above, use Entity Code Maintenance (25.3.1.1)

Note If there are existing account numbers, replace them with the above.

Define/Review Fixed Assets Control File

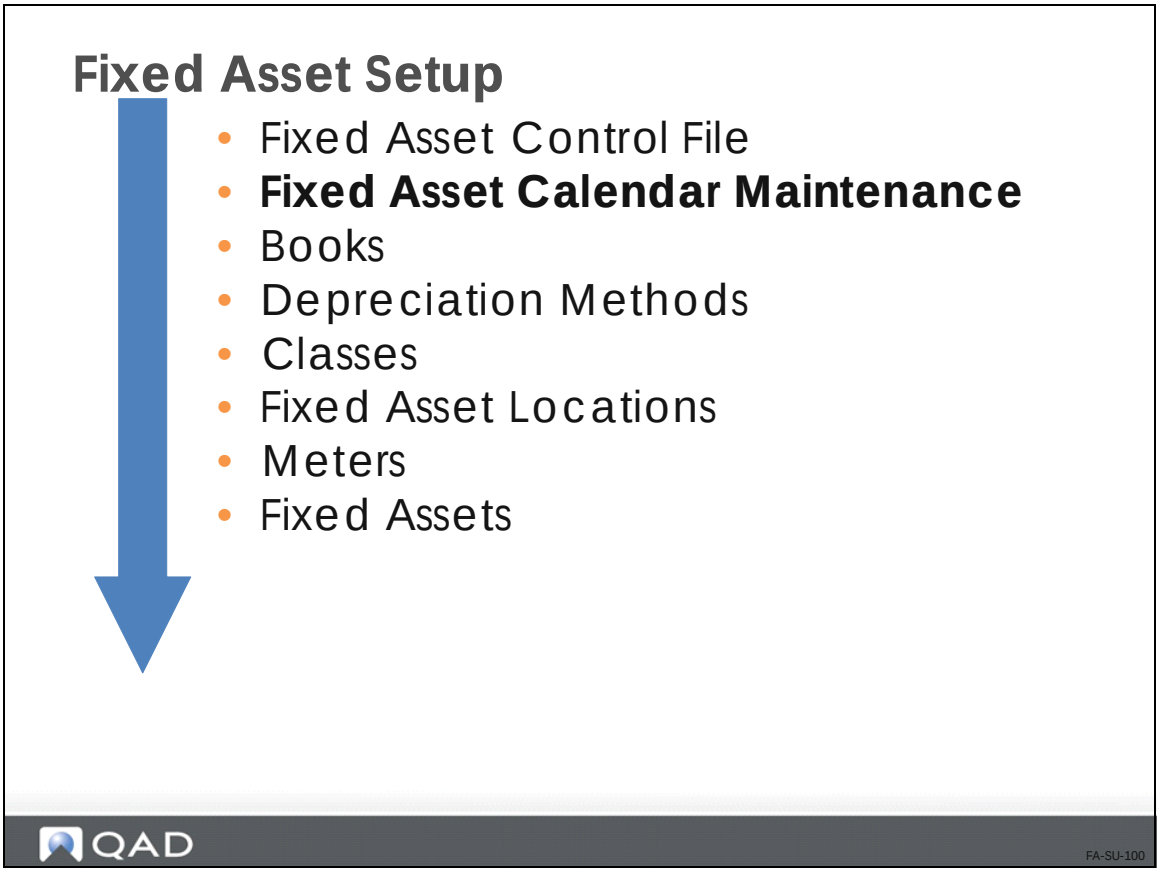
The control file specifies whether to automatically or manually create asset IDs, to create summary or detail GL transactions for fixed assets. Review the Fixed Assets Control File.

5 Make sure the following fields are set as specified:

Field	Data
Auto Generate Asset ID	No
Summarized Journal	No

Note Fixed Asset Control File (32.24)

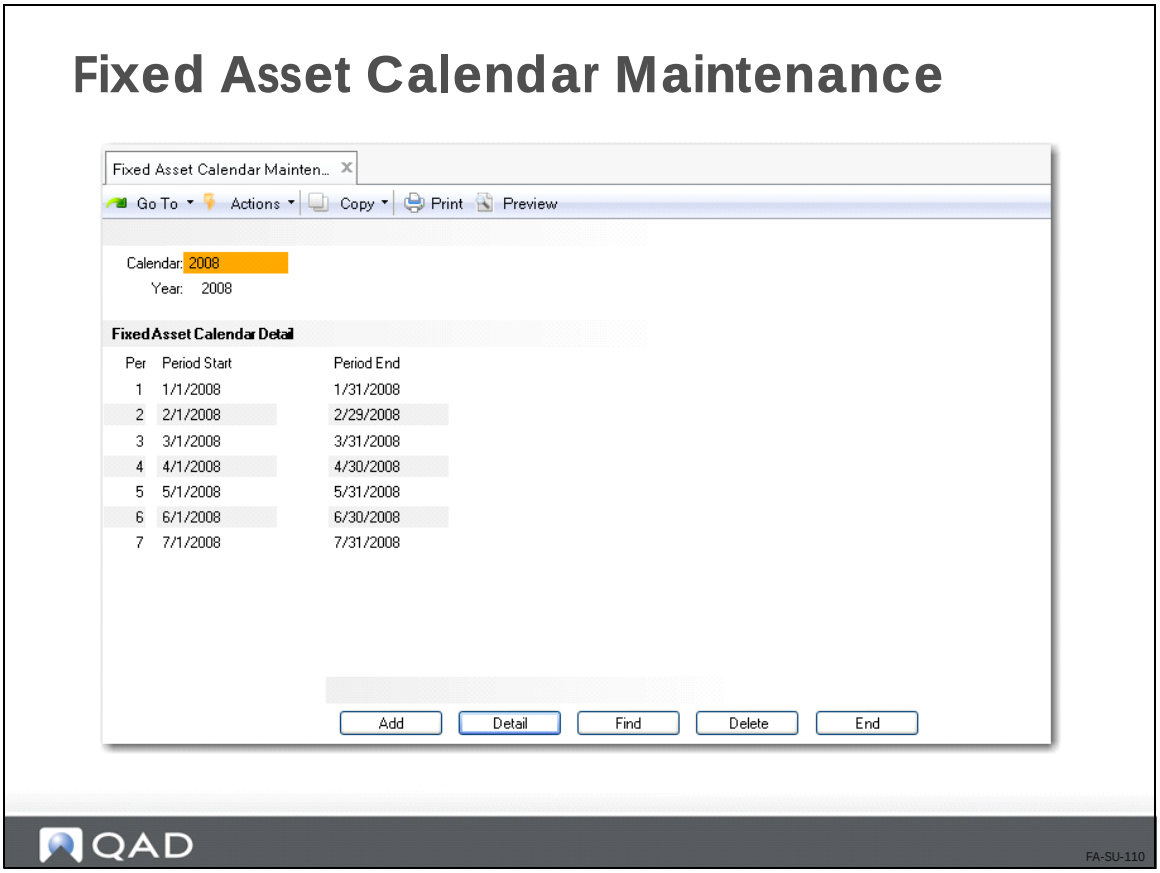
Define Fixed Asset Calendar



Occasionally assets assigned to non-posting books use a calendar other than the GL calendar. A fixed asset calendar can be set up to use in those instances. This information is used as the default when setting up assets in Fixed Asset Maintenance (32.3).

Note A fixed asset calendar cannot be associated with posting books. Posting books automatically follow the fiscal calendar as defined in GL Calendar Maintenance (25.3.4). Non-posting books can use a fixed asset calendar.

Fixed Asset Calendar Maintenance (32.1.5)



Use Fixed Asset Calendar Maintenance to set up optional calendars for non-posting books.

- Associate a fixed asset calendar with non-posting books in Book Maintenance (32.1.9)
- Fixed asset calendars are optional
- Fixed asset calendar maintenance determines which periods are active

Calendar ID. •A unique ID identifying this calendar

- Can be up to eight characters
- Used when specifying a calendar for non-posting books in Book Maintenance (32.1.9)

Year. •The year that applies to this calendar

Period Start. •Start date for this period

- Default is one day after the previous Period Finish date
- Periods cannot overlap

Period End. •Ending date for this period

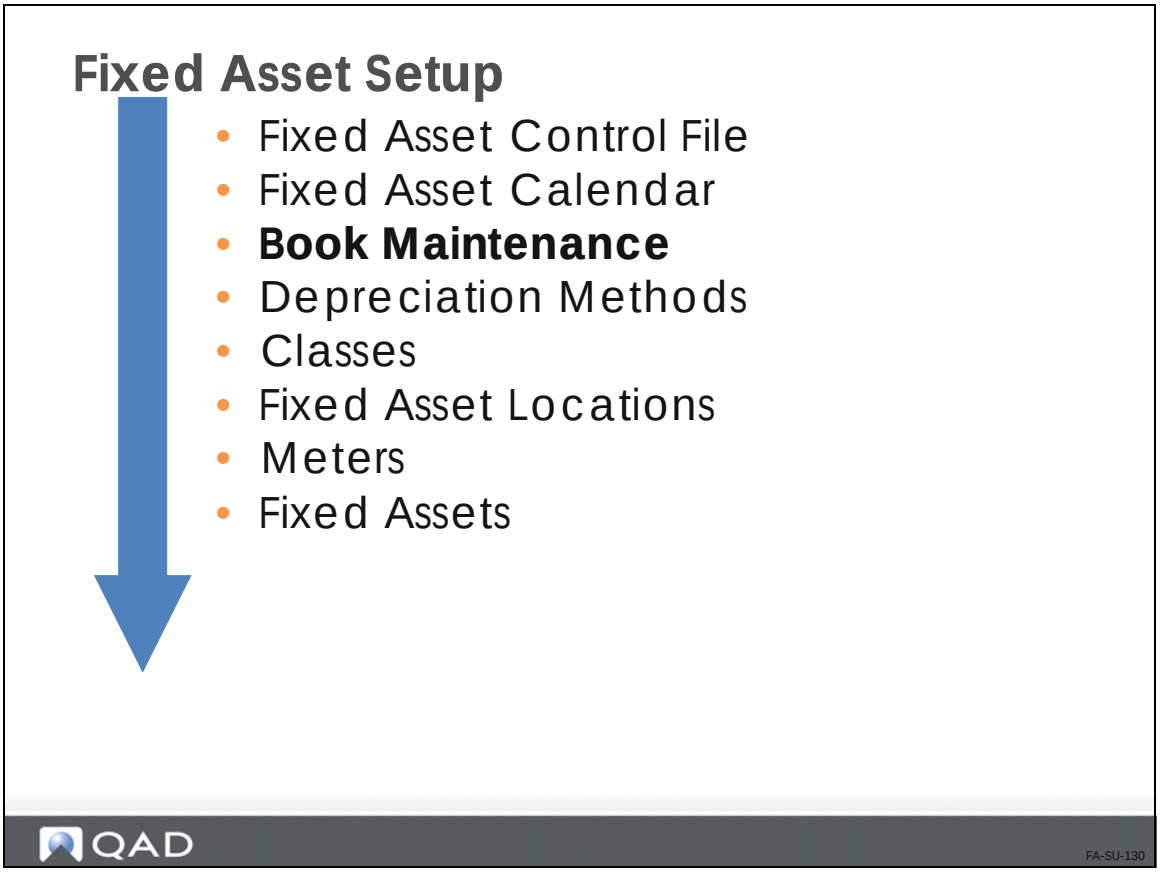
- Periods cannot overlap

Exercise: Fixed Asset Calendar

1 Create a fixed asset calendar for non-posting books. Which calendar(s) might apply to your company? Set up a calendar for the current year, giving it twelve months, each period starting on the first of the month and ending on the last day of the month.

Note Fixed Asset Calendar Maintenance (32.1.5)

Define Posting and Non-Posting Books

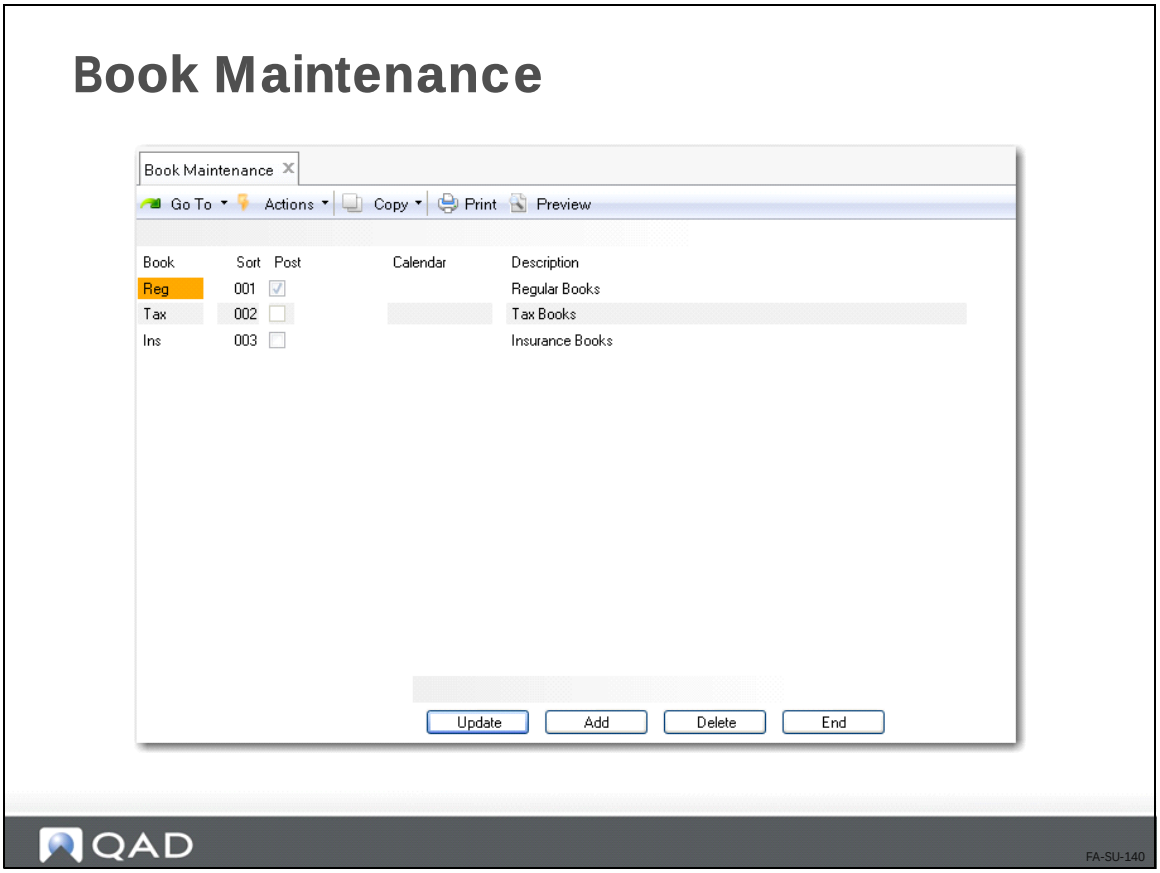


Any fixed assets that are depreciated must be assigned to a posting book. You can set up unlimited non-posting books, but can only setup one posting book.

For each book, specify:

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

Book Maintenance (32.1.9)



Use Book Maintenance to set up depreciation books for fixed assets.

Book. •Unique ID identifying the fixed asset book

- Information set up here establishes default book information for assets set up in Fixed Asset Maintenance (32.3)

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

Posting. •If Yes, this book posts to the GL

- Referred to as the posting book
- Posting books always follow the GL calendar

Calendar. •If a non-posting book, enter the calendar ID for the calendar you want associated with this non-posting book

Description. •Description of this fixed asset book

- Can be up to 30 characters
- Displays on various reports and inquiries

Update function modifies an existing book. The Add button is used to create a new book. Use Delete to delete a book.

Note You cannot delete a book that is associated with an asset.

Once a book is set up, assign assets to it in Fixed Asset Maintenance (32.3) or assign it to classes in Class Maintenance (32.1.17).

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.

Note Only the posting book affects the GL.

Exercise: Create Books

Create two books, one posting and one non-posting.

Note Remember to choose the Add navigation button to add a new book.

1 Posting book

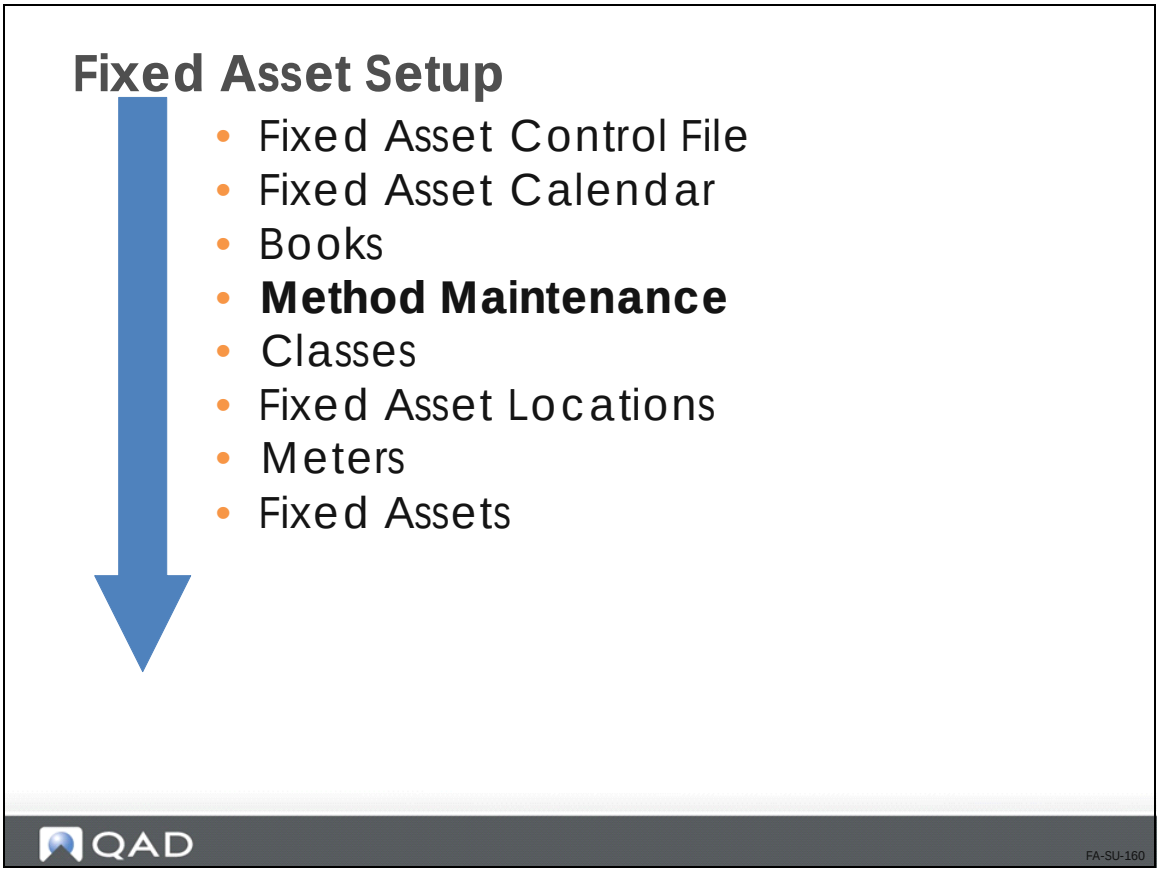
Field	Data
Book	FIN
Sort	<Default>
Post	Yes
Calendar	<blank>
Description	Financial Posting Book

2 Non-Posting book

Field	Data
Book	TAX
Sort	<Default>
Post	No
Calendar	<blank>
Description	Tax Non-Posting Book

Note Book Maintenance (32.1.9)

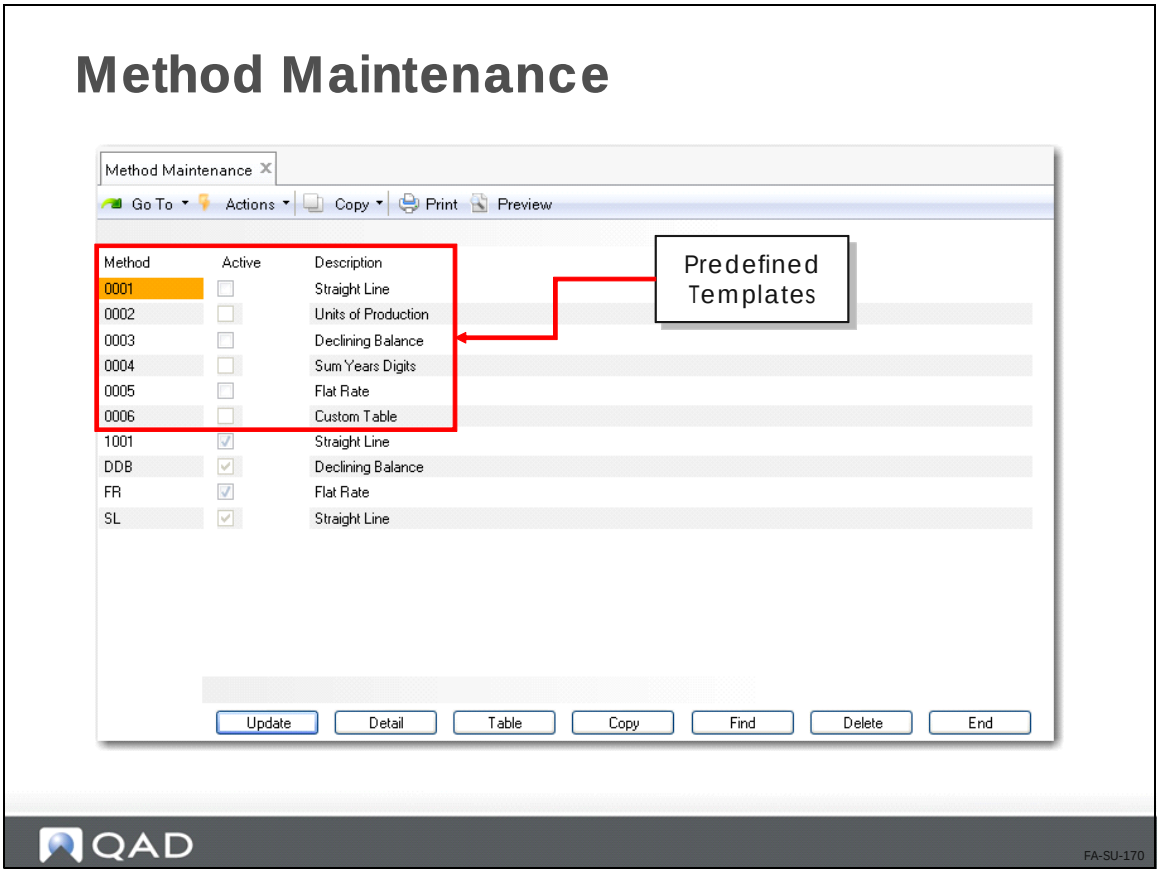
Define Depreciation Methods



Methods identify how annual depreciation is calculated for the asset.

- There are several methods for calculating depreciation
- Assets can have depreciation calculated one way for tax reporting purposes
- Assets can have depreciation calculated another way 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

Method Maintenance (32.1.1)



Use Method Maintenance to specify the depreciation methods to be used.

- Depreciation allocates an asset's cost to periods in its service life
- Depreciation effects both tax and financial reporting
- Active depreciation methods are assigned to an asset in Fixed Asset Maintenance (32.3)
  - Can be assigned as class defaults in Class Maintenance (32.1.17)
- Cannot modify methods that are assigned to assets

QAD Enterprise Applications supports the following depreciation methods:

- Straight-Line
- Declining Balance
- Sum-of-Years'-Digits
- Flat Rate
- Units of Production
- Custom Table

Method. •A four-character ID that is the identifier for the copied depreciation method

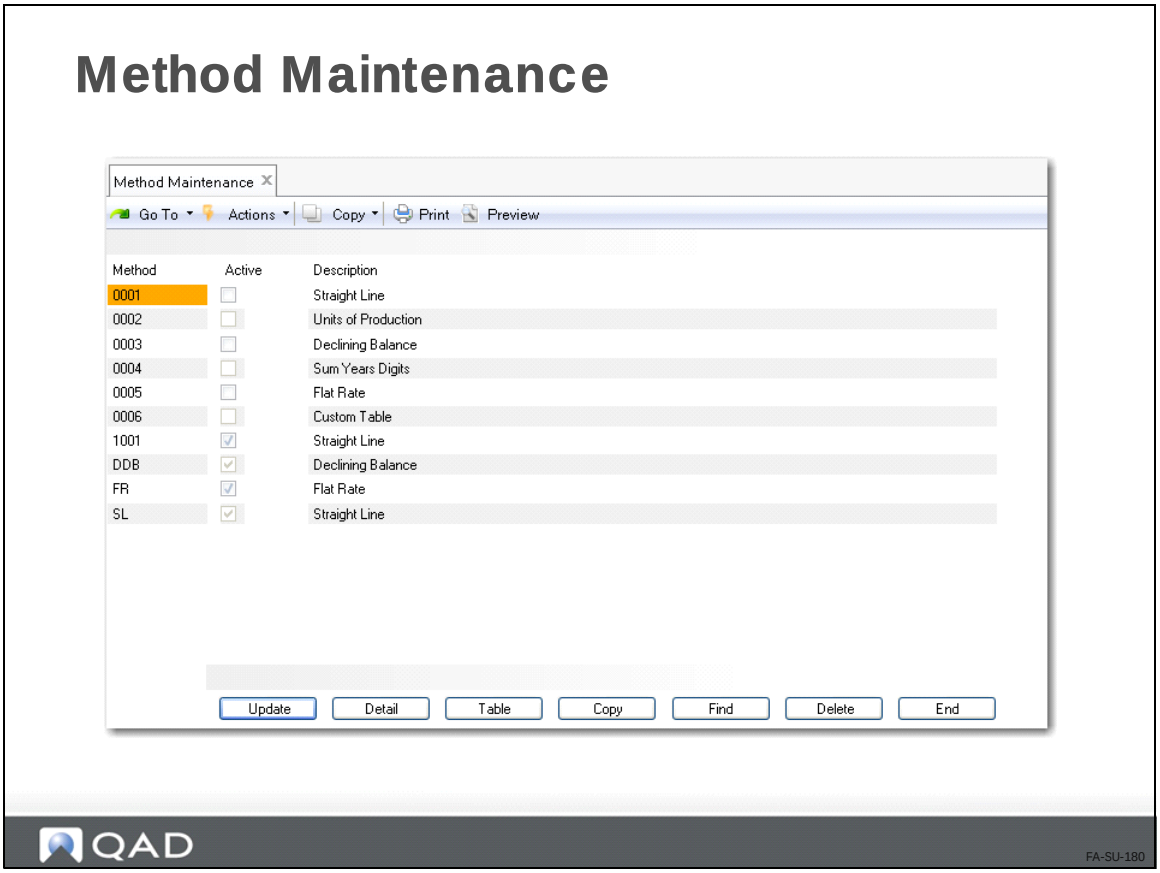
- Field is alphanumeric
- Cannot start with a zero

Note Methods starting with a zero are QAD Enterprise Applications supplied depreciation methods. To use an QAD Enterprise Applications supplied depreciation method, you must copy it and then make it active.

Active. •Yes indicates that this method is active

- Enter No if it is not active
- Active is always set to No for QAD Enterprise Applications supplied depreciation methods and cannot be changed
- If flag is changed from Yes to No and this method is used by any classes, update the classes to use another active method
  - If classes are not updated, an error appears that the method is inactive

Method Detail



To get to Method Detail, use the Detail button in Method Maintenance (32.1.1).

Convention. •Determines how much depreciation is taken in the first and last period of an asset's life

- Specific numbers correspond to conventions

QAD Enterprise Applications supplies the following conventions:

- 1: Full Period
- 2: Half Period
- 3: Next Period
- 4: Full Quarter
- 5: Half Quarter
- 6: Full Year
- 7: Half Year
- 8: Modified Half Year Version 1
- 9: Modified Half Year Version 2

Switch to Straight Line. •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. •A percentage 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. •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

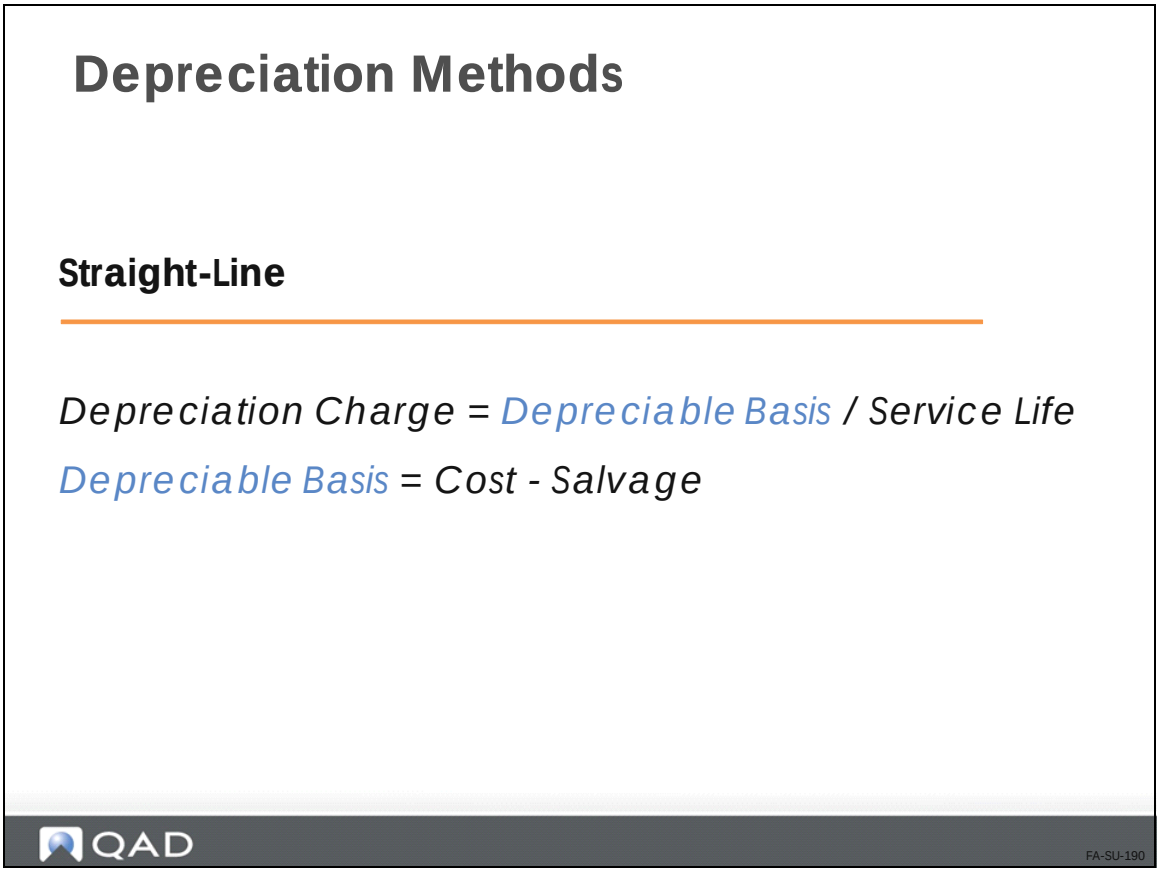
- After the annual depreciation is calculated, it is divided by a standard 365 to determine the calendar-day depreciable expense
  - Depreciation expense for each period is defined as the number of calendar days in the period times the daily depreciation expense

Expected Life. •This is the expected useful life for assets depreciated by this method

- 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 32.1.17 and Fixed Asset Maintenance 32.3

Depreciation Methods



Straight-Line

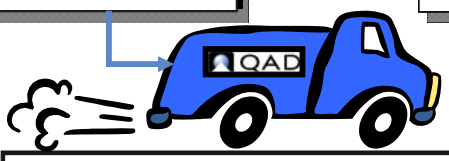
- Allocates the asset's cost evenly over its service life

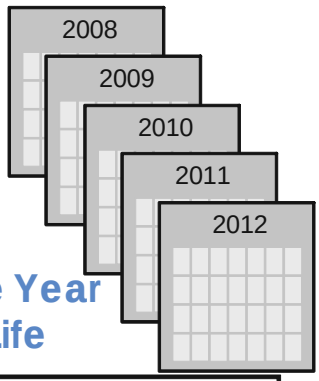
Example A company purchases a $20,000 car that has a $2,000 salvage value and a 5 year service life.

Example – Straight-Line Depreciation Schedule

Purchase for $20,000

– Salvage of ($2,000)





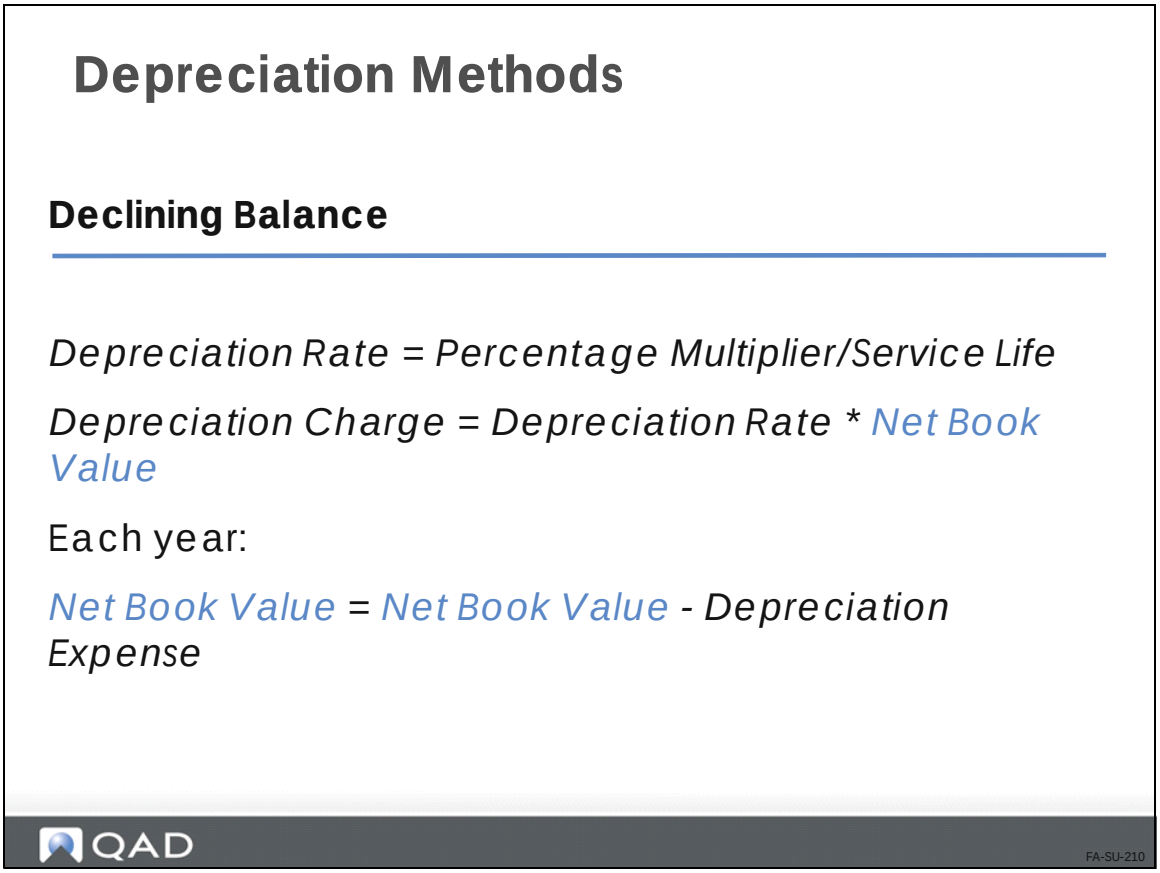
Five Year Life

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

QAD

FA-SU-200

Declining Balance



- An accelerated method that provides higher depreciation charges in the earlier years of the asset's life
- Lower depreciation charges in the later years
- 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's service life

Example – Declining Balance

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%	$1,440.60

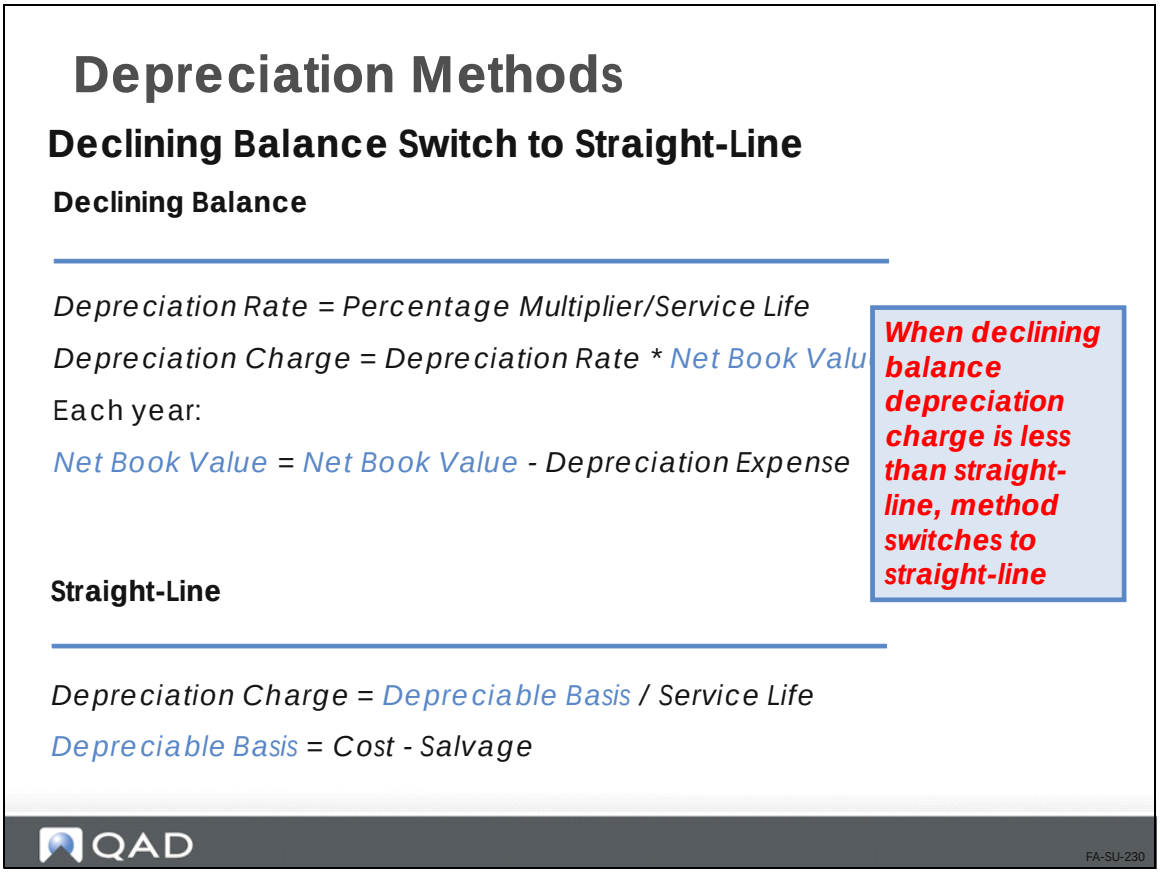
$4,802.00
- 1,440.60
3,361.40 Left on the Books till Asset Retired

QAD FA-SU-220

Example A company purchases a $20,000 car that has a $2,000 salvage value and a 5 year service life. The company uses a percentage multiplier of 150% to calculate the depreciation for the automobile. The annual depreciation rate ID calculated by annualizing the percentage multiplier over the automobile's service life.

With the declining balance method, $3,361.40 ($4,802 - $1,440.60) of the asset's cost is not depreciated.

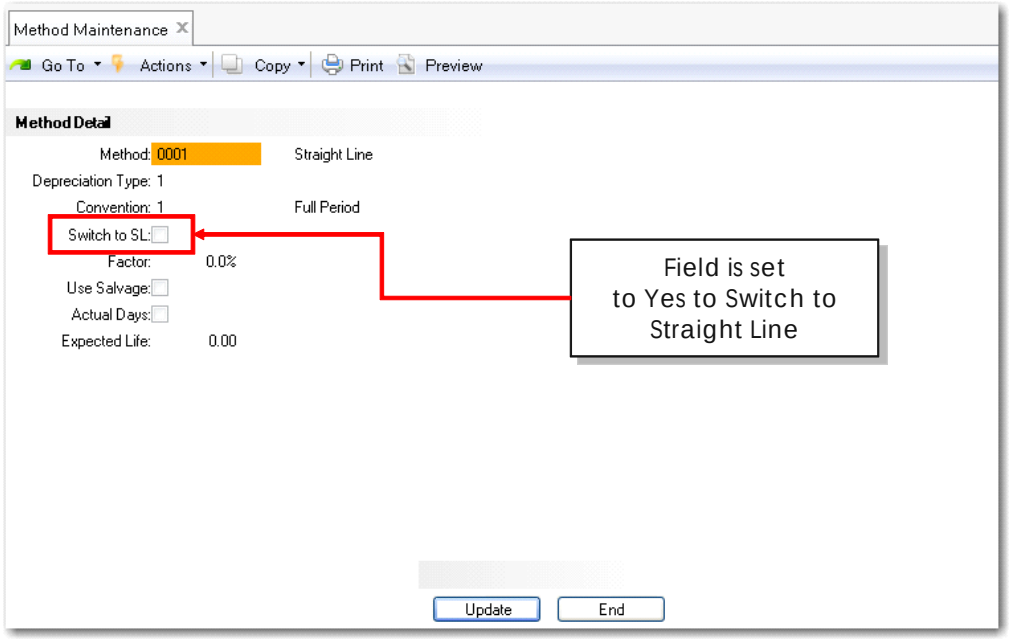
Declining Balance Switch to Straight-Line



- Declining balance does not depreciate the asset to zero
- Can choose to switch the declining balance method to straight-line when the depreciation calculated by straight-line is greater than the amount calculated by the declining balance method
  - Change the Switch to Straight Line field to Yes in Method Maintenance Detail 32.1.1
  - This method fully depreciates the asset
- Uses the same equations as the standard declining balance and straight-line methods
- The above illustrated equation is used when the sum of the depreciation is greater than the basis amount

The Switch to Straight Line option must be set to Yes to use Declining Balance Switch to Straight-Line Method.

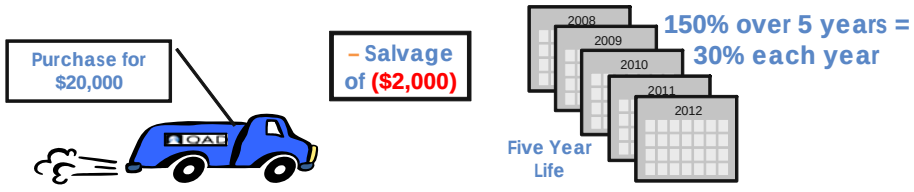
Method Detail



QAD

FA-SU-240

Declining Balance Switch to Straight-Line



Year	Net Book Value	Declining Balance Depreciation	Straight-Line Depreciation	Declining-Balance Switch to Straight-Line Depreciation	Accumulated Depreciation
1	$18,000	$6,000	$3,600	$6,000	$6,000
2	$12,000	$4,200	$3,600	$4,200	$10,200
3	$7,800	$2,940	$3,600	$3,600	$13,800
4	$4,200	$2,058	$3,600	$3,600	$17,400
5	$600	$1,440.60	$3,600	$600	$18,000

QAD FA-SU-250

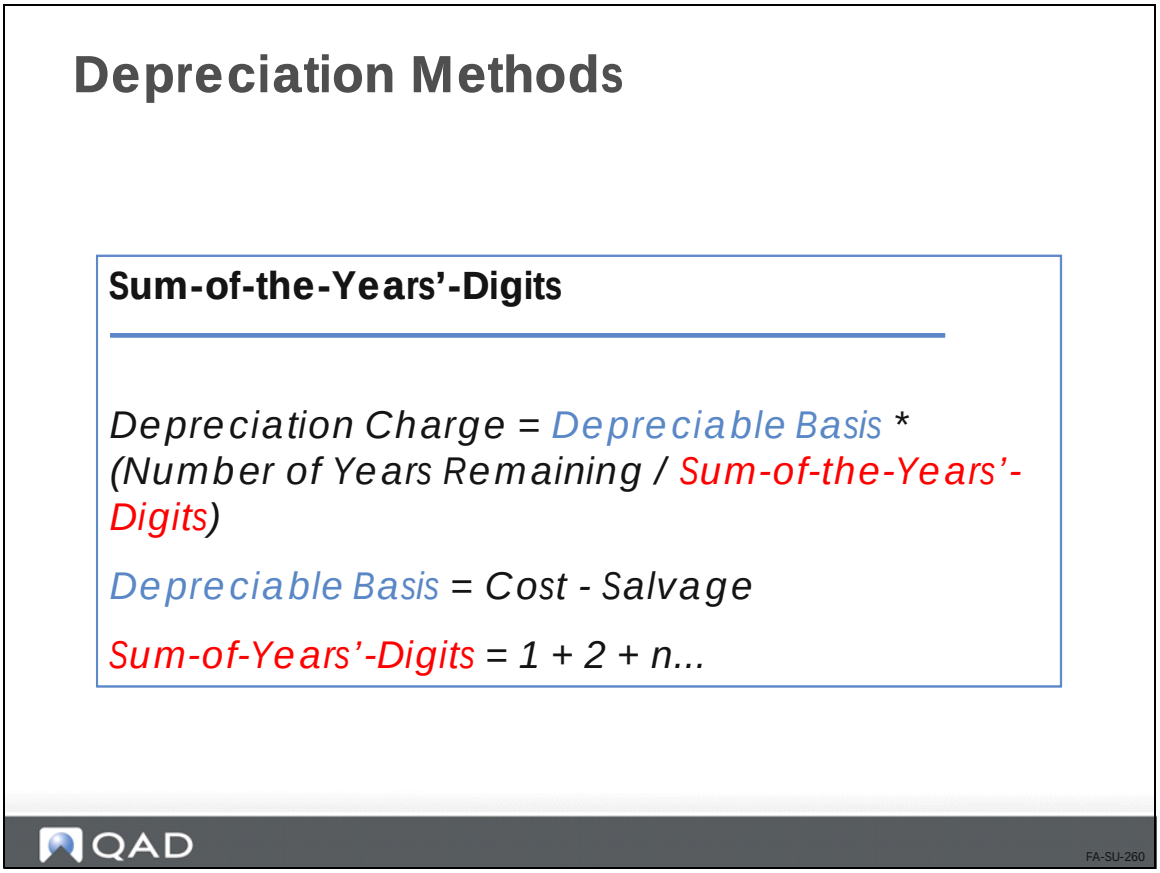
Example A company purchases a $20,000 car that has a $2,000 salvage value and a 5 year service life. The company uses a percentage multiplier of 150% to calculate the depreciation for the automobile. The annual depreciation rate is calculated by annualizing the percentage multiplier over the automobile's service life.

In year 3, the declining balance depreciation charge is less than the straight-line. Therefore, the method switches to straight-line.

In year 5, the accumulated depreciation exceeds the asset's depreciable basis and therefore must be adjusted. The following equation is used:

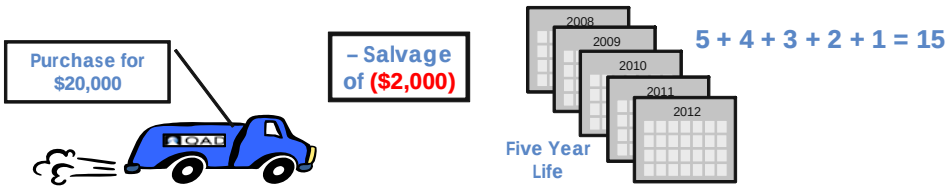
Depreciation Charge = $18,000 - $17,400 = $600

Sum-of-the-Years'-Digits



- An accelerated method that provides a decreasing fraction to the asset's depreciable basis
- Annual depreciation is calculated by applying a fraction to the assets depreciable basis
- Each fraction uses the sum of the years' digits as the denominator
- Remaining years in the asset's service life is the numerator
  - Numerator decreases each year while the denominator remains constant

Example – Sum-of-the-Years'-Digits



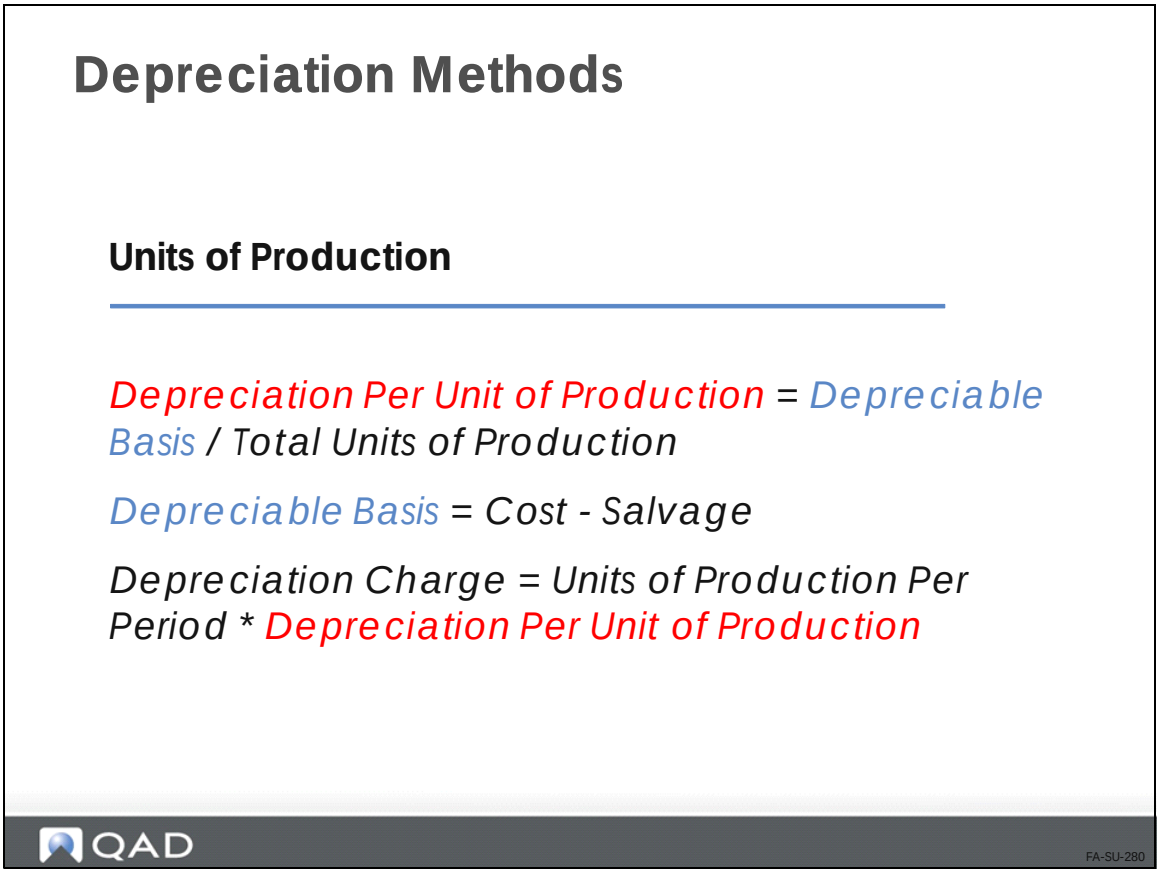
Year	Remaining Life	Depreciation Fraction	Calculation	Depreciation Expense
1	5	5/15	$18,000 * (5/15)	$6,000
2	4	4/15	$18,000 * (4/15)	$4,800
3	3	3/15	$18,000 * (3/15)	$3,600
4	2	2/15	$18,000 * (2/15)	$2,400
5	1	1/15	$18,000 * (1/15)	$1,200

QAD

FA-SU-270

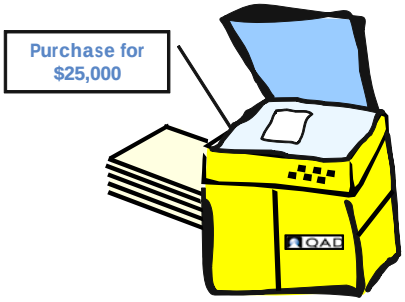
Example A company purchases a $20,000 car that has a $2,000 salvage value.

Units of Production



- Calculates depreciation based on items produced or units consumed from the asset

Example – Units of Production



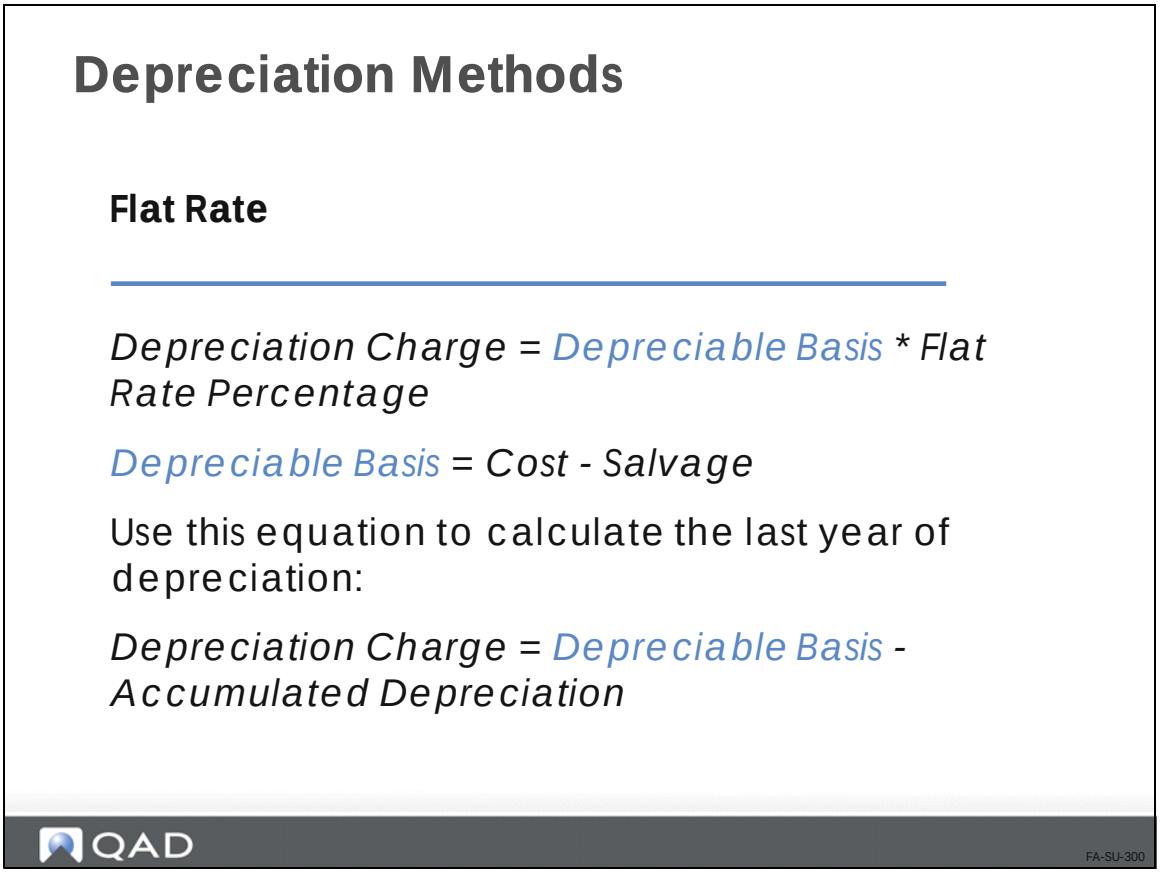
Year	Units of Production Per Period	Calculation	Depreciation Expense
1	30,000	30,000 * $0.15	$4,500
2	25,000	25,000 * $0.15	$3,750
3	20,000	20,000 * $0.15	$3,000
4	40,000	40,000 * $0.15	$6,000
5	30,000	30,000 * $0.15	$4,500

QAD

FA-SU-290

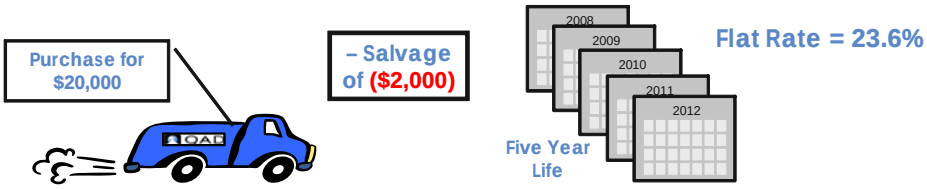
Example A company purchases a $25,000 copier with a $2,000 salvage value. The machine is expected to produce 150,000 units over its service life.

Flat Rate



- Calculates depreciation by using a constant percentage and multiplying it by the depreciable basis over the asset's service life until the sum of the depreciation is greater than the basis amount
- The final year of depreciation is adjusted so that the total of depreciation equals the basis amount

Example – Flat Rate



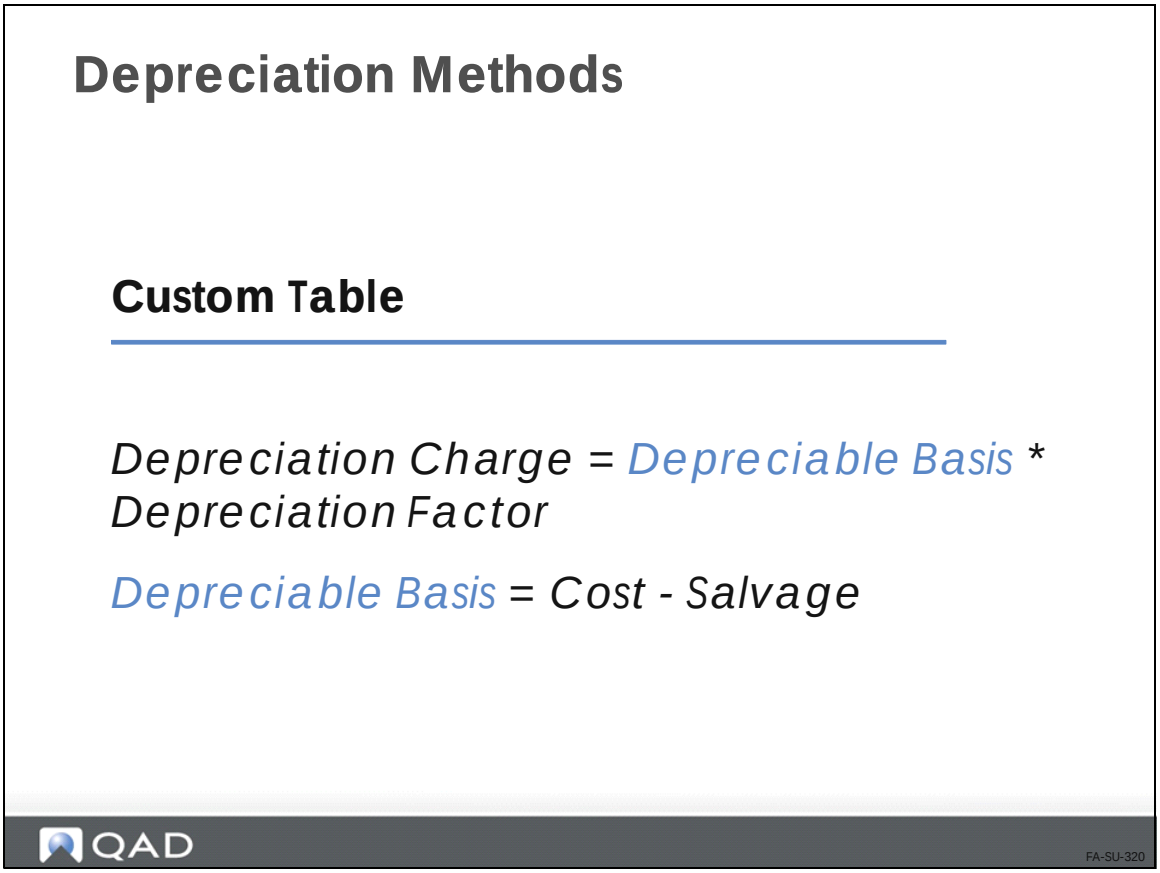
Year	Flat Rate	Calculation	Depreciation Expense	Accumulated Depreciation
1	23.6%	$18,000 * 23.6%	$4,248	$4,248
2	23.6%	$18,000 * 23.6%	$4,248	$8,496
3	23.6%	$18,000 * 23.6%	$4,248	$12,744
4	23.6%	$18,000 * 23.6%	$4,248	$16,992
5	23.6%	$18,000 * 23.6%	$1,008	$18,000

QAD FA-SU-310

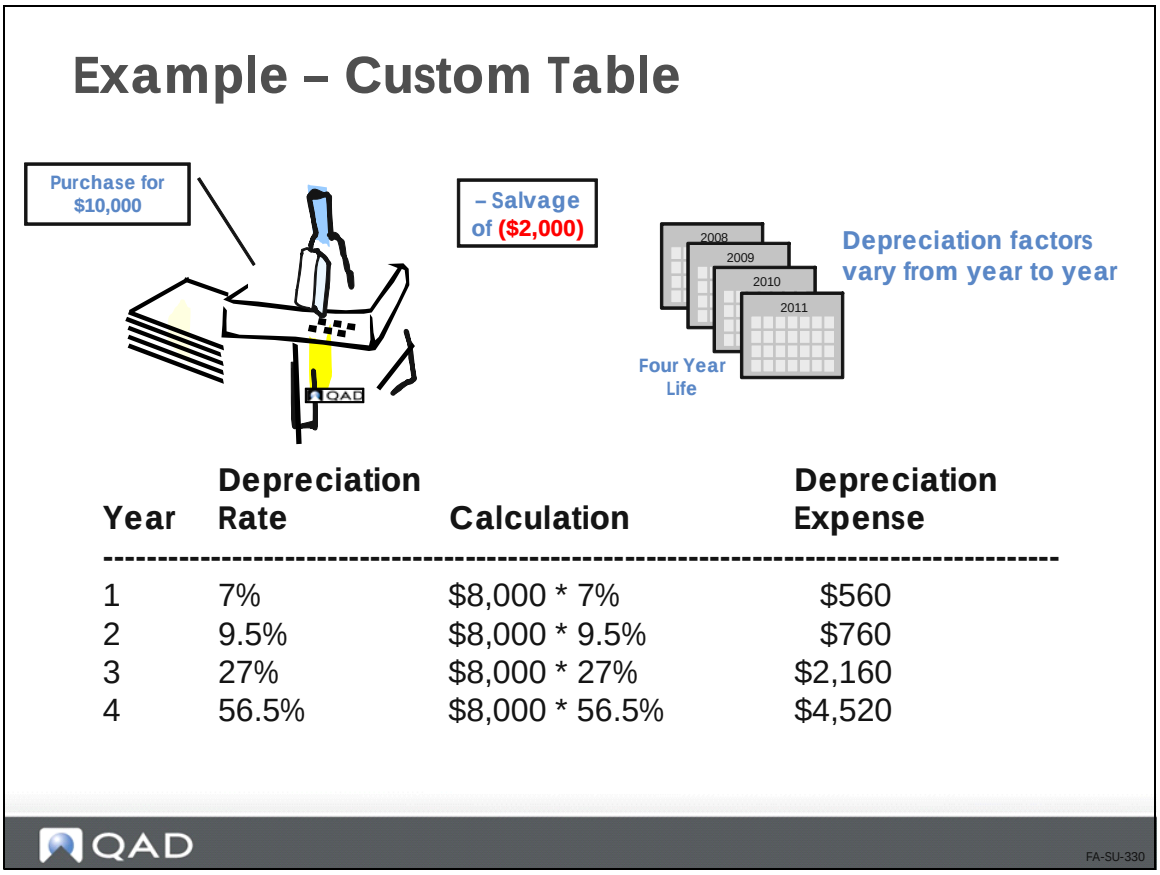
Example A company purchases a $20,000 car that has a $2,000 salvage value and a 5 year service life. The flat rate is 23.6%.

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

Custom Table



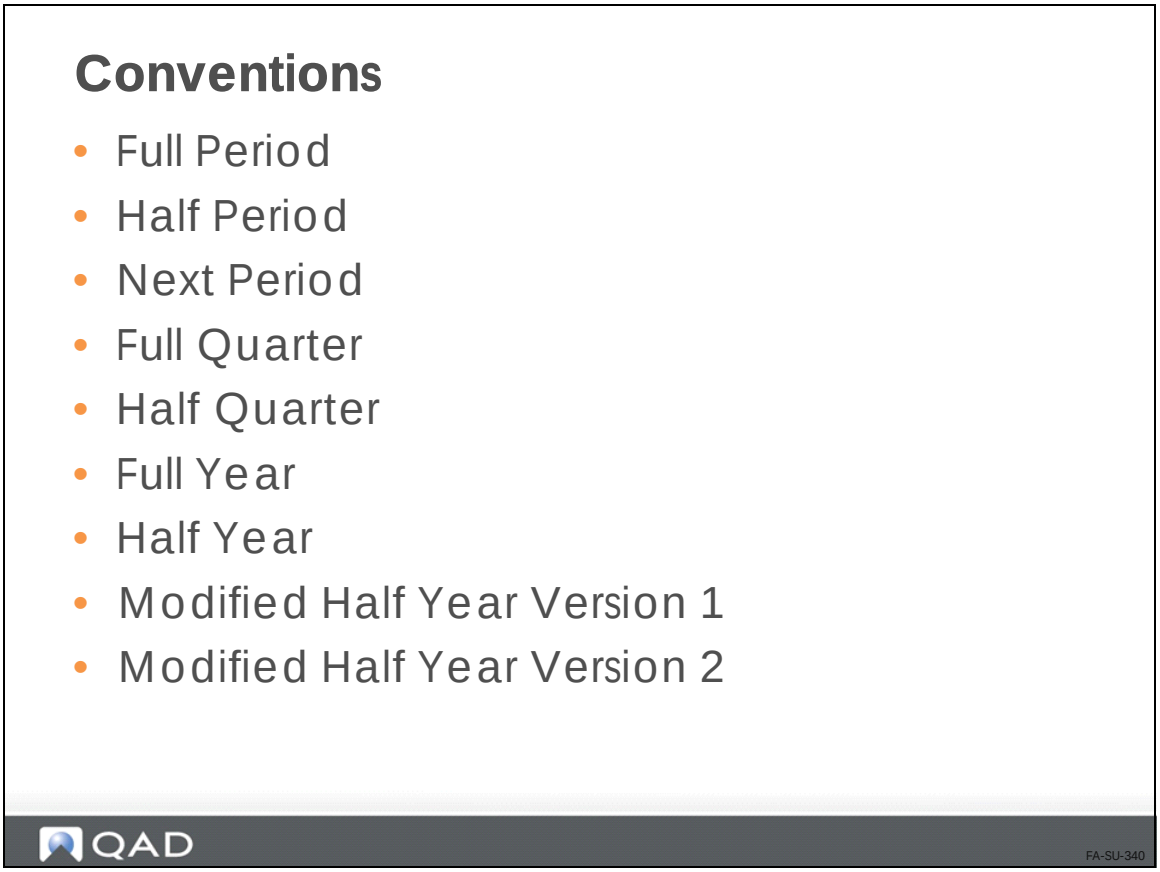
- Can be used as a substitute to the standard depreciation methods for calculating depreciation
- Depreciation is calculated by specifying a depreciation factor for each period and year of the asset's life
- Depreciation factors are user-defined and must equal 100% at the end of the asset's service life



Example A company purchases a $10,000 copier that has a $2,000 salvage value and a 4 year service life. The depreciation factors for each year of the asset's service life are:

Year	Depreciation Rate
1	7%
2	9.5%
3	27%
4	56.5%
Total	100%

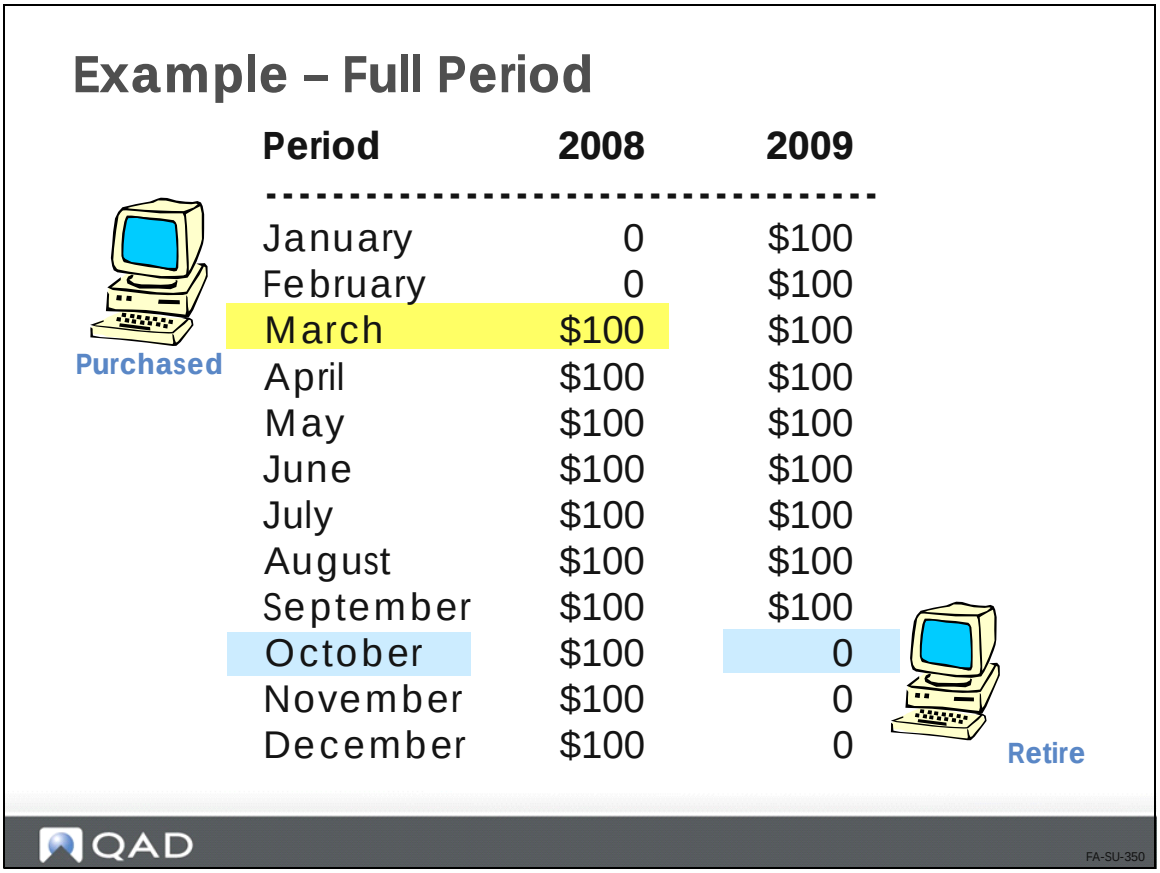
Conventions



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

The following examples illustrate how each convention works.

Full Period



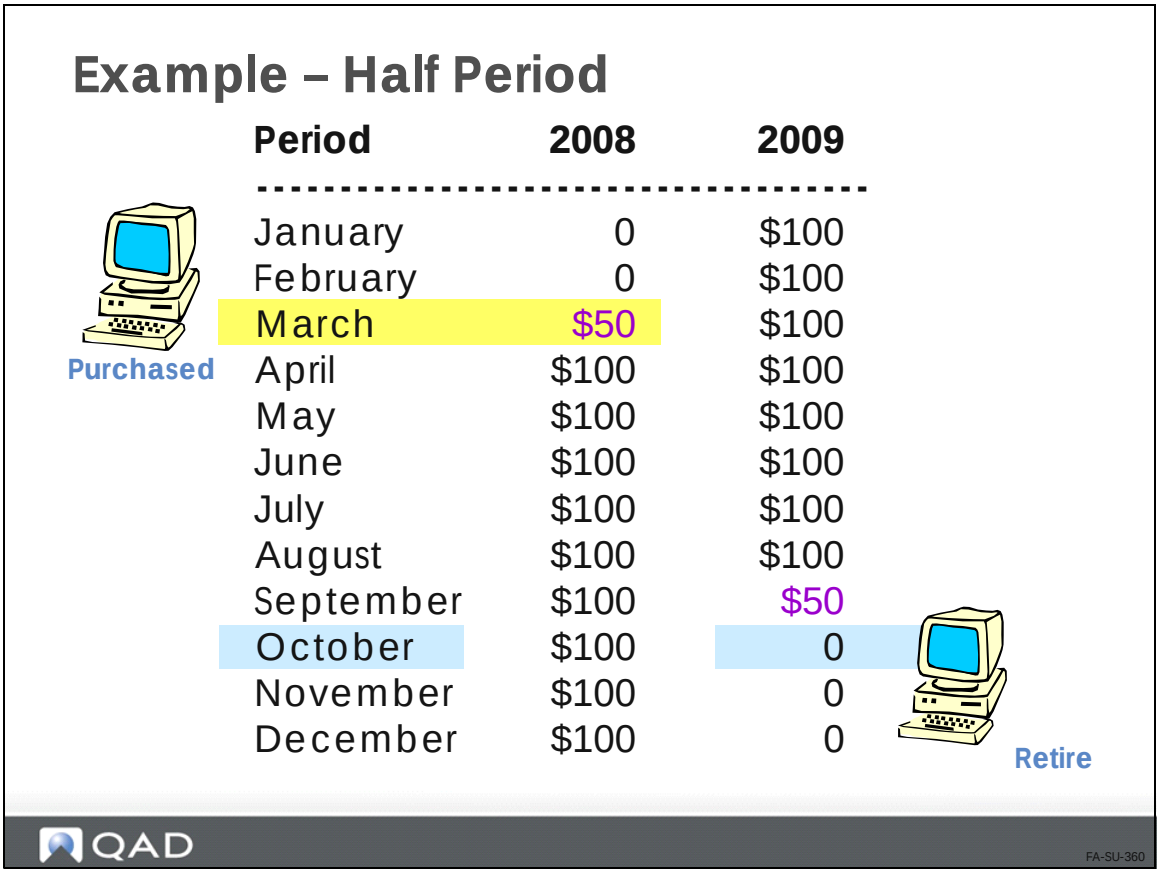
- Depreciation is calculated for the full period for the first period of an asset's life
- No depreciation is calculated for the last period
- Depreciation is calculated as if the asset was put into and taken out of service the first day of the month

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

The first year depreciation calculation is $1,200 and the depreciation per period is $100.

The computer is placed into service on March 14, 2008 and retired on October 13, 2009.

Half Period



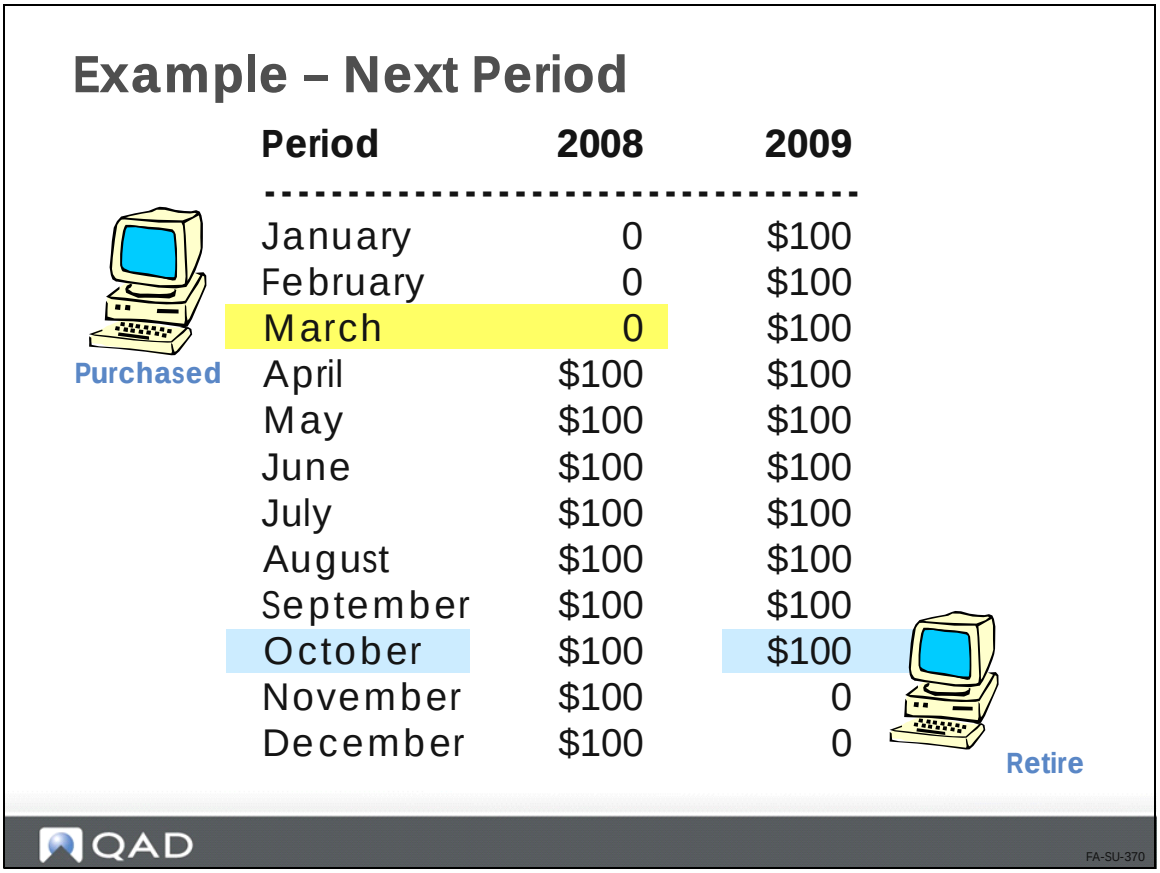
- Depreciation is calculated for a half period for the first and last period of the asset's life

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

The first year depreciation calculation is $1,200 and the depreciation per period is $100.

The computer is placed into service on March 14, 2008 and retired on October 13, 2009.

Next Period



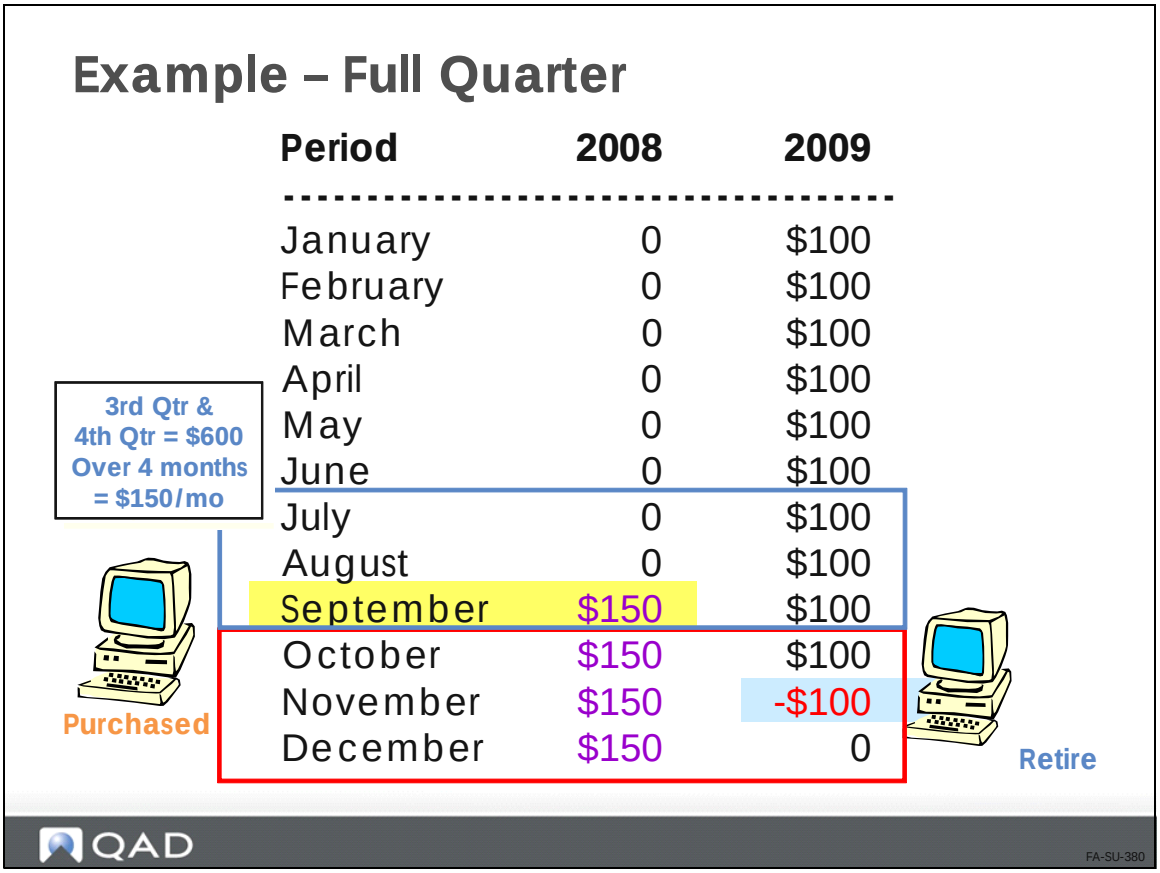
- Depreciation is calculated for the full period following the period that the asset was placed into service
- Depreciation is calculated for the full period in the last period of the asset's life

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

The first year depreciation calculation is $1,200 and the depreciation per period is $100.

The computer is placed into service on March 14, 2008 and retired on October 13, 2009.

Full Quarter



- Depreciation is calculated for the full quarter in the first quarter of the asset's life
- No depreciation is calculated in the last quarter

Example

- Computer is placed into service in the third quarter on September 14, 2008
- Retired in the fourth quarter on November 13, 2009

The following factors are used for calculation depreciation:

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

- First year depreciation and depreciation per period calculations are:

  *annual depreciation = $1,200 * 50% = $600*

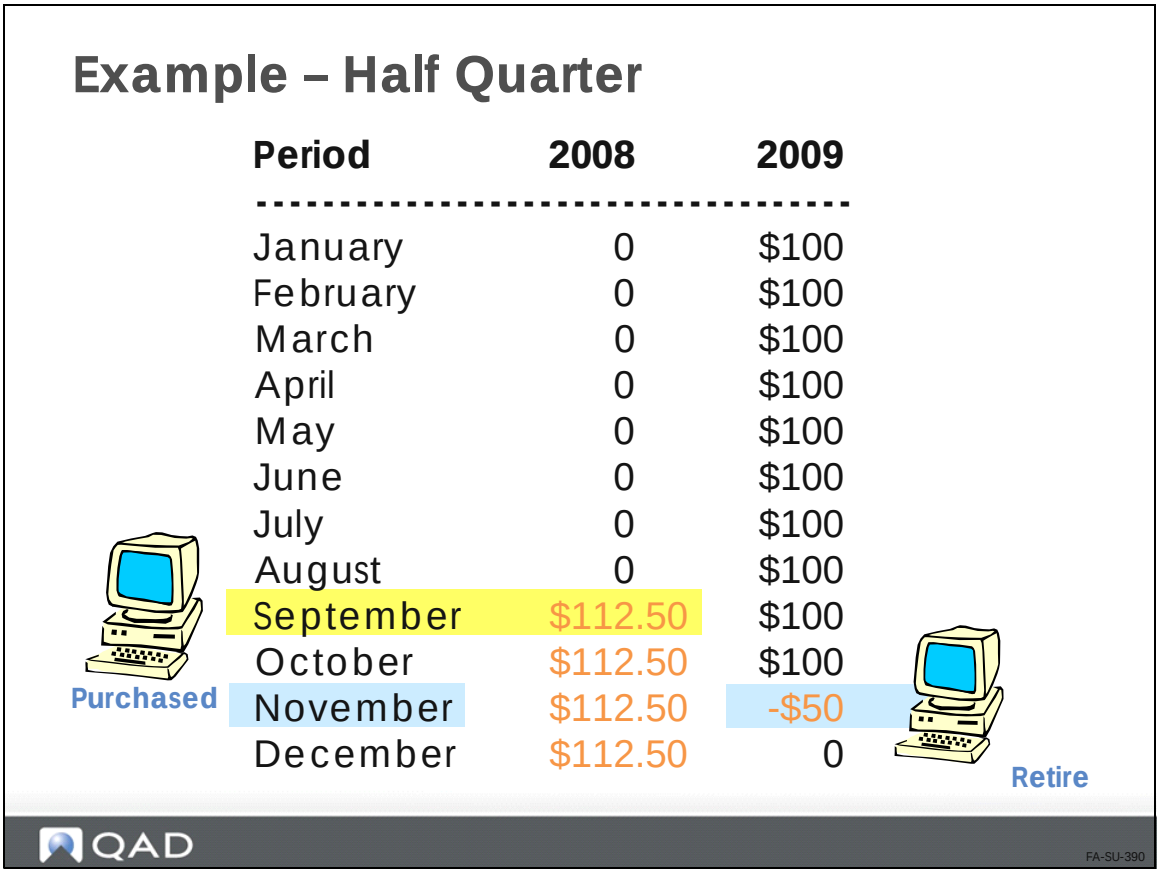
  depreciation per period = $600 / 4 = $150
- Retirement depreciation calculation is:

  *depreciation = $1,200 * 75% = $900*
- When computer is retired, $1,100 has already been taken in depreciation

- Difference of $200 ($1,100 - $900) in the depreciation calculation due to early retirement
  - Depreciation expense credit of $100 is applied in the retirement period

Note Depreciation would have already been taken for the month of November. Because no depreciation is taken in the last quarter when an asset is retired early, using the full-quarter convention, the depreciation expense is credited.

Half Quarter



- Depreciation is calculated for a half quarter in the first and last quarter of the asset's life

Example

- Computer is placed into service in the third quarter on September 14, 2008
- Retired in the fourth quarter on November 13, 2009

The following factors are used for calculation depreciation:

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%

- First year depreciation and depreciation per period calculations are:

  *annual depreciation = $1,200 * 37.5% = $450*

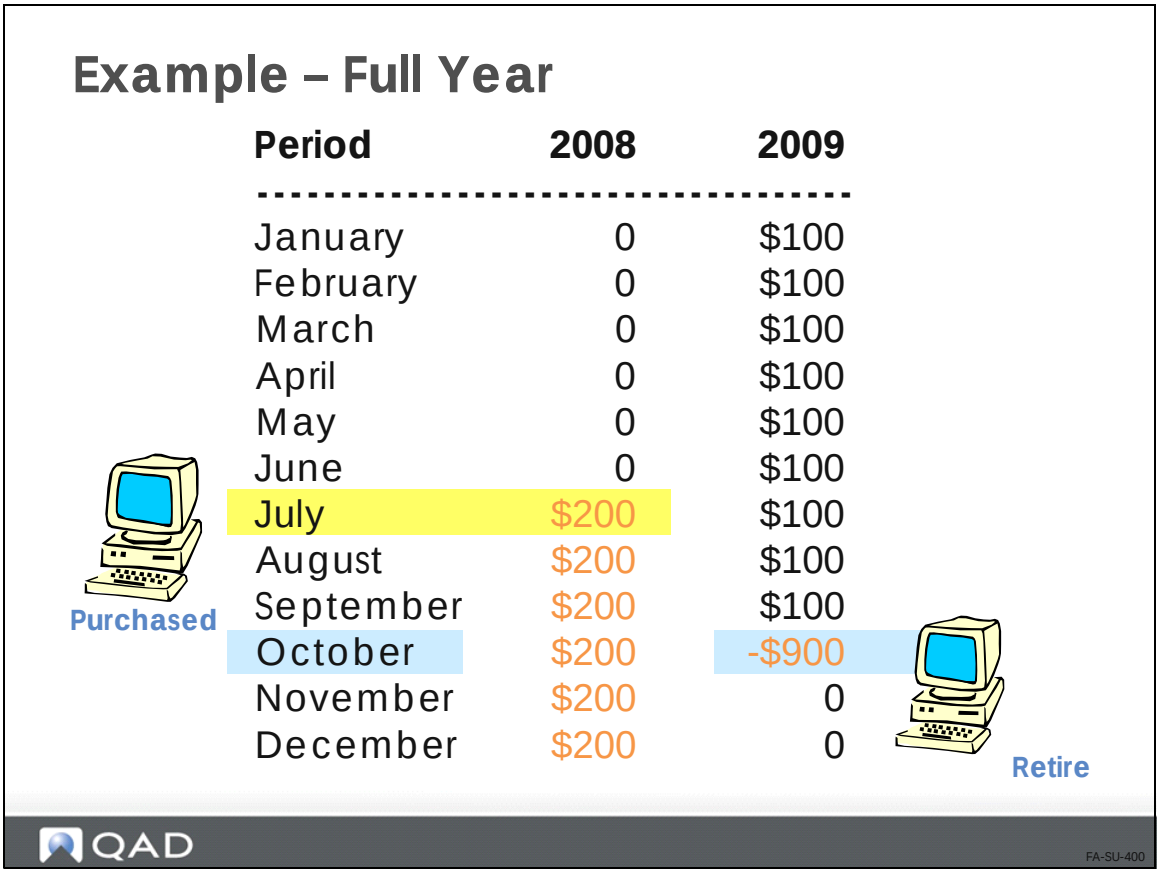
  depreciation per period = $450 / 4 = $112.50
- Retirement depreciation calculation is:

  *depreciation = $1,200 * 87.5% = $1050*
- When computer is retired, $1,100 has already been taken in depreciation
- Difference of 450 ($1,100 - $1,050) in the depreciation calculation due to early retirement

- Depreciation expense credit of $50 is applied in retirement period

Note Depreciation would have already been taken for the month of November. When the asset is retired early on November 13, only a half-quarter depreciation is taken in the last quarter, when using the half-quarter convention. Therefore, half the depreciation expense is credited.

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's life

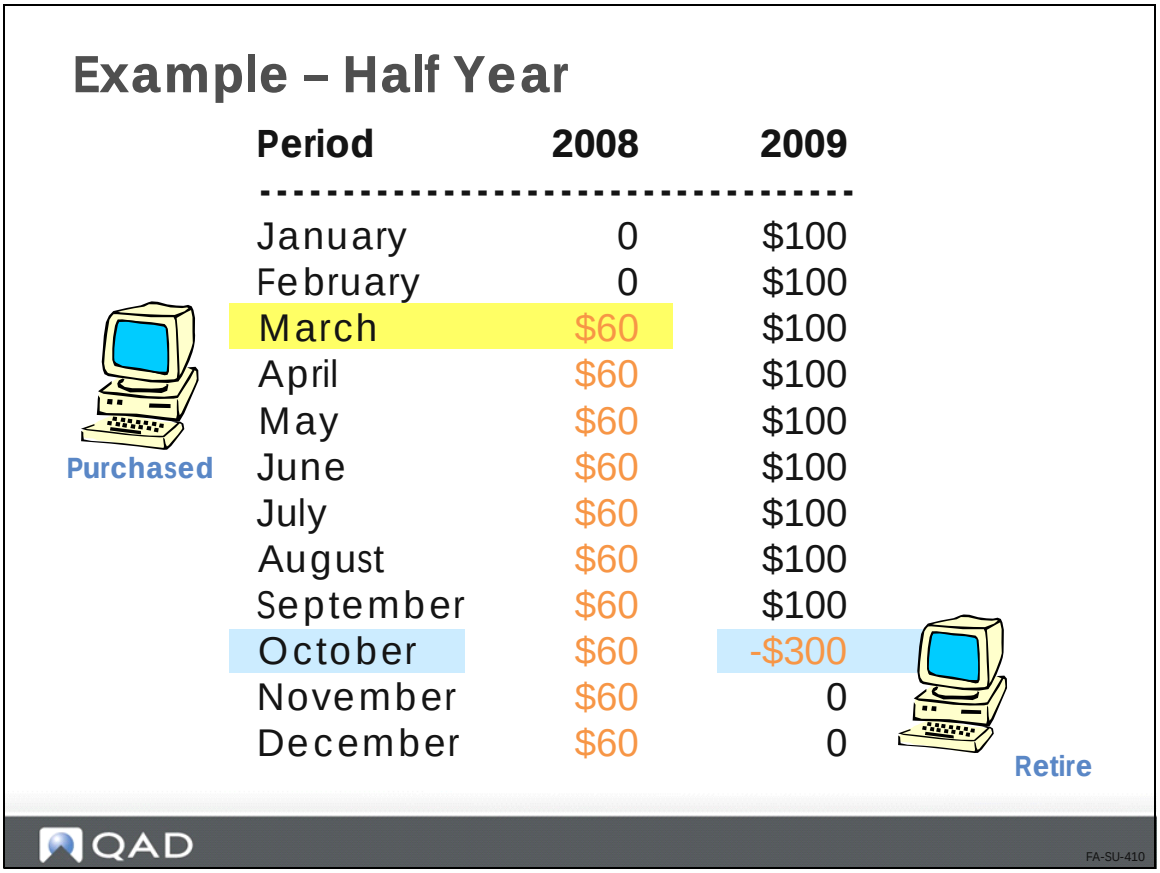
Example

- Computer is placed into service on July 14, 2008
- Retired on October 13, 2009
- First year of depreciation is allocated to 6 remaining periods

  depreciation per period = $1,200 / 6 = $200
- When computer is retired, $1000 has already been taken in depreciation
- Depreciation must be reversed in retirement period
  - A depreciation expense credit of $900 is applied in the retirement period

Note Depreciation would have already been taken for the month of October. When the asset is retired early on October 13, depreciation for the full year must be reversed in the retirement period, since no depreciation is taken in the last year of an asset's life, using the full-year convention.

Half Year



- Depreciation is calculated for a half year for the first and last year of the asset's life

Example

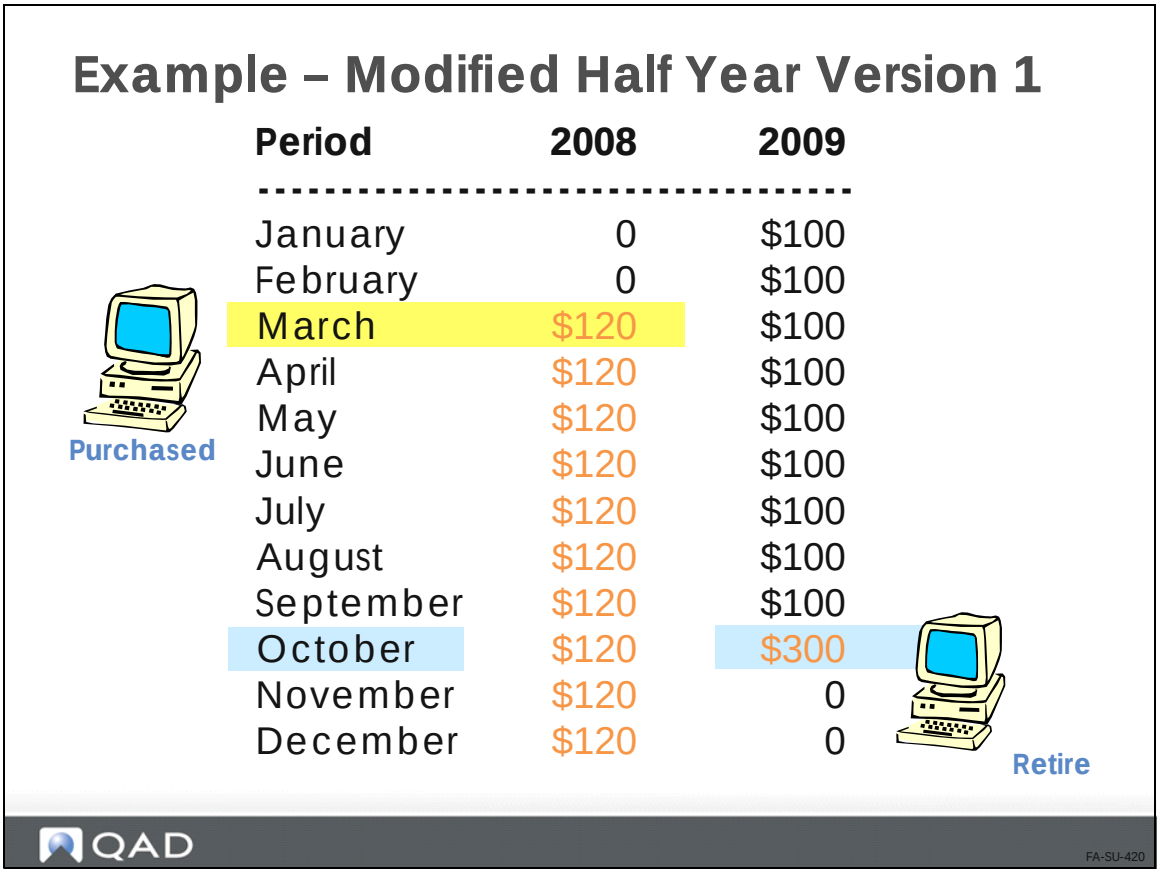
- Computer is placed into service on March 14, 2008
- Retired on October 13, 2009
- First year depreciation and depreciation for the 10 periods of ownership calculations are:

  annual depreciation = $1,200 / 2 = $600

  depreciation per period = $600 / 10 = $60
- Retirement depreciation calculation is:

  depreciation = $1,200 / 2 = $600
- When computer is retired $900 of depreciation has already been taken
  - Only $600 allowed in retirement year
  - Depreciation expense credit of $300 ($900 - $600) is applied in the retirement period

Modified Half Year Version 1



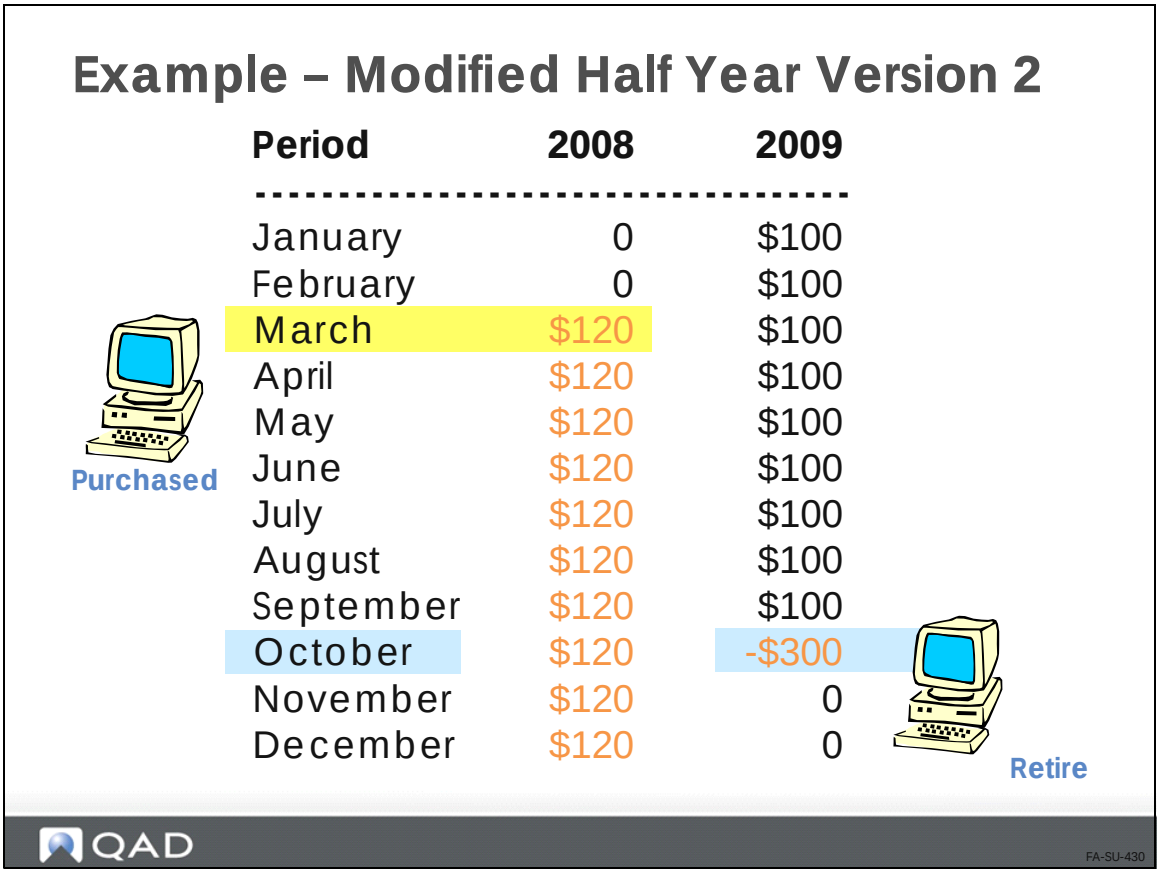
- If the asset is put into service in the first half of the year, a full year of depreciation is calculated for the year
- If the asset is put in service in the second half of the year, no depreciation is taken
- If the asset is disposed of in the first half of the year, no depreciation is calculated for the year
- If the asset is disposed of in the second half of the year, a full year's depreciation is taken

Example

- Computer placed into service March 14, 2008
- Retired on October 13, 2009
- Depreciation for 10 periods of ownership calculation is:

  depreciation per period = $1,200 / 10 = $120
- Full year of depreciation is taken, since computer is retired in second half of year
- Remaining depreciation for the year is added to the retirement period

Modified Half Year Version 2



- If the asset is put into service in the first half of the year, depreciation is calculated and taken for the full year
- If the asset is put in service in the second half of the year, a half year's 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's depreciation is calculated

Example

- Computer placed into service March 14, 2008
- Retired on October 13, 2009
- Depreciation for 10 periods of ownership calculation is:

  depreciation per period = $1,200 / 10 = $120
- Retirement depreciation calculation is:

  depreciation = $1,200 / 2 = $600
- When computer is retired, $900 of depreciation has already been taken
  - Only $600 is allowed in the retirement year
  - Depreciation must be reversed in retirement period
- Depreciation expense credit of $300 ($900 - $600) is applied in retirement period

Exercise: Create Depreciation Methods

Create depreciation methods using the following information.

Note Remember to copy an existing method and modify it as specified.

1 Choose Method 0001 Straight Line, then choose COPY.

Field	Data
Method	1001
Active	Yes
Description	Straight Line

2 Choose Detail button.

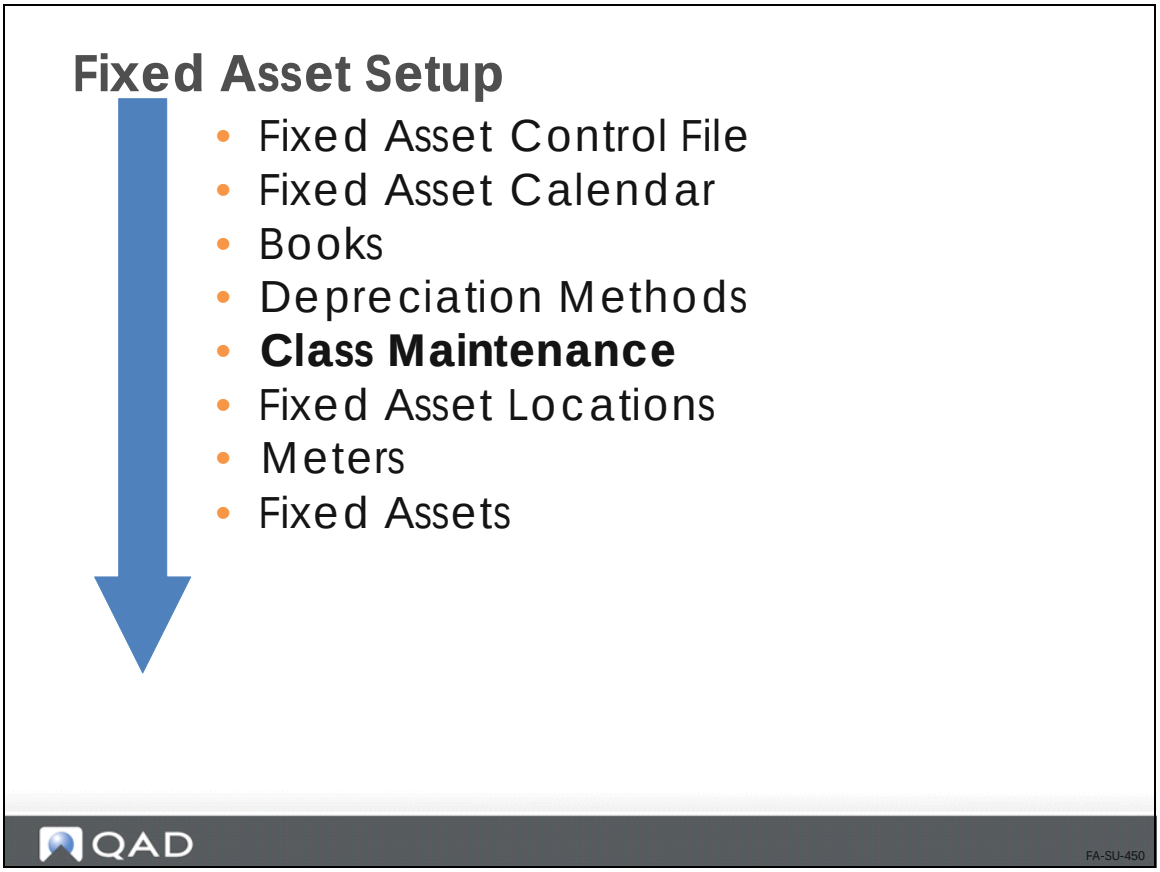
Field	Data
Convention	1
Use Salvage	No
Actual Days	No
Expected life	3

a Create a Declining balance, switch to straight line method; Method ID 1002, 200% declining, 5 year life. Be sure to set Switch to Straight Line field to Yes.

b Create a UOP method; Method ID 1003. Be sure to copy the existing method for UOP (0002). Set Use Salvage to No, Actual to No.

Note Method Maintenance (32.1.1)

Set up Classes



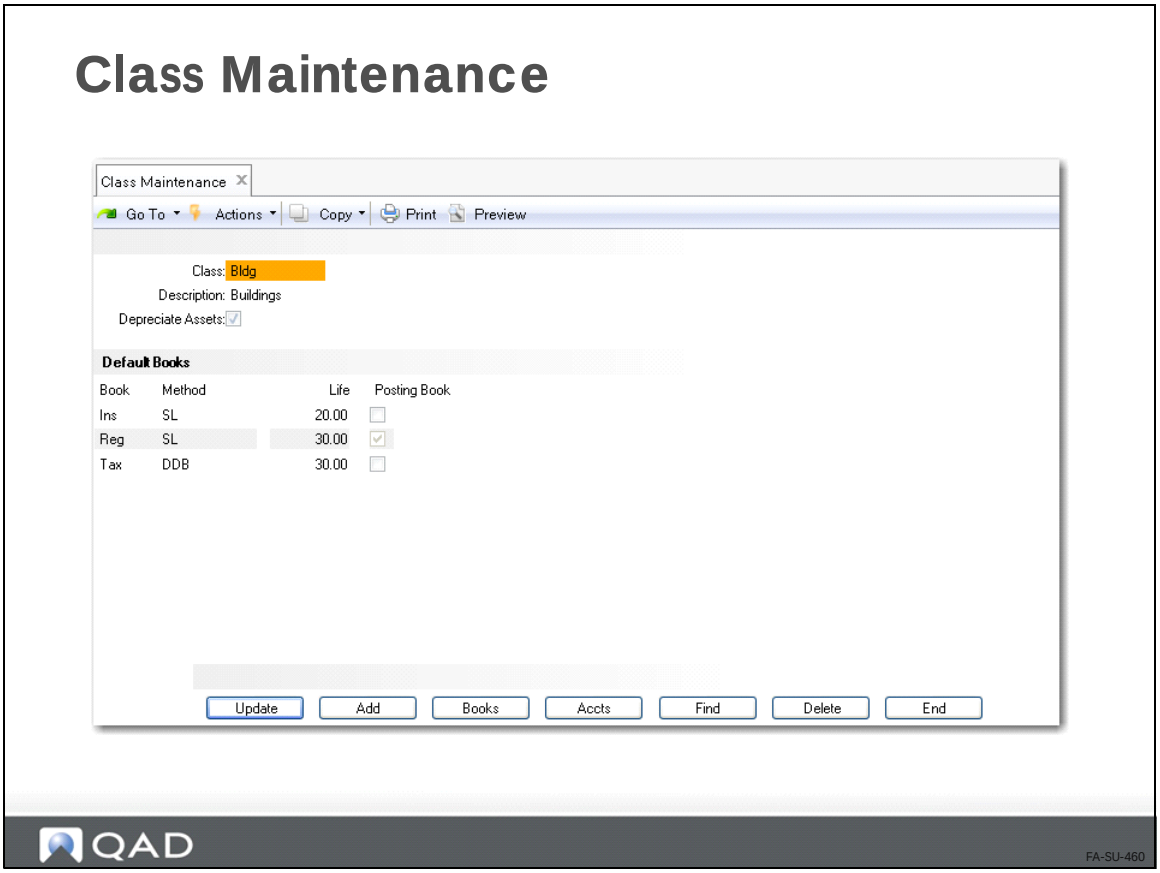
Classes provide default book and account information for assets. Depreciation for assets in the same class generally affects the same GL accounts for the asset investment, accumulated depreciation, and depreciation expense.

Criteria for setting up a class are:

- Items are similar and grouping is reasonable
- Items are related for accounting purposes
  - Items use the same GL accounts
- Items use the same book
- Items have the same service lives for calculating depreciation
- Items use the same depreciation methods for both book and tax purposes

Classes are assigned to assets in Fixed Asset Maintenance (32.3).

Class Maintenance (32.1.17)



Class ID. •A unique name that identifies the class

Description. •Describes the fixed asset class

- Displays on various reports and inquiries

Depreciate Assets. •Determines if assets using this class are depreciated

- If Yes, this class is depreciated

Book. •A pre-defined book for this class

- Any assets that are depreciated must be assigned to a posting book

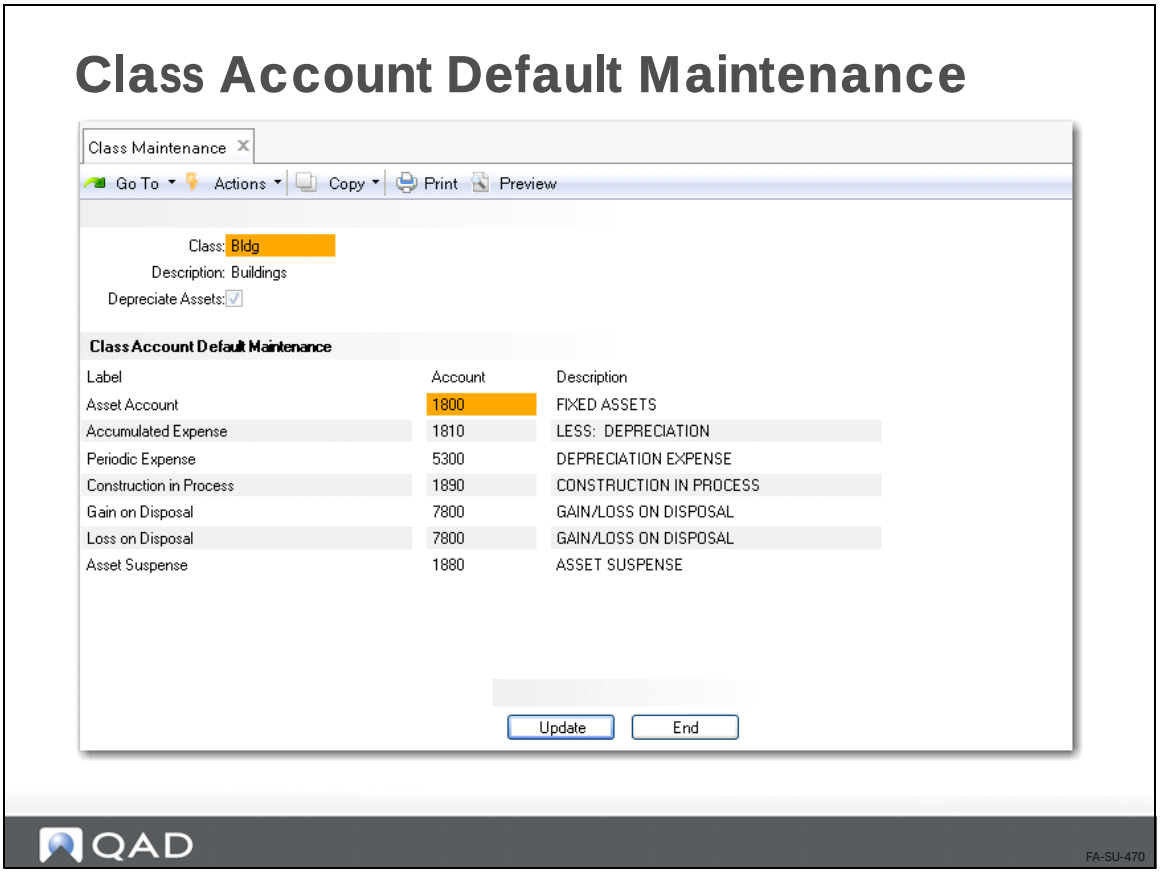
Method. •The depreciation method used for fixed assets assigned to this class

- Cannot begin with a zero
- Depreciation methods are set up in Method Maintenance (32.1.1)

Life. •Identifies the number of years for the book's life

- Used as a basis for depreciation calculations

Accounts



Access this function by choosing Accts on the Class Maintenance header.

- The default GL accounts for this class
- Assign GL accounts to the following fixed asset accounts:
  - Asset Account
  - Accumulated Expense
  - Construction in Process
  - Gain on Disposal
  - Loss on Disposal
  - Asset Suspense

Exercise: Create Classes

Classes provide default book and account information for assets.

1 Set up a class, and assign it to two books, FIN and TAX.

Field	Data
Class ID	OFFICE
Description	Office Equipment
Depreciate Asset	Yes

2 Choose Books button; then Add.

Field	Data
Book	FIN
Method	1001
Life	3

Field	Data
Book	TAX
Method	1002
Life	5

3 Choose Accts button; then Update.

Field	Account	Account Description
Asset Account	1800	Assets
Accumulated Expense	1810	Less: Depreciation
Periodic Expense	1830	Depreciation Expense
Construction in Progress	1840	Construction in Progress
Gain on Disposal	7800	Gain/Loss on Disposal
Loss on Disposal	7800	Gain/Loss on Disposal
Asset Suspense	1890	Asset Suspense

4 Set up another class, and assign it to two books, FIN and TAX.

Field	Data
Class ID	MACH
Description	Machine
Depreciate Asset	Yes

5 Choose Books button; then Add.

Field	Data
Book	FIN
Method	1003
Life	3

Field	Data
Book	TAX

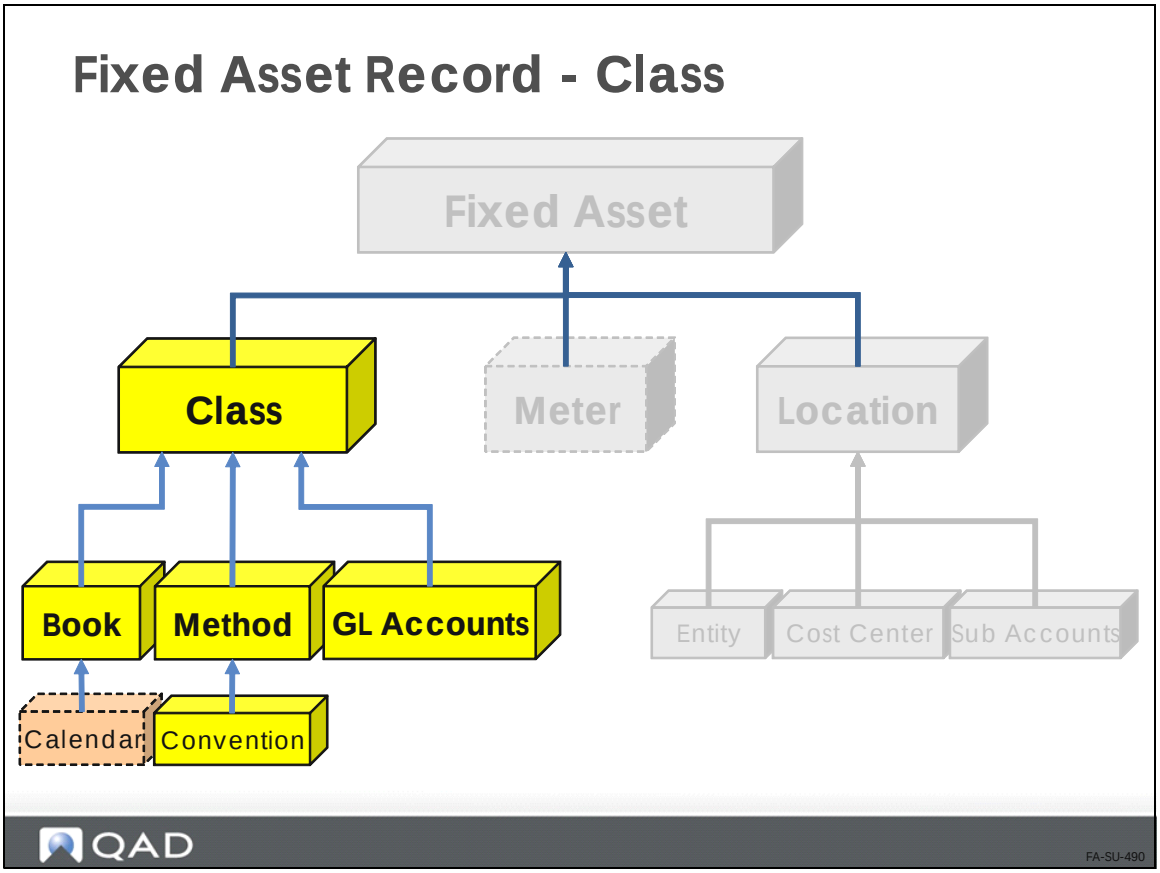
Field	Data
Method	1002
Life	3

c Choose Accts button; then Update.

Field	Account	Account Description
Asset Account	1800	Assets
Accumulated Expense	1810	Less: Depreciation
Periodic Expense	1830	Depreciation Expense
Construction in Progress	1840	Construction in Progress
Gain on Disposal	7800	Gain/Loss on Disposal
Loss on Disposal	7800	Gain/Loss on Disposal
Asset Suspense	1890	Asset Suspense

Note Class Maintenance 32.1.17

Fixed Asset Record Summary



The items that make up Fixed Assets Classes are:

- Book
- Method
- GL Accounts
- Calendar (optional for non-posting books)
- Convention

Set up Locations

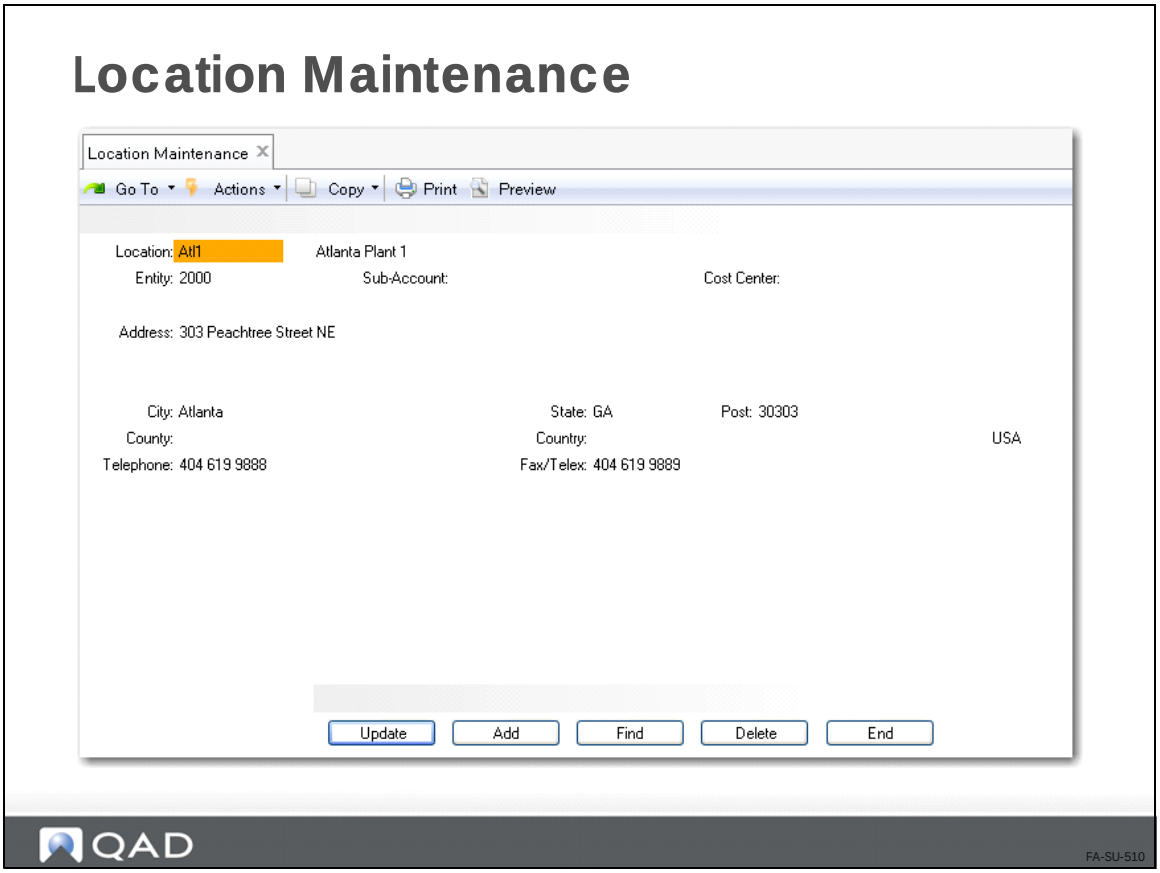
Asset locations identify the accounting location and entity of a fixed asset.

- Also identifies the default sub-accounts and cost centers for depreciation reporting

Fixed asset location IDs are generally used to locate an asset for tax and asset tracking purposes.

- There is no connection between fixed asset locations and locations used elsewhere in Standard Edition
  - For example, inventory locations

Location Maintenance (32.1.13)



Use Location Maintenance (32.1.13) to set up fixed asset locations.

Location ID. •A unique ID that identifies a fixed asset location

Description. •Describes this fixed asset location

- Can be up to 32 characters

Entity. •The predefined entity code for this location

Sub-Account. •Identifies the default sub-account for assets in this location

- Optional

Cost Center. •Identifies the default cost center for assets in this location

- Optional

In Fixed Asset Maintenance (32.3) each asset is assigned to a location. The location determines default asset values.

Use the Update function to modify an existing location. The Add button allows you to create a new location. Use Delete to delete an existing location.

Note You cannot delete location IDs that are associated with an asset.

Exercise: Create Fixed Asset Locations

Fixed Asset Locations determine default asset values.

1 Setup locations in two different entities. Remember that Fixed asset locations are not related to Locations elsewhere in the system.

Field	Data
Location ID	LOC1
Description	Location 1
Entity	T100

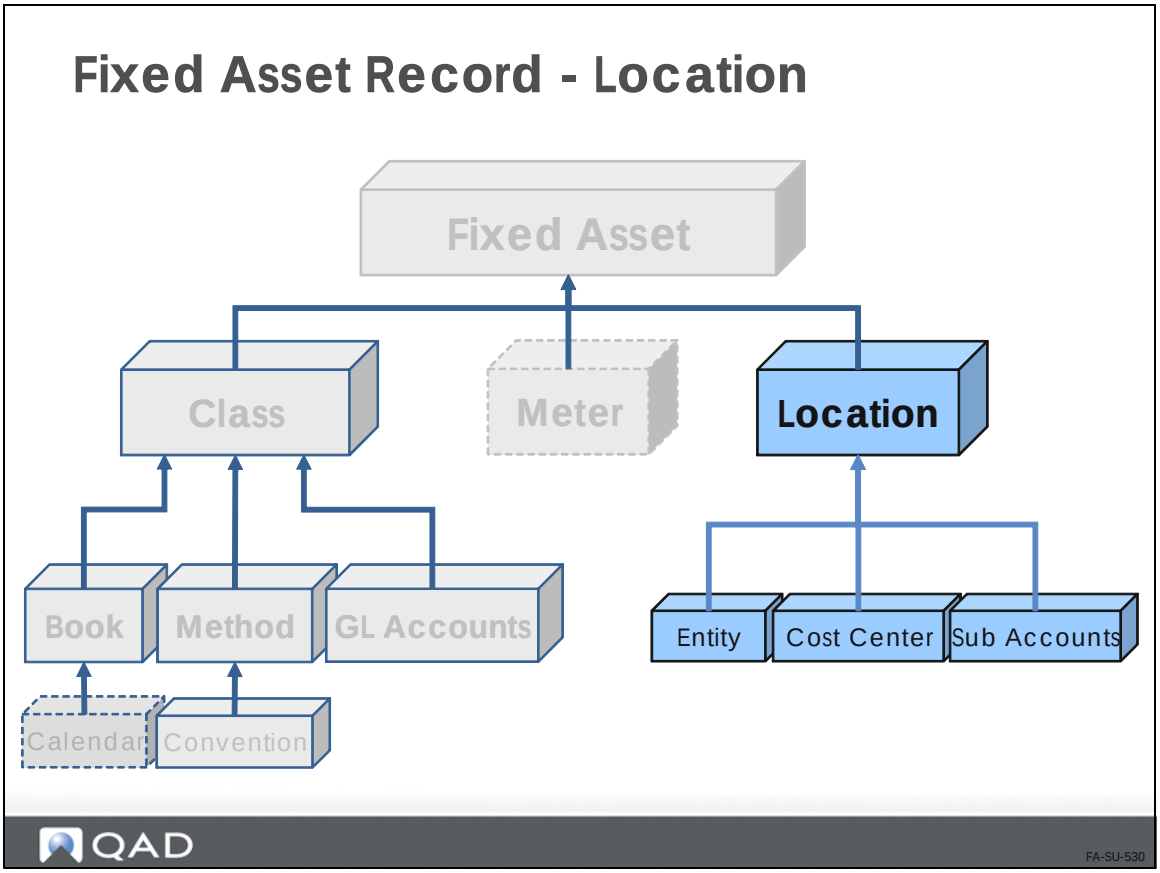
Enter your own address information.

Field	Data
Location ID	LOC2
Description	Location 2
Entity	T200

Enter your own address information.

Note Location Maintenance (32.1.13)

Fixed Asset Record Summary



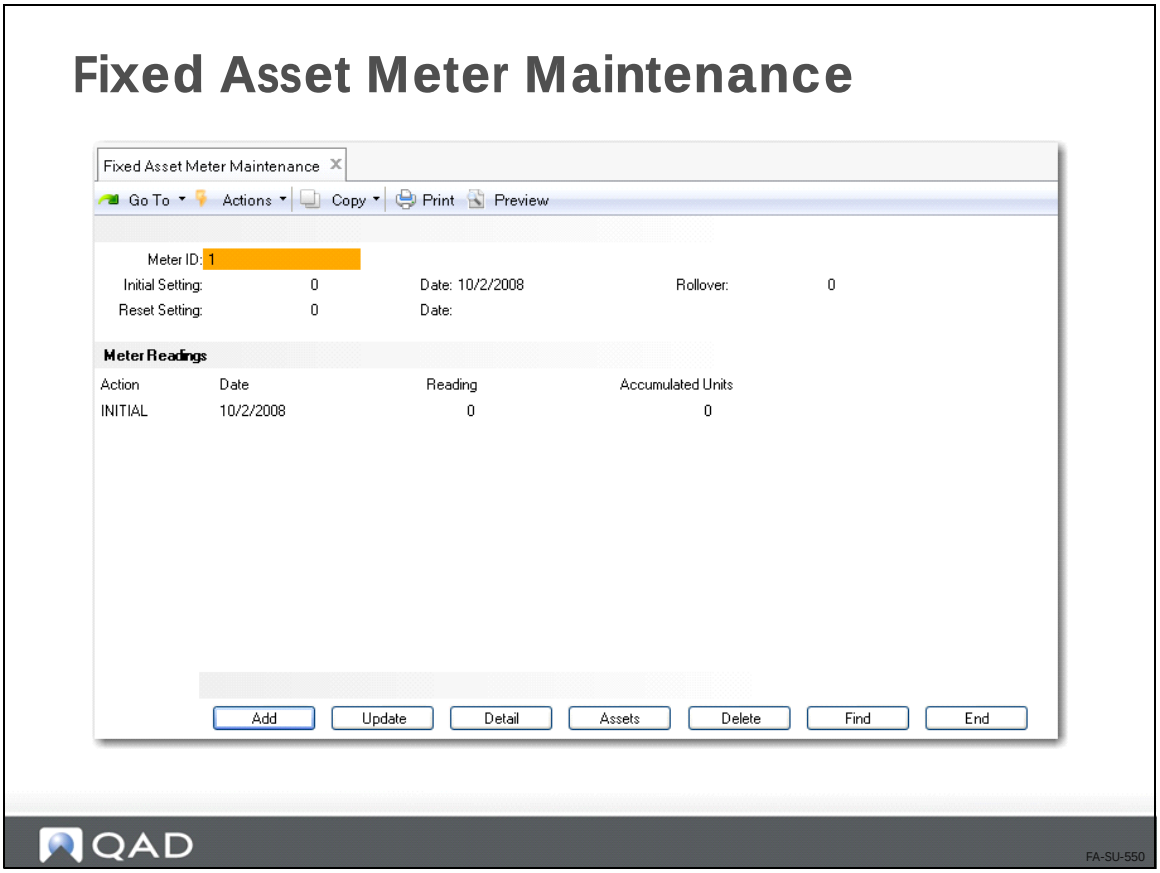
The items that make up Fixed Asset Locations are:

- Entity
- Sub Accounts
- Cost Centers

Create Meters

Meters are used to measure asset usage for the units-of-production depreciation method. A meter is attached to an asset or group of assets to collect the usage in Fixed Asset Maintenance (32.3). Meters do not have to be used with Units of Production method. The actual usage can be entered on the asset record.

Fixed Asset Meter Maintenance (32.11)



Fixed Asset Meter Maintenance (32.11) is used to create, modify and delete meters, and to enter meter readings. Assets and fixed asset books that use the meter can also be viewed by choosing the appropriate option at the bottom of the screen.

Meter. •Unique meter ID

- Alphanumeric

Initial Setting. •Meter's beginning number, default is zero

Date. •Date of the meter's initial setting

Rollover. •Number after which the meter should reset to zero

- For example, if the meter can read 99,999, enter 99999
  - When meter reaches 100,000, it begins again at zero

Reset Setting. •Initial setting for the new meter

- Use this field if the meter needs to be replaced
- Represents the previous meter's ending number

Date. •Date of the reset setting—must be a date after the initial setting date

Action. •Description of the setting

- Three system-assigned actions:

- Initial: The meter’s initial setup number
- Reading: Meter readings
- Reset: The meter’s reset number

Date. •Date of the meter reading

- Must be later than the previous reading date

Reading. •Cannot be less than the number in Accumulated Meter

- Total number of units since the last time meter was reset

- Only the most recent meter reading can be deleted

Accumulated Units. •Total number of units since the meter was created

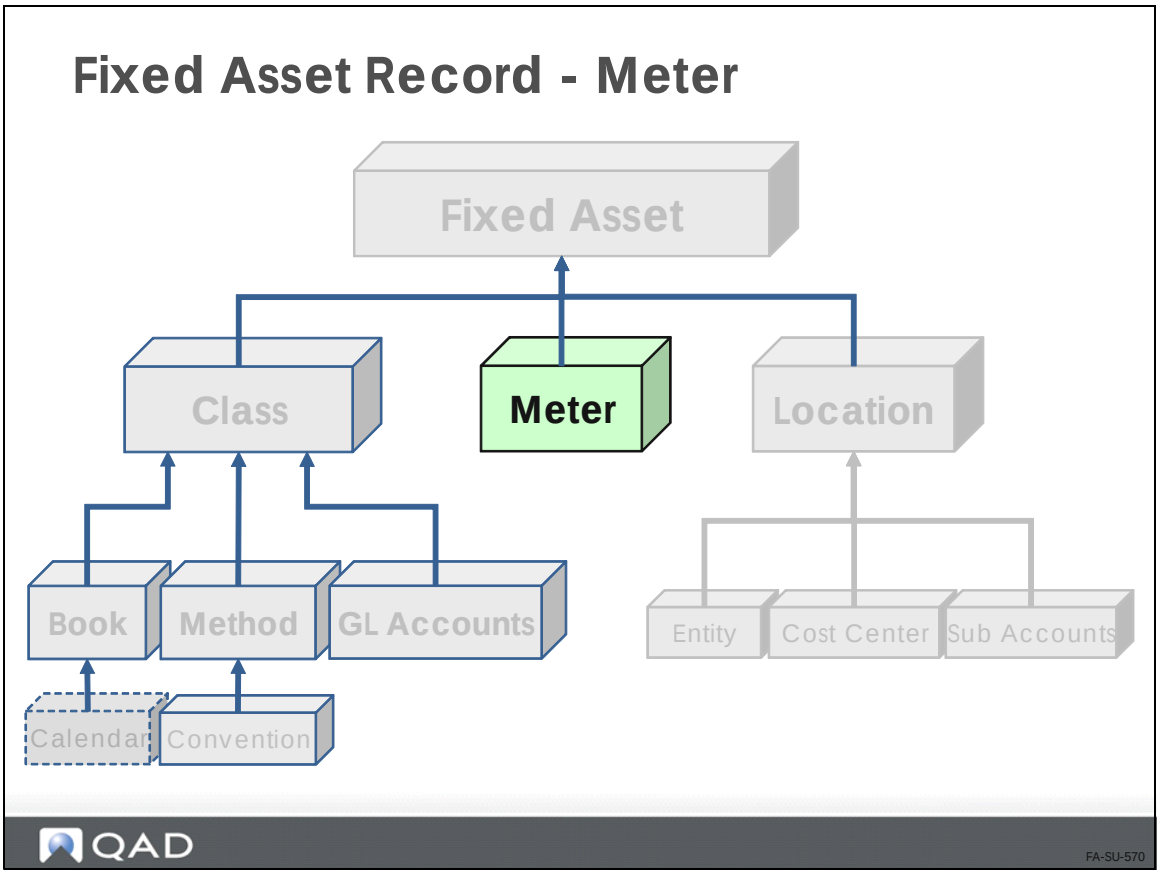
Exercise: Create Meters

Meters are used to measure asset usage for units-of-production depreciation method. It is attached to an asset or group of assets to collect usages in Fixed Asset Maintenance (32.3).

1 Create a meter.

Field	Data
Meter	Mach1
Description	Copy Machine Meter
Initial Setting	0
Date	Today’s date
Rollover	9999

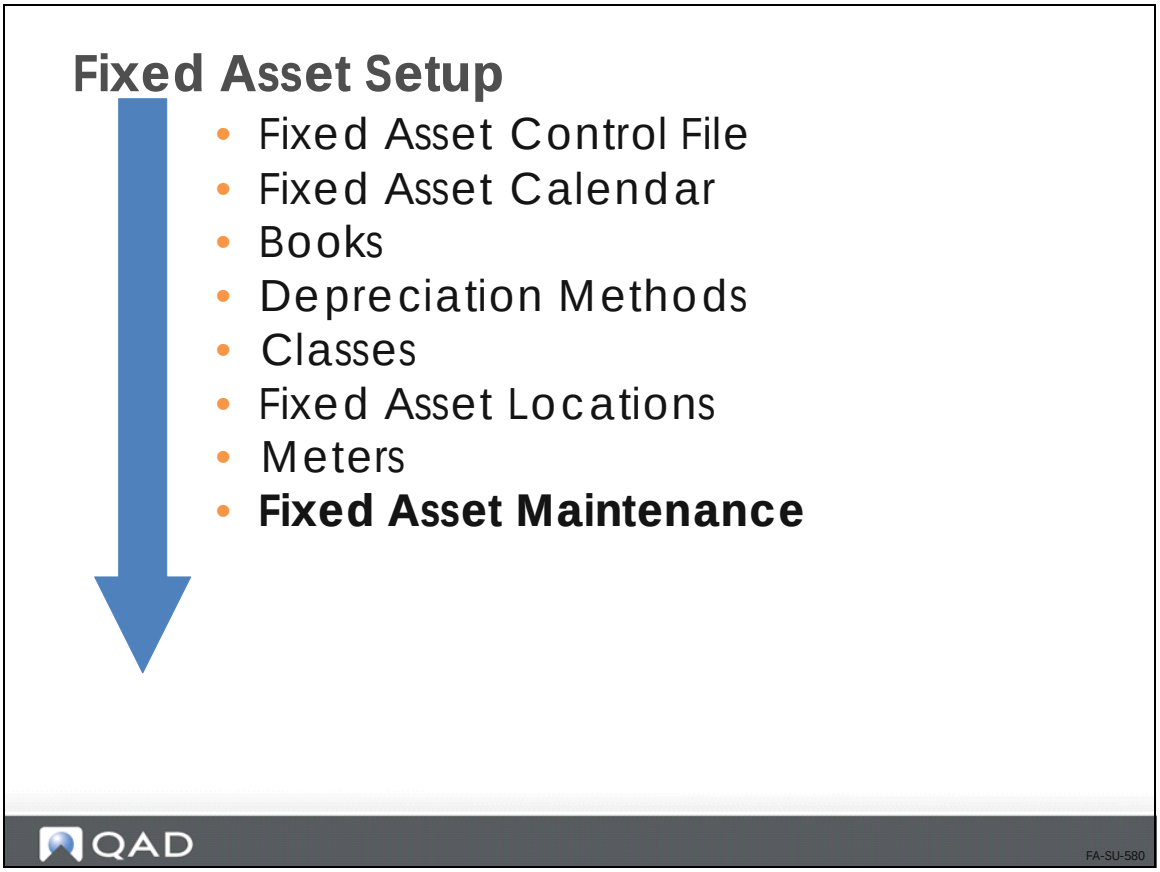
Note Fixed Asset Meter Maintenance (32.11)
Meters can be set up for tracking usages of an asset when the UOP method is used.


Fixed Asset Record - Meter
Fixed Asset
Class
Meter
Location
Book
Method
GL Accounts
Entity
Cost Center
Sub Accounts
Calendar
Convention
QAD
FA-SU-570

Chapter 4

Fixed Asset Maintenance

Create Fixed Asset Records

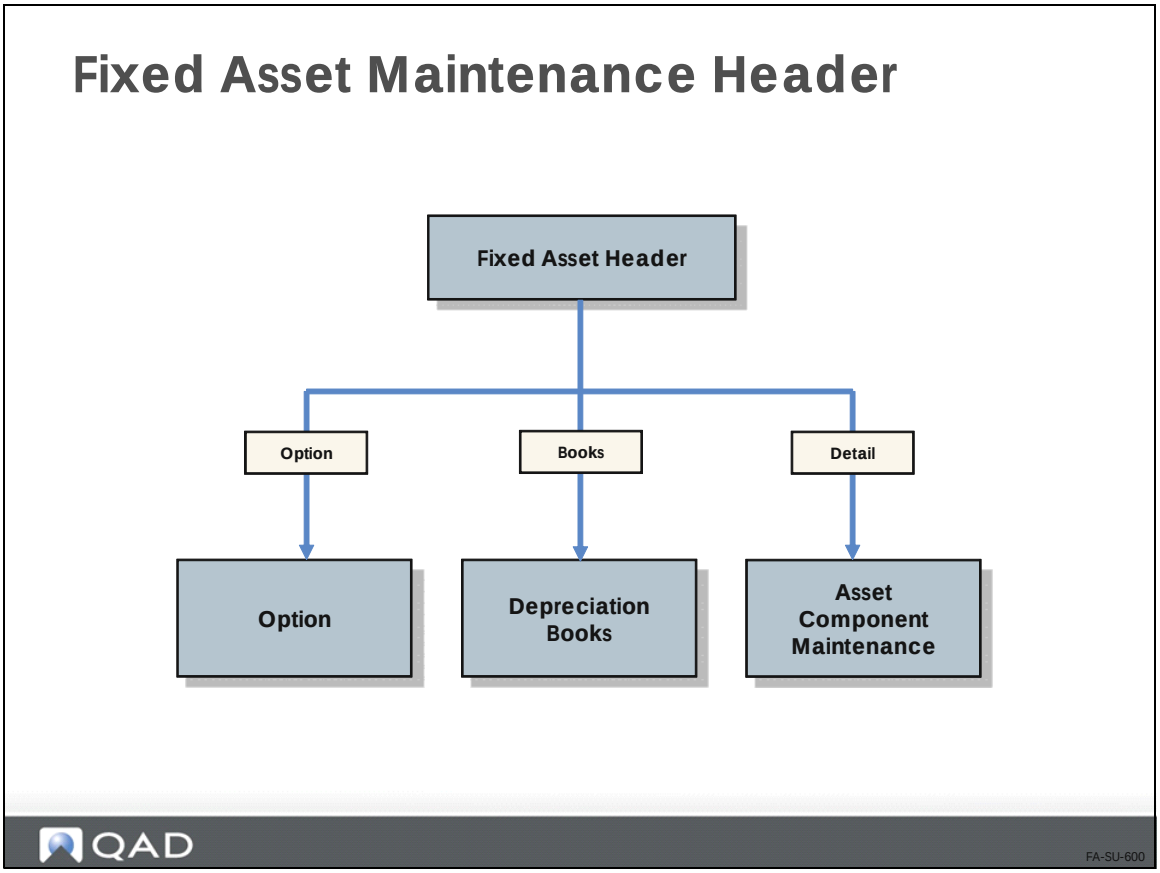


- Fixed assets can be added individually in Fixed Asset Maintenance (32.3) or
- Create a batch of similar assets in Fixed Asset Batch Maintenance (32.7)

Fixed Asset Maintenance consists of several parts:

- Fixed asset header
- Option
- Books
- Detail

Header

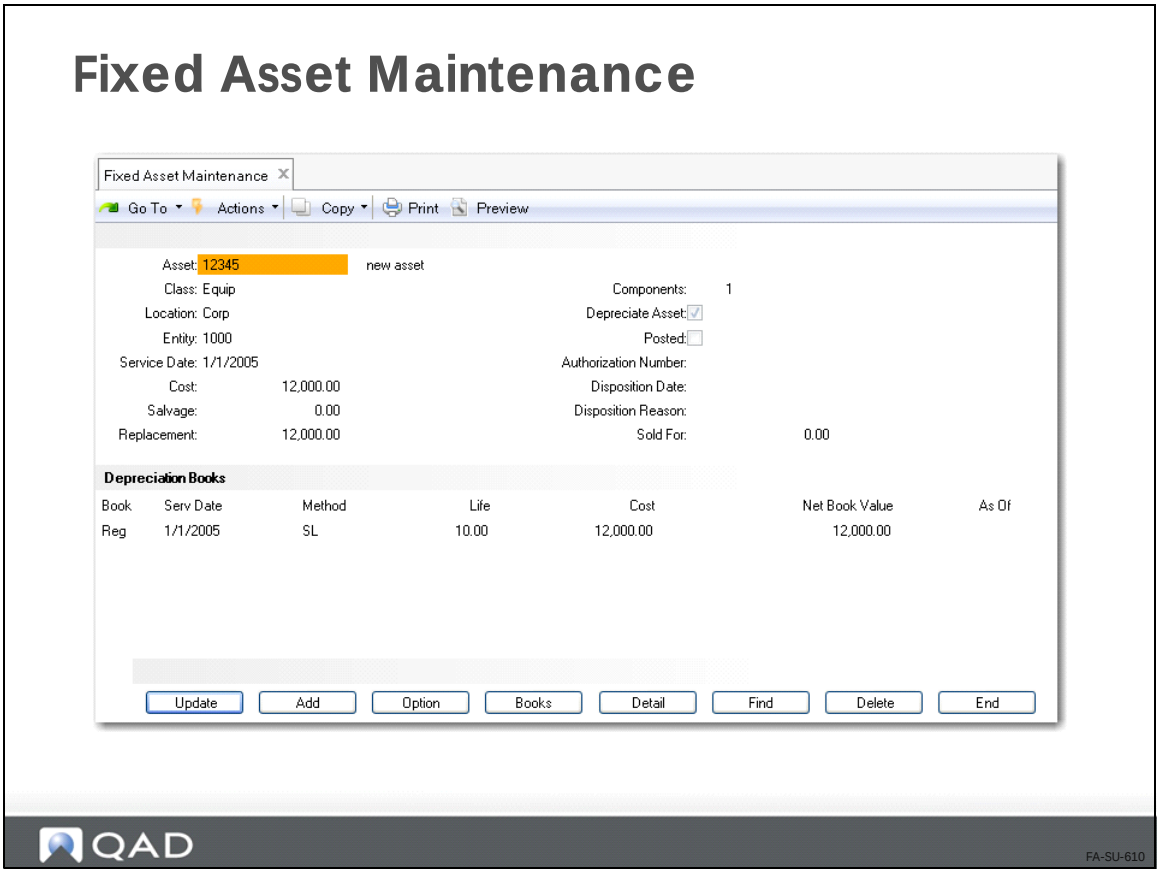


Use the header to enter fixed assets.

- Only required screen

From the Header screen you can drill down into Option, Depreciation Books and Asset Component Maintenance.

Fixed Asset Maintenance (32.3)



Use Fixed Asset Maintenance (32.3) to setup and maintain fixed assets.

Asset ID. •Unique alphanumeric asset ID

- If Auto Generate Asset ID is Yes in Fixed Asset Control File (32.24), system automatically assigns the asset ID
- ID is assigned using the predefined Number Range Management sequence
- Duplicate asset IDs are not allowed

Description. •Description of the fixed asset

- Up to 50 characters are allowed

Location. •A predefined Location ID

- Defined in Location Maintenance (32.1.13)
- Cannot update the location if asset has been posted to the GL

Note If location is changed after asset is created, sub-accounts and cost centers are not automatically updated. Sub-accounts and cost centers must then be updated in the Asset Account Maintenance screen.

Class. •A predefined class ID

- Defined in Class Maintenance (32.2.17)

- If class is changed before the asset has been posted, the depreciation schedule is updated with new values
- If class changed after asset is created, the accounts are not automatically updated
- Must manually update accounts in Asset Account Maintenance screen

Service Date. •Date that the fixed asset was put into service

- Defaults as service date for each of asset's books
- Used to calculate depreciation
- Must exist in GL calendar and any fixed asset calendar associated with default books
- Cannot update service date if asset has been posted to GL

Cost. •Amount paid to acquire asset

- Not necessarily a basis for depreciation calculation
- Defaults as cost for each of asset's books
- Cannot update cost if asset has been posted to the GL
  - Must make a basis adjustment on Depreciation Adjustments screen

Salvage. •Salvage value for this asset

- Estimated value of property at end of its useful life
- Optional
- Must be less than asset cost
- If salvage value is defined at beginning of depreciation calculation, it is used to reduce the depreciable base
- Defaults as salvage amount for each of asset's book when depreciation method uses salvage value
- Cannot update amount if asset has been posted to GL

Replacement. •Value to replace this asset

- Not used for any calculations
- Used for management purposes

Components. •Quantity of items that belong to this asset ID

- For example, asset acquired that consists of 200 chairs
- Chairs are grouped as one assert
- Automatically updated if number of components is updated in Asset Component Maintenance screen

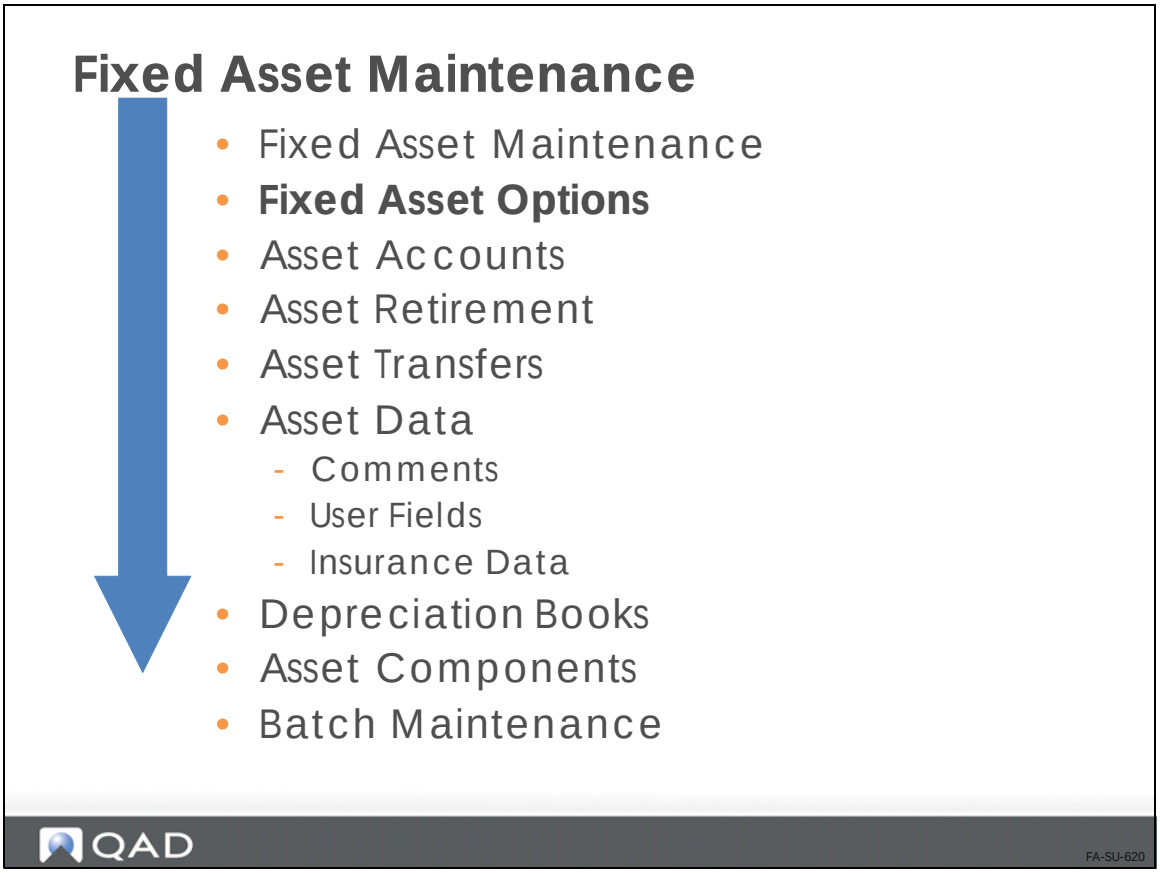
Depreciate. •If Yes, asset is depreciable

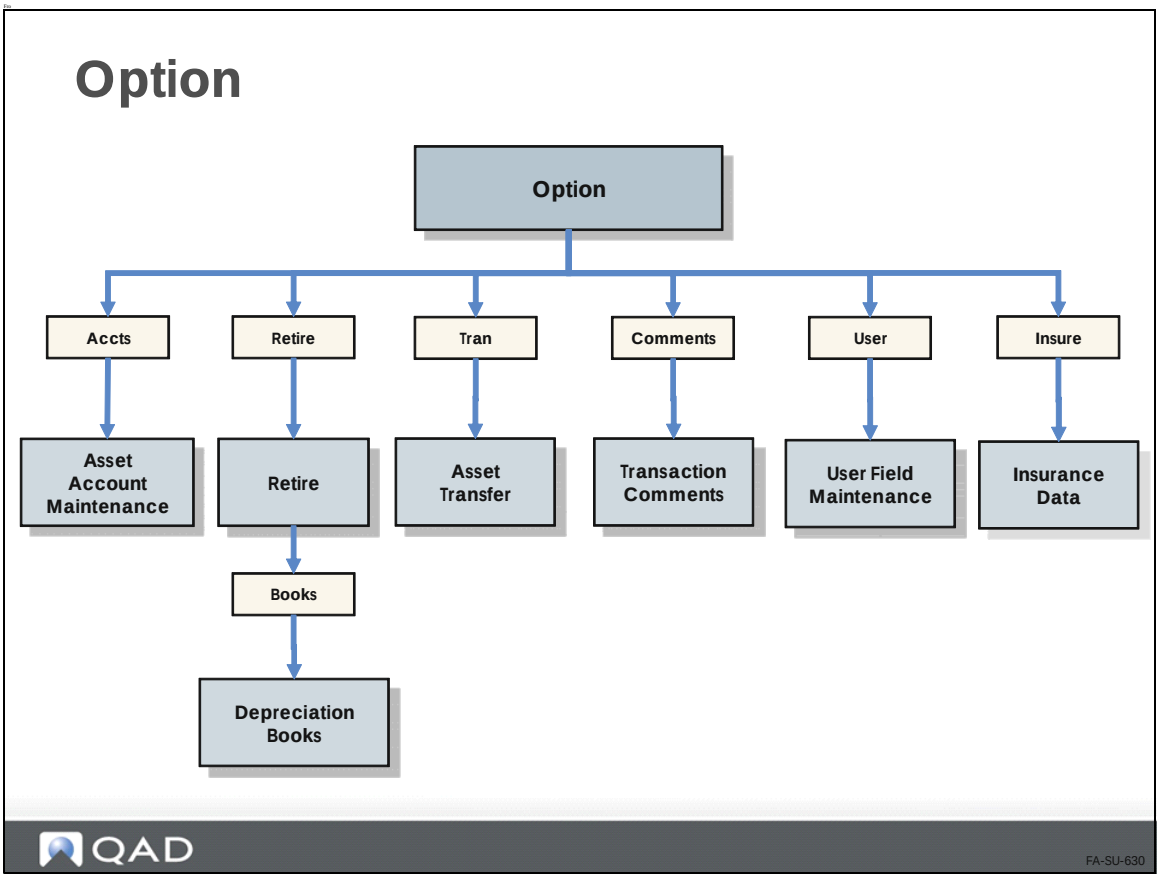
- Must be assigned to a posting book

Auth Number. •An authorization number for this fixed asset

- Optional
- For reference only

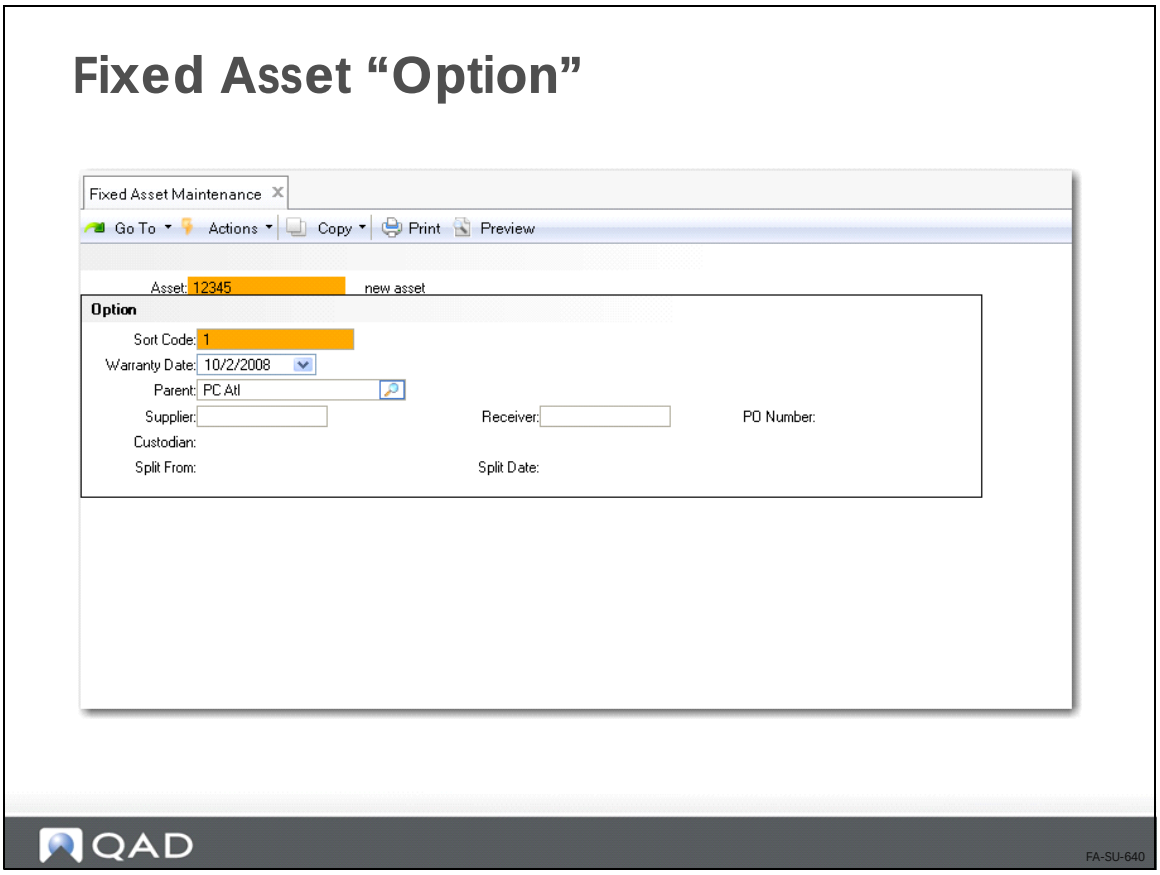
Option


Fixed Asset Maintenance
Fixed Asset Maintenance
Fixed Asset Options
Asset Accounts
Asset Retirement
Asset Transfers
Asset Data
Comments
User Fields
Insurance Data
Depreciation Books
Asset Components
Batch Maintenance
QAD
FA-SU-620



From the Option screen in Fixed Asset Maintenance (32.3), you can drill down into:

- Asset Account Maintenance
- Retire
- Asset Transfer
- Transaction Comments
- User Field Maintenance
- Insurance Data
- Depreciation Books



This function is used to maintain optional asset data, such as:

- Sort codes
- Warranty date
- Asset custodian
- Supplier
- Associated PO or receiver number

Sort Code. •Code used to categorize or assign a type for an asset

- Can be used in customizing reports
- Optional
- Setup in Generalized Code Maintenance (36.2.13)
  - System validates against field fa_code

Warranty. •Expiration date for asset’s warranty

- Optional

Parent. •Parent asset ID for this asset if it is a component of another asset

- For example, a refurbished part of another asset that is going to be depreciated separately
- Must be an existing asset

Supplier. •Predefined supplier of this asset

- Optional
- Suppliers are defined in Supplier Maintenance (2.3.1)

Receiver. •Receiver number for this asset

- Optional
- For reference only
- When a fixed asset is received, a receiving record is created
  - Used for verification against the supplier's invoice in Accounts Payable
- If a receiver number is entered, the associated purchase order number defaults in the PO Number field

PO Number. •A purchase order number for this asset

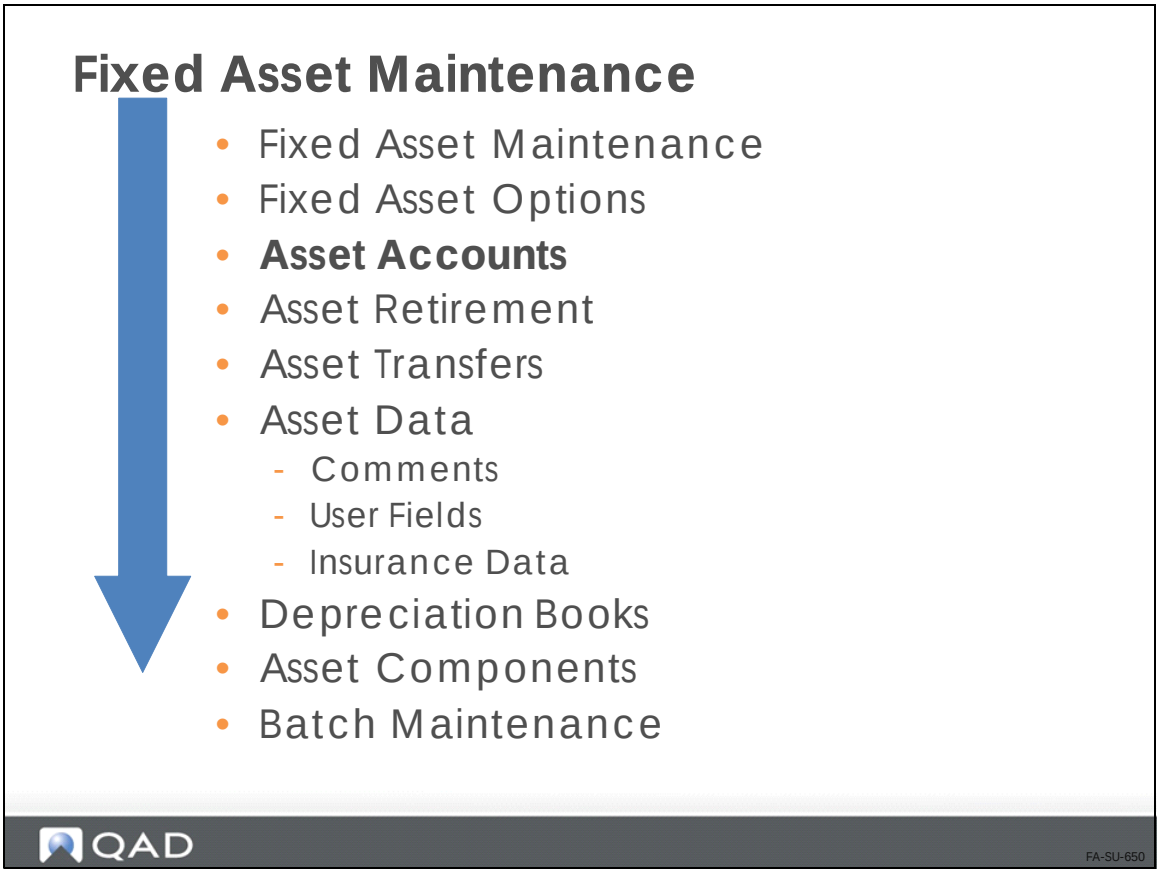
- Optional
- Default is the PO number associated with the receiver

Custodian. •The name of the asset's custodian

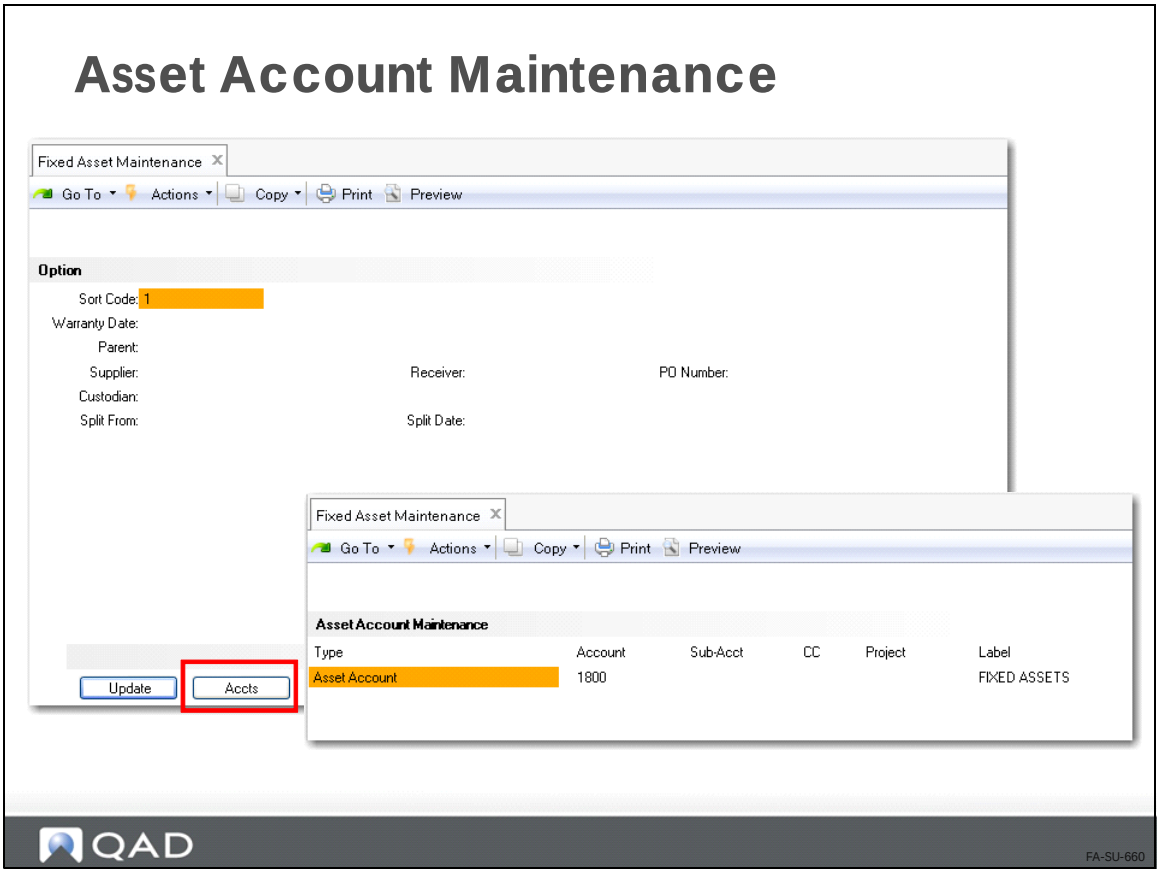
- Can be up to eight characters
- Custodians are employees responsible for tracking the location of fixed assets

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

Asset Accounts



Asset Account Maintenance



This function is used to change the accounts, sub-accounts, and cost centers that defaulted from the asset's class and location. You can also add an optional project code.

If Verify GL Accounts is Yes in the System/Account Control File (36.1), the account, sub-account, and cost center combination is validated.

If Verify Projects is Yes, the project is validated.

Account. •GL account code that records transactions for this fixed asset book

- Accounts are defined in Account Code Maintenance (25.3.13)
- Fixed asset accounts default from Class Maintenance (32.1.17)

Sub-Acct. •Sub-account code that records transactions for this fixed asset book

- Optional
- Sub-accounts are defined in Sub-Account Code Maintenance (25.3.17)
- Fixed asset sub-accounts default from Location Maintenance (32.1.13)

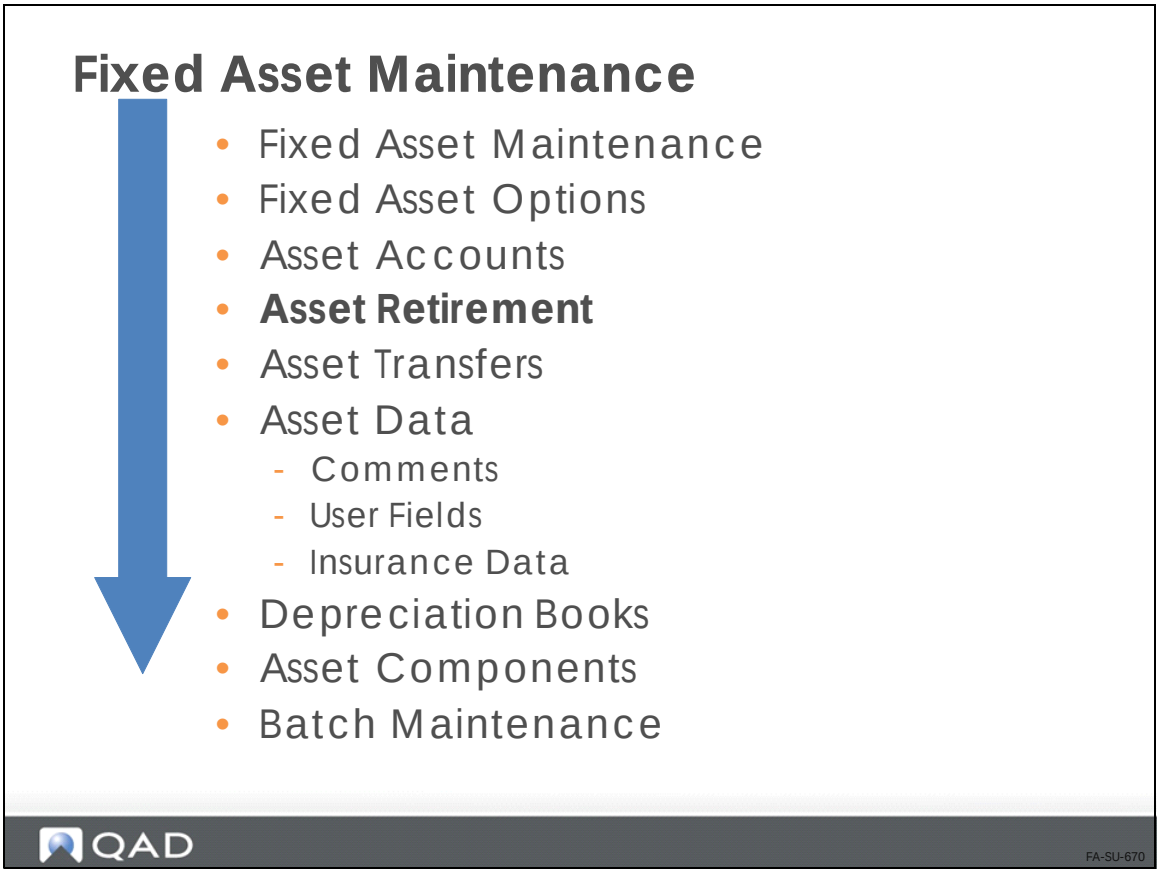
CC. •Cost center that records transactions for this fixed asset book

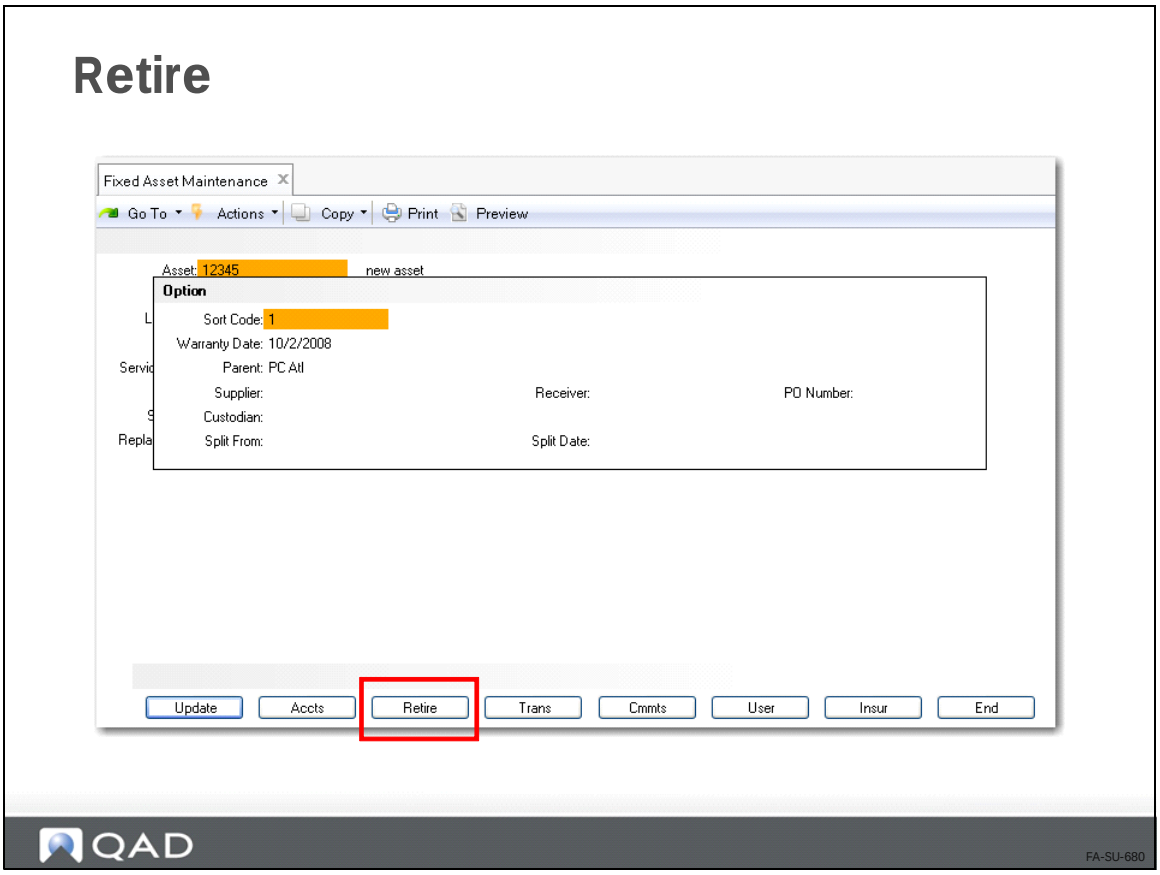
- Optional
- Cost centers are defined in Cost Center Maintenance (25.3.20)
- Fixed asset cost centers default from Location Maintenance (32.1.13)

Project. •Project code that records transactions for this fixed asset

- Optional
- Projects are defined in Project Code Maintenance (25.3.11)

Asset Retirement





This function is used to retire an asset.

Retirement:

- Removes the asset's acquisition cost from the books
- 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.

- Disposal Date and Partial Retirement are the only required fields for this function
- System validates that depreciation or retirement journal entries have not already been posted to the GL based on the disposal date
- After retiring an asset, the system calculates and displays values for:
  - Basis Amount
  - Accumulated Depreciation
  - Net Amount
  - Gain/Loss on Disposal
- Appropriate GL retirement transactions and reversing transactions are created to void future depreciation periods
- Adjustments can be viewed on Depreciation Query screen by choosing Audit function on the Depreciation Books screen
- Run Fixed Asset Transaction Post to create GL entries

Disposal Date. •Date the asset is removed from service, and ownership interest is relinquished

- If asset is suspended as of disposal date, asset must be reinstated before retiring it
- Must be a valid date in the GL calendar or any fixed asset calendar associated with the book
- Must be in an open GL period
- Entry must be later than the service date

Reason. •Why the asset is being removed from service and ownership interest relinquished

- Reasons can be defined in Generalized Codes (36.2.13)
  - System validates against field `fa_disp_rsn`
- Examples are:
  - SoldStolenDestroyed
  - DonatedImpaired

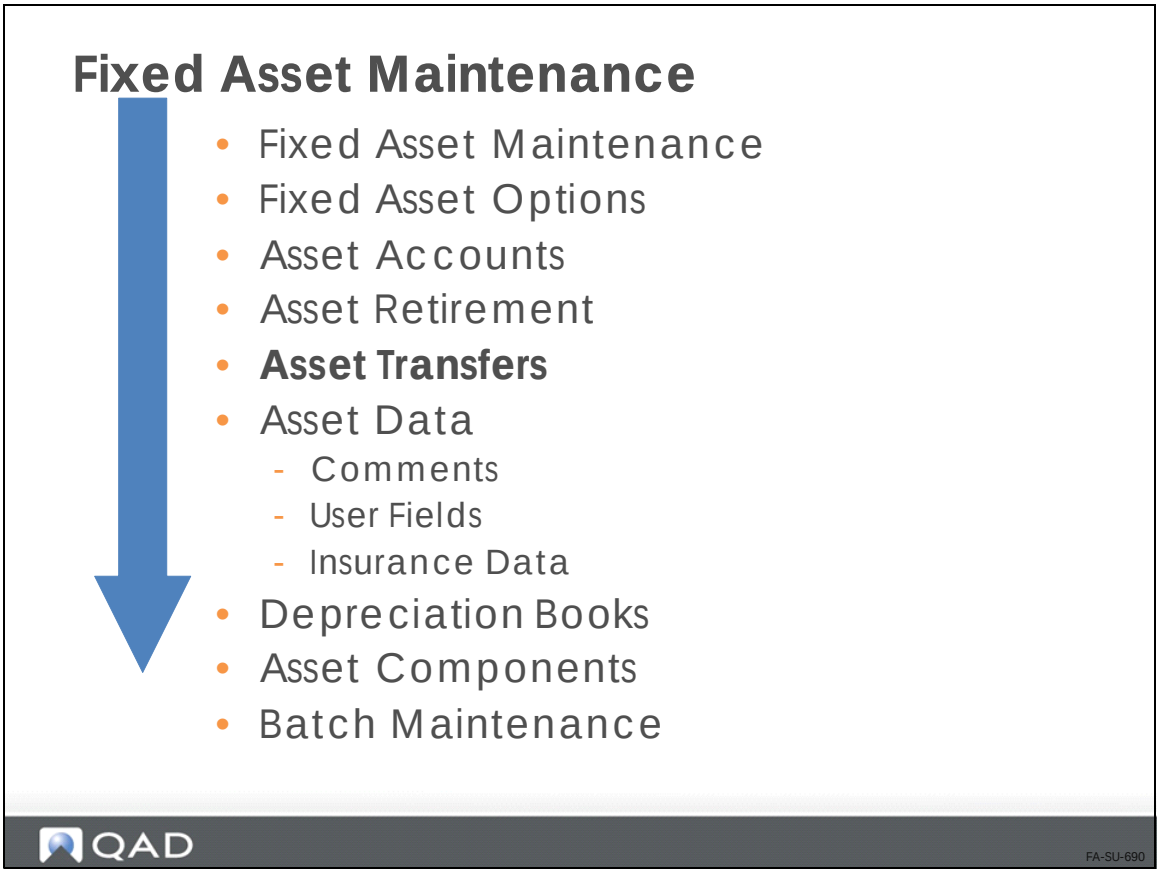
Sold For. •Amount received for the disposal of the asset

- Optional
- Used when calculating the gain or loss on the disposition of an asset

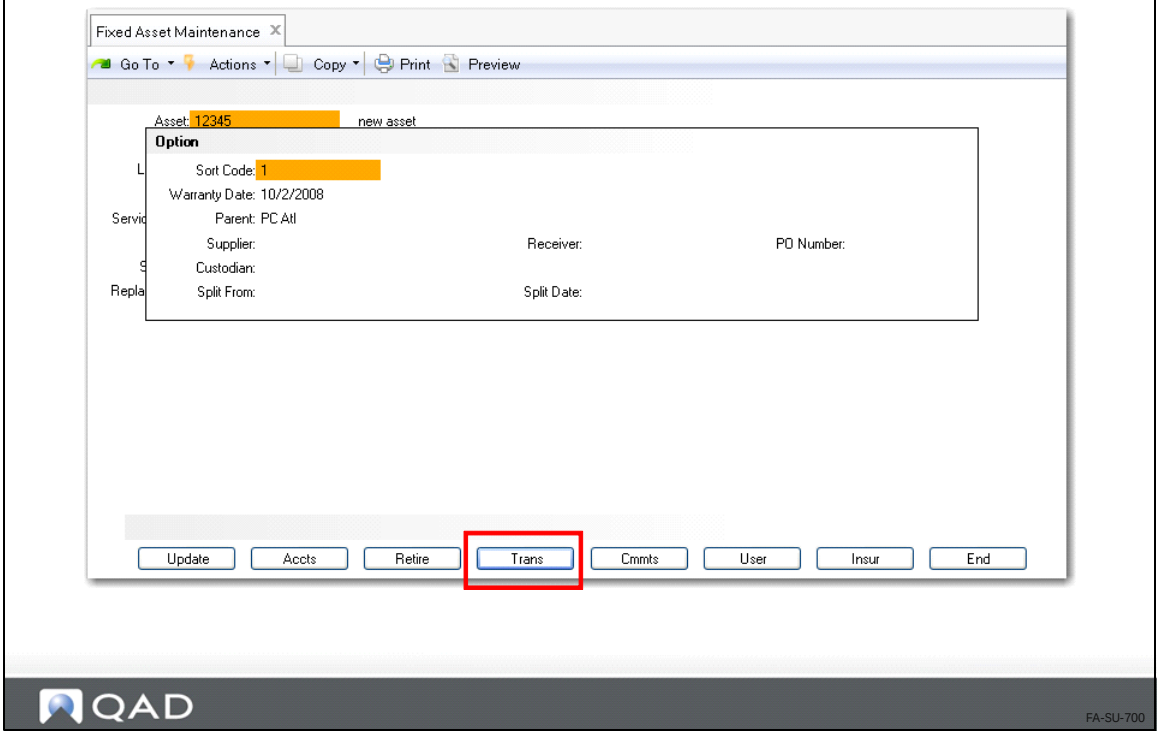
Partial. •If Yes, this is a partial retirement

- Split the existing asset into two separate assets
- New asset created is retired

Asset Transfers



Transfer



- This function is used to transfer an asset from one predefined location to another
- Asset is transferred when Move is chosen
- Appropriate GL entries are created when Fixed Asset Transaction Post (32.13) is run
- Transfer effective date is required
  - Date determines the period and year of the GL transaction
  - Transfer date must be valid date in GL calendar or fixed asset calendar
  - GL period must be open

New Location. •Location for the transferred asset

- Locations are defined in Location Maintenance (32.1.13)
- Entity, cost center, and sub-account associated with this new location default for the transferred asset

New Sub-Account. •Sub-account for this asset

- Sub-accounts are defined in Sub-Account Code Maintenance (25.3.17)
- Default is the new location's sub-account

New Cost Center. •Cost center for this asset

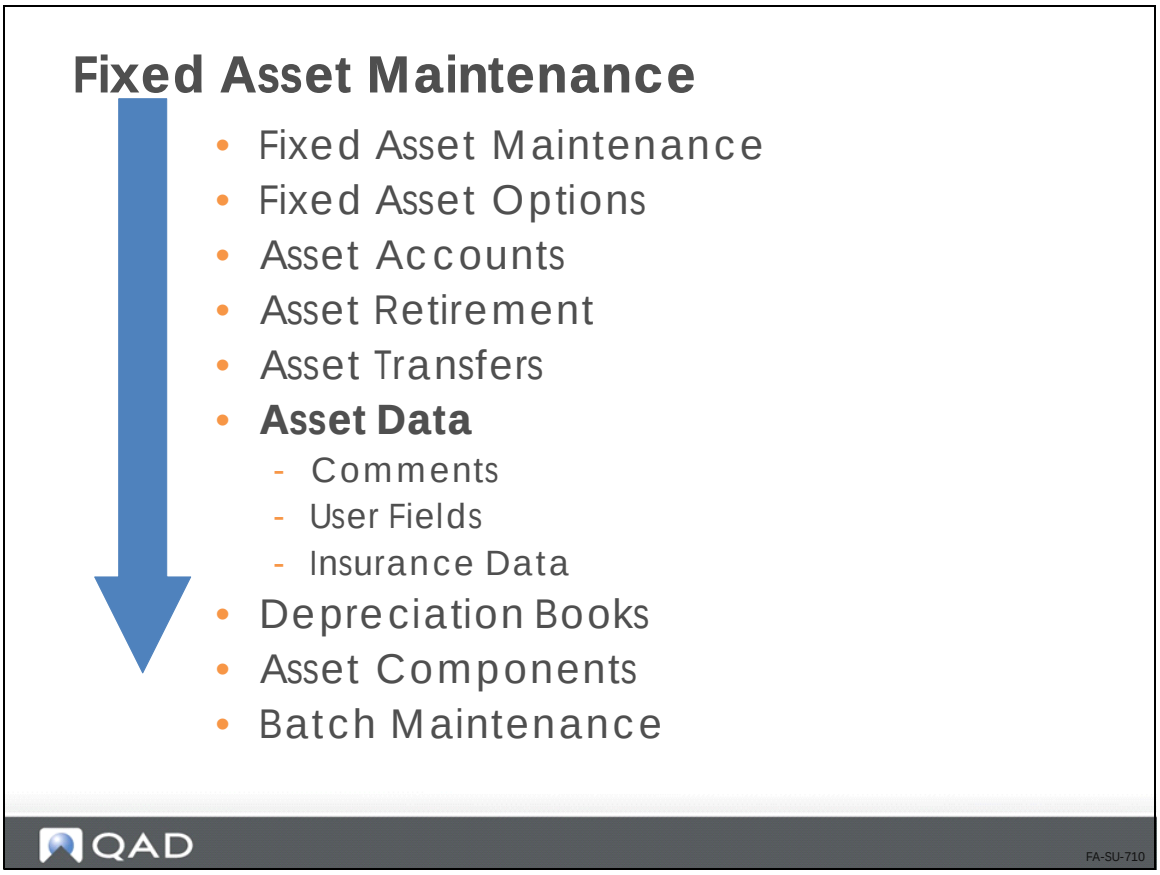
- Cost centers are set up in Cost Center Code Maintenance (25.3.20)
- Default is the new location's cost center

Partial. •If Yes, this is a partial transfer

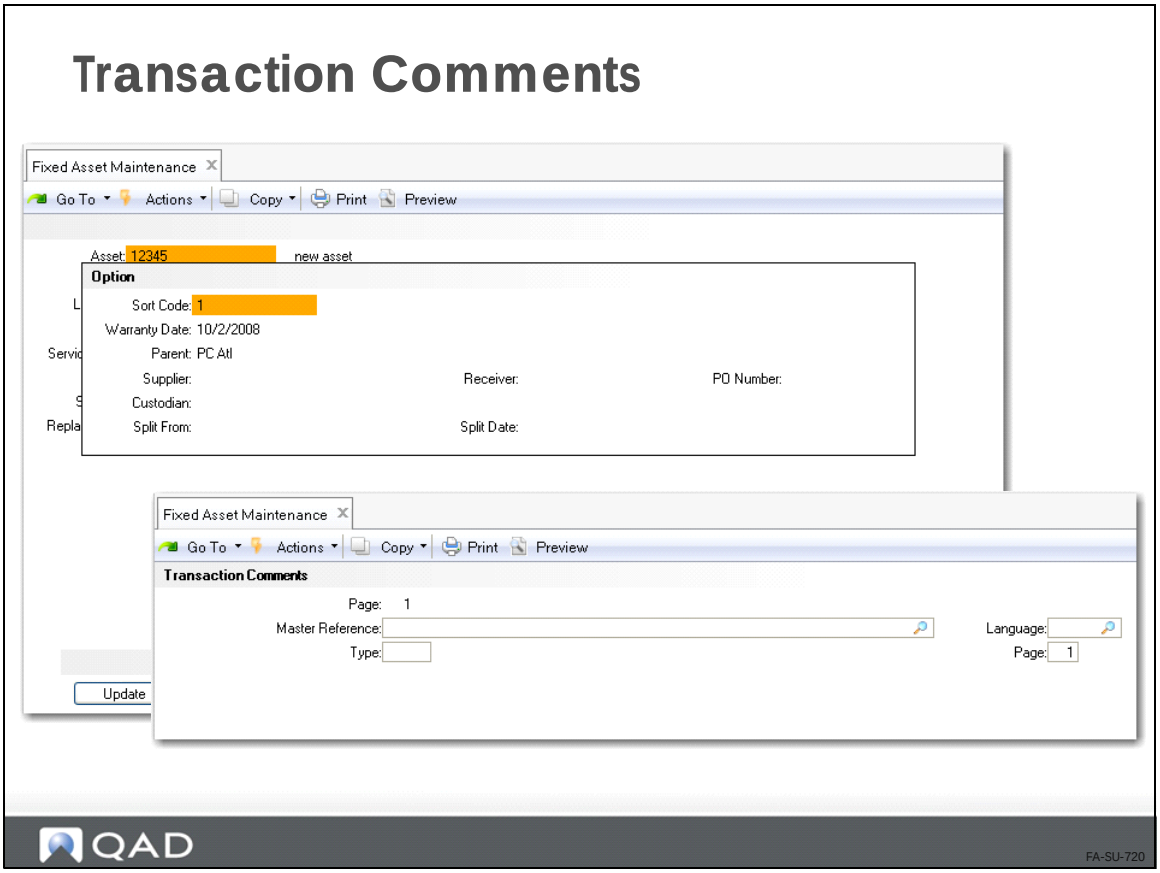
- Split the existing asset into two separate assets
- New asset created is transferred

Transfer Date. •Effective date for the transfer

- Determines the period and year of the GL transaction
- Must be a valid date in GL calendar or fixed asset calendar associated with asset’s books
- Must be in an open GL period
- Must be after service date


Fixed Asset Maintenance
Fixed Asset Maintenance
Fixed Asset Options
Asset Accounts
Asset Retirement
Asset Transfers
Asset Data
Comments
User Fields
Insurance Data
Depreciation Books
Asset Components
Batch Maintenance
QAD
FA-SU-710

Transaction Comments



- This function is used to enter comments about the asset
- Comments print on various fixed asset reports

Master Reference. •A reference code for this master comment

- Reference codes identify a master comment
  - Usually identifies the topic of the comment
  - For example, the item number or address code to which the comment applies

Type. •A code to group similar comments

- Can identify the source or use of the comment
- Can be left blank
- Can be validated against codes in Generalized Code Maintenance (36.2.13)
- Validates against field `cd_type`

Language. •Language code for this comment

- Identifies the text language
- Leave blank if not using multiple languages
- Can be validated against codes in Generalized Code Maintenance (36.2.13)
- Validated against field `cd_lang`

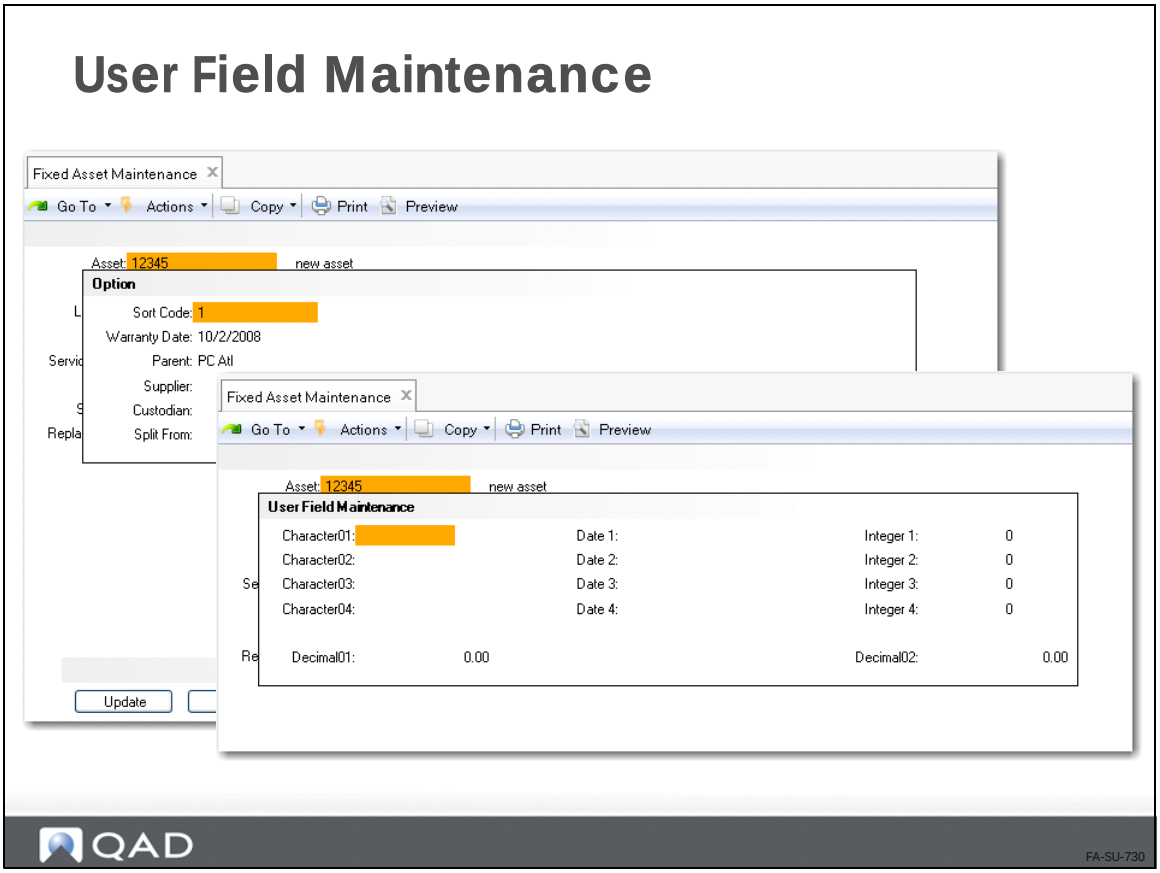
Page. •Page number for the comment

- Multiple pages of text can be stored for comment
- Identify and access pages by page number

Comments. •The actual comments

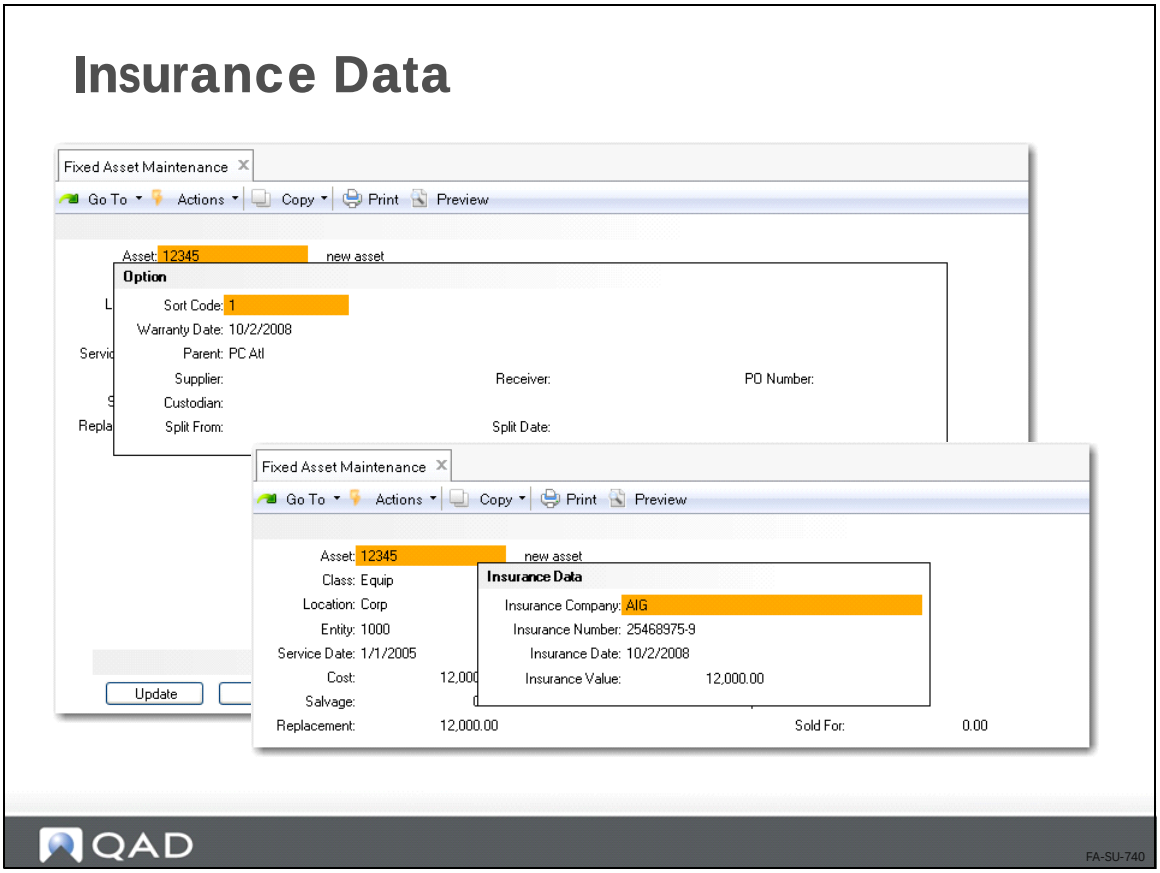
- Up to 15 lines of text per page
- Can store multiple pages

User Field Maintenance



- User fields can be customized
- Fields are user defined
- Can be used in custom reports

Insurance Data



This function is used to set up insurance information for the asset, such as:

- Insurance company
- Policy number
- Insurance value

This information is for reference only.

Insurance Company. •Name of the company that insures the asset

- Optional

Insurance Number. •Insurance policy number for this asset

Insurance Date. •Date that insurance coverage begins or ends on the asset

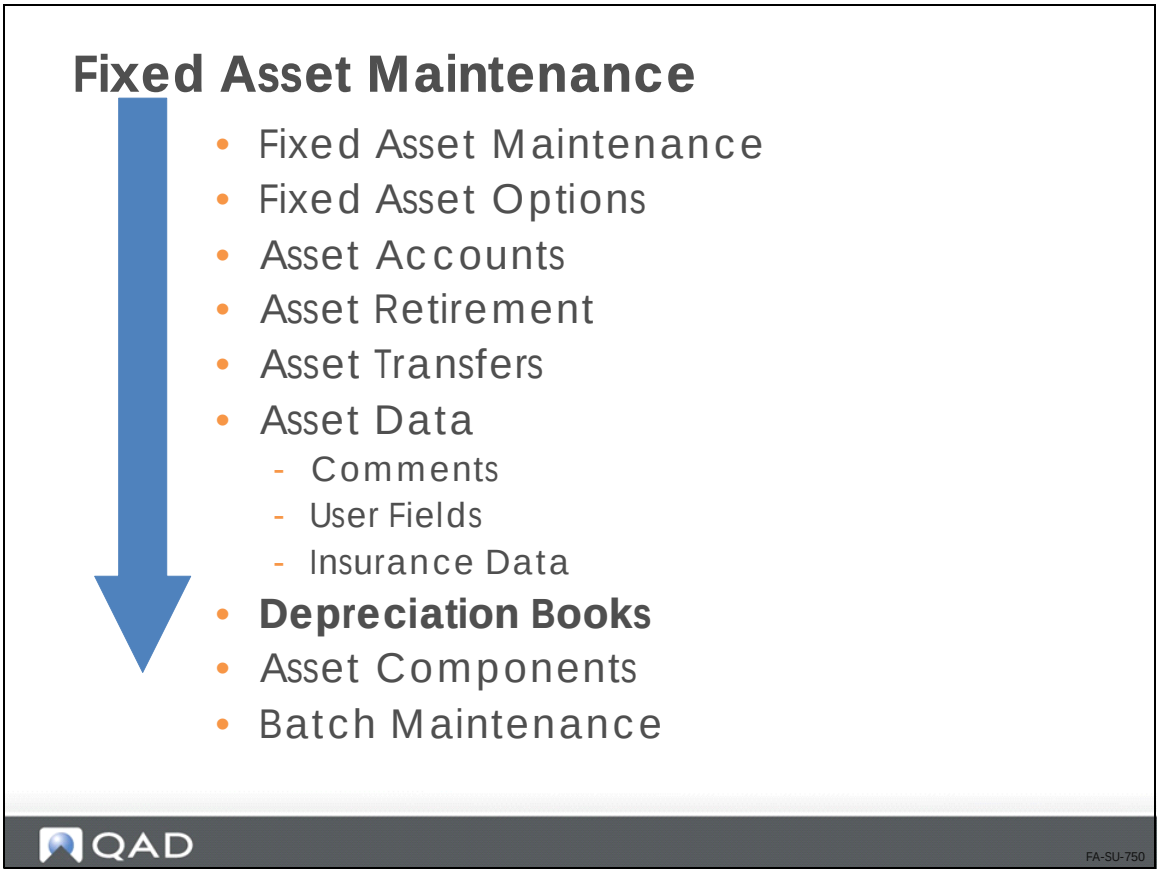
- Data depends on how your company records coverage dates

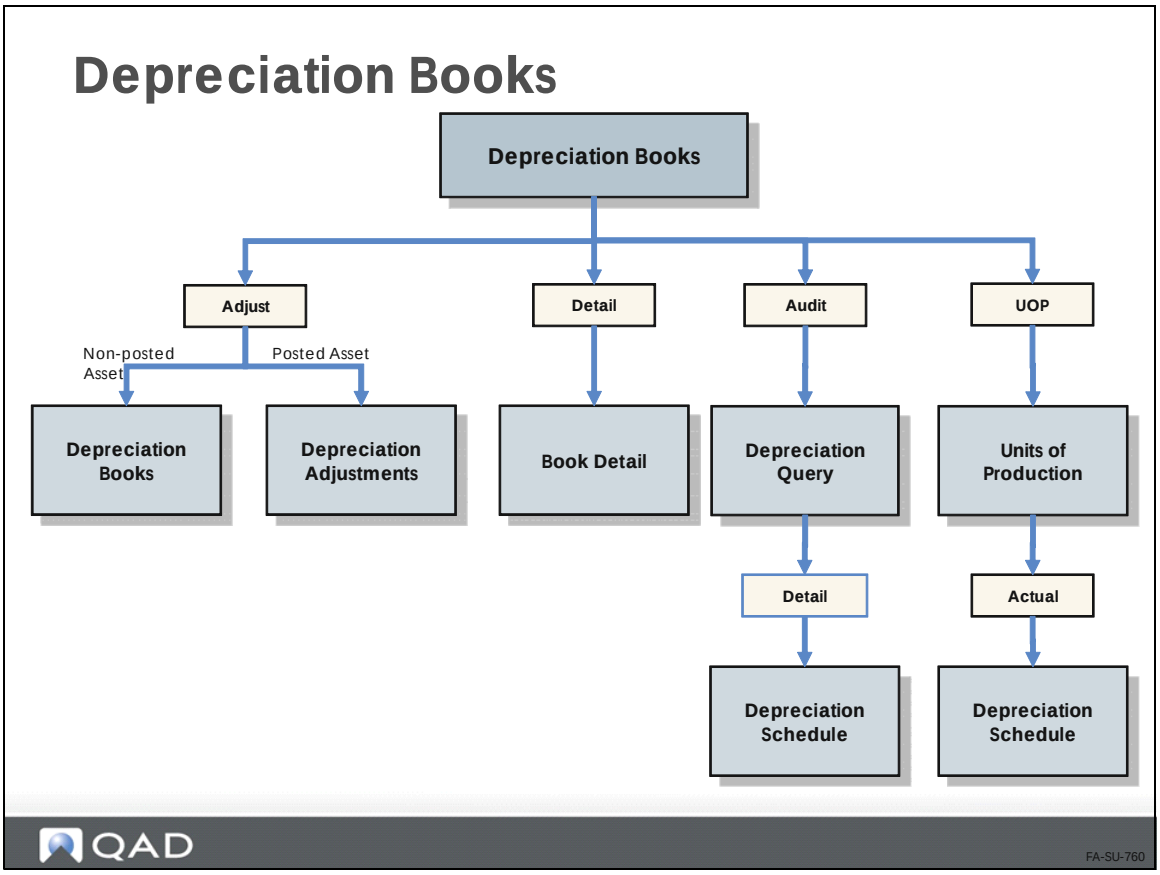
- Optional

Insurance Value. •Insurance value or replacement cost of the asset

- Optional

Depreciation Books



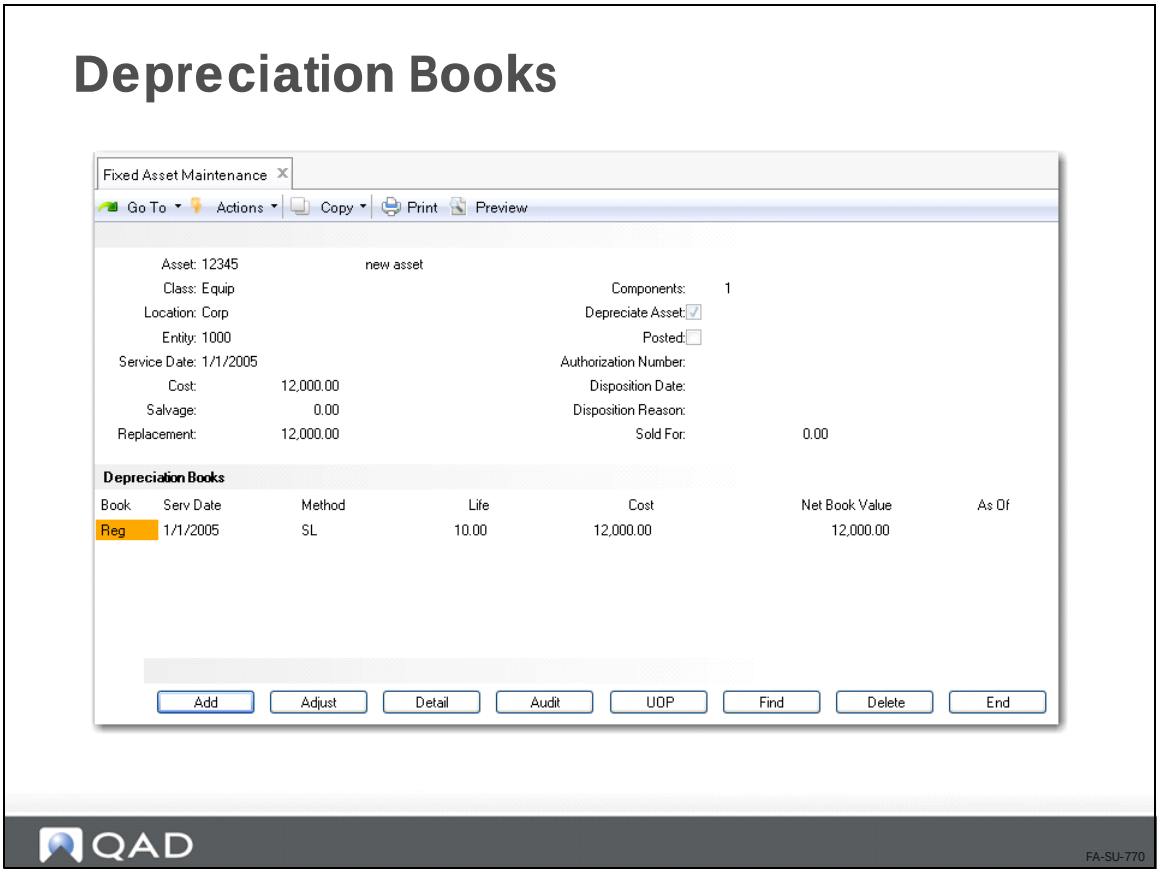


This illustration shows the different screens that can be accessed using the navigation buttons.

This function is used to access:

- Adjustments
- Book Detail
- Audit information
- Units of Production information

Depreciation Books



Access Depreciation Books by choosing Books on the Fixed Asset Maintenance header.

This function is used to assign or change depreciation books for an asset.

- Books default from the asset's class
- Books can be added or changed
- If asset has been posted to the GL, depreciation books cannot be modified

Book. •Book ID for this asset

- Books are defined in Book Maintenance (32.1.9)
- A posting book is required to record fixed asset transactions in GL
- Asset can be depreciated under an unlimited number of non-posting books

Service. •Service date

- Date that depreciation calculation begins
- Must be a valid date in GL calendar or fixed asset calendar associated with a non-posting book

Method. •Depreciation method ID

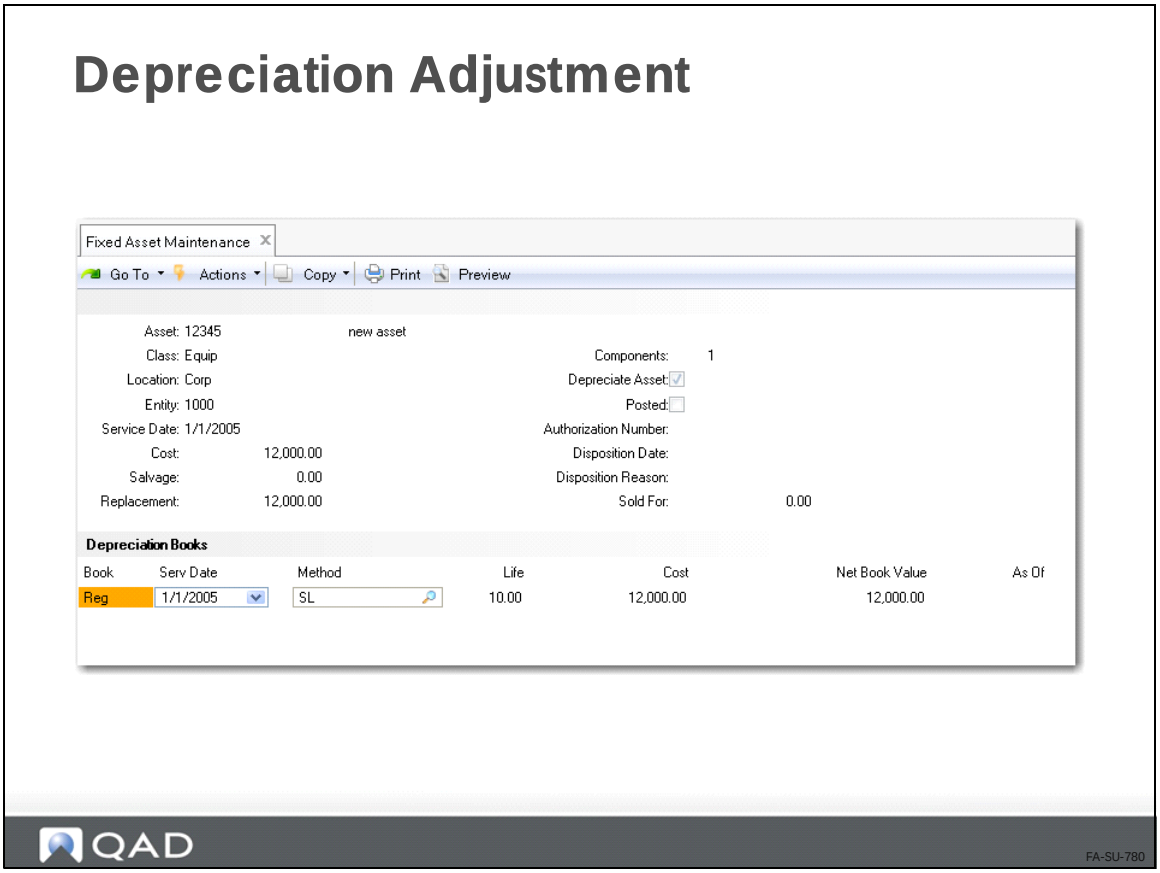
- Defined in Method Maintenance (32.1.1)
- Cannot start with a zero

Life. •The expect useful life for assets depreciated by this method

- Used in calculating depreciation over the life of the asset

  Cost. •Acquisition cost
- Used to determine the basis for the book
- Default is the cost from the Fixed Asset header

Depreciation Adjustment



Choose Adjust on the Depreciation Books screen to access this screen. It can only be accessed if the asset has been posted to the GL.

- Add adjustments to the depreciation schedule
- Run Fixed Asset Transaction Post to create GL 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.

Type. •The adjustment type for the posted asset

The following adjustment types are provided in the system:

Basis. •Change the cost of the asset after depreciation has been posted

- New basis is used to recalculate the depreciation schedule for the life of the asset
- Difference between old and new costs is calculated
- Adjustments to posted periods are posted in the first open period
- New basis must be greater than the posted depreciation and cannot be negative

Bonus. •Record additional depreciation for an asset

- For example, bonus depreciation is used to indicate that an asset has become obsolete
- Not allowed in posted, suspended, or final periods of the depreciation schedule

- Amount must not exceed the remaining total of the depreciation schedule

Life. •Change the estimated life of an asset after depreciation has been posted

- Difference between the old and new depreciation schedule is calculated
- New depreciation schedule begins in the first open period

Method. •Change the depreciation method after depreciation has been posted

- Difference between old and new depreciation schedule is calculated
- New depreciation schedule begins in the first open period

Reinstate. •Reinstate the asset into service

- Reinstate date must be after the suspension date

Suspend. •Suspend the asset from service

- Suspensions are not allowed if the asset is already suspended or the starting period is posted

Method ID. •If adjusting the method, enter a depreciation method ID

Life. •If adjusting the life, enter the new expected useful life for this asset

- Expected life is used in calculating depreciation over the life of the asset

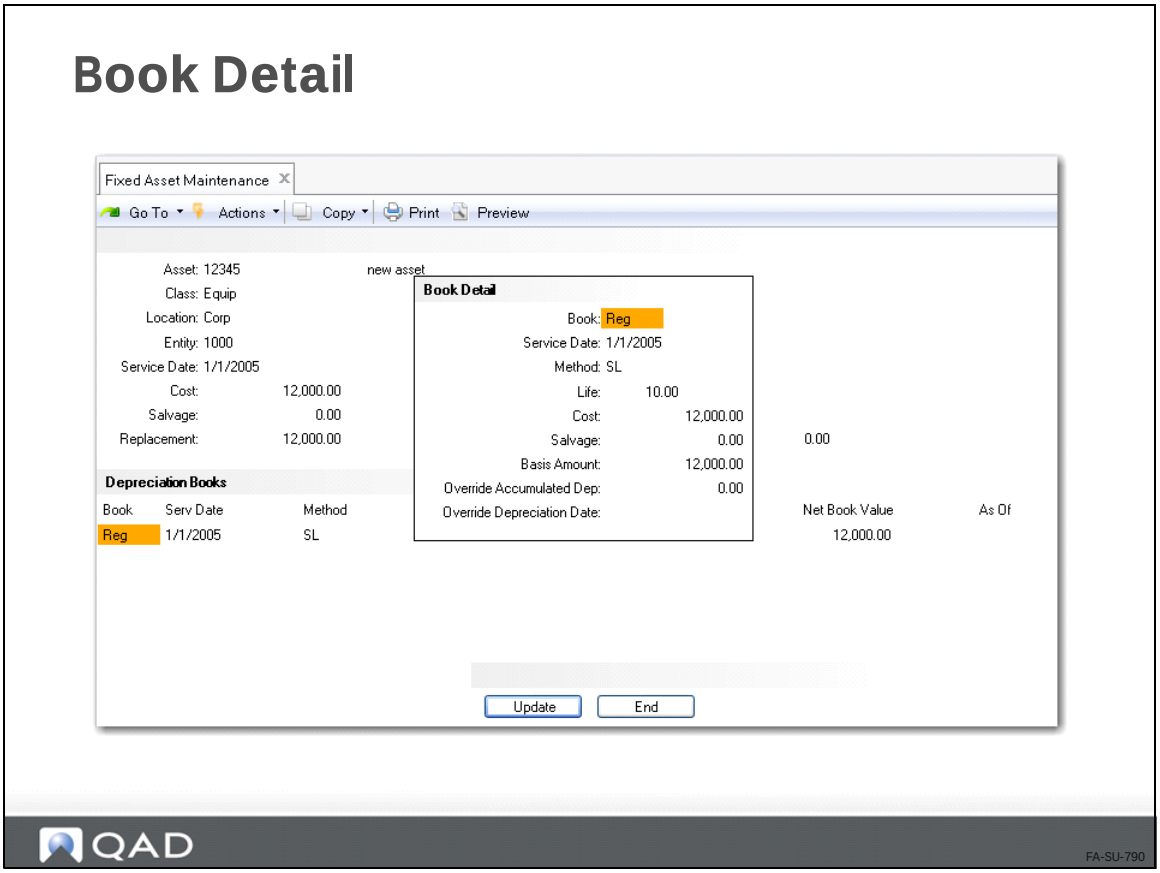
Amount. •If bonus adjustment, this is the bonus amount

- If basis adjustment, this is the new asset basis

YrPer. •Year and period for this adjustment

- Format is XXXXYY
  - XXXX is the year
  - YY is the period
- This field can only be modified if the adjustment type is Bonus, Suspend or Reinstate

Book Detail



Choose Detail on the Depreciation Books screen to access this function.

This function can be used to view book detail information and to optionally override accumulated depreciation.

- It may be necessary to override accumulated depreciation if you convert from another fixed assets system
- Any difference would be reconciled in the last period of depreciation

Override Accumulated Dep. •Amount of depreciation that was taken between the service date and the override depreciation date

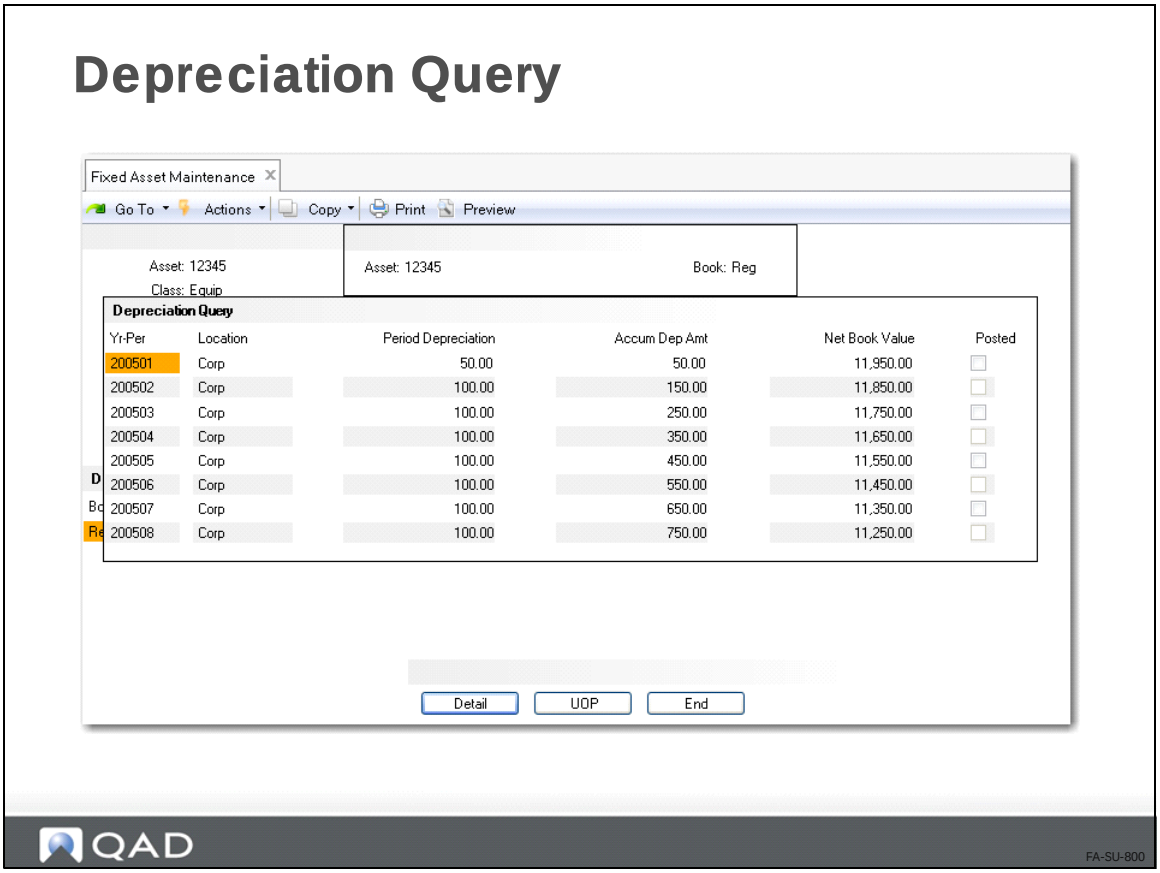
- Can update this amount only if the asset has not been posted to the GL

Override Depreciation Date. •Date that the override depreciation calculation begins

- Can update this date only if the asset has not been posted to the GL

If, at the end of the asset's life, there is any difference in the total depreciation and the actual amount that was taken, it is added to the final period depreciation amount.

Depreciation Query



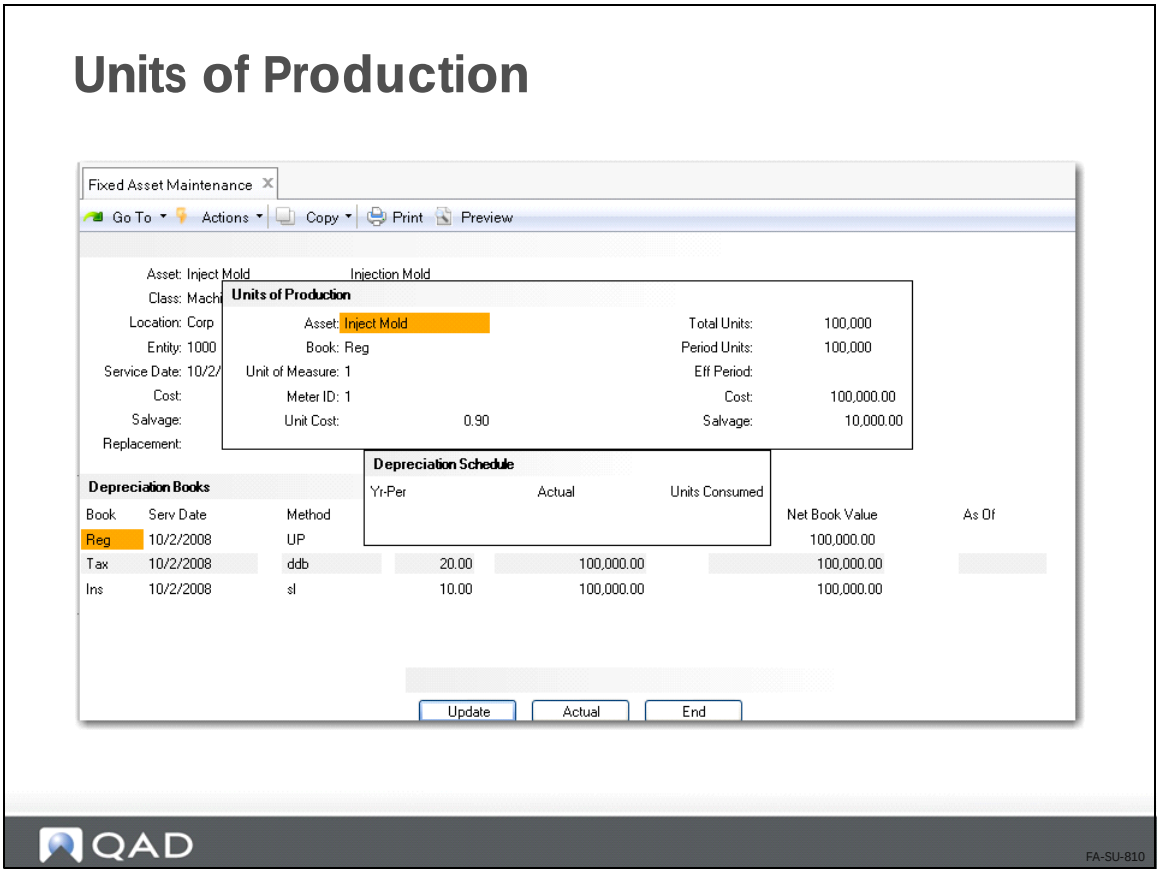
This screen is accessed by choosing Audit on the Depreciation Books screen. Use this function to view the original depreciation schedule and any adjustments.

Information can be viewed in a rolled-up or detailed version.

- Rolled-up schedule displays the calculated depreciation amount
- Detailed schedule displays the original depreciation calculation and any adjustments

If using the units-of-production depreciation method, the estimated, actual, and estimated accumulated units for each period. Choose the UOP button to view the units of production information.

Units of Production and Depreciation Schedule



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

This function can be used to update the total and estimated units of production for those assets that used the UOP depreciation method. If a meter is used, the Depreciation Schedule cannot be edited. This screen is used for entering actual units of production.

Eff Period. •Effective period to use to adjust the total and estimated units of production

- Format is XXXXYY
  - XXXX is the year
  - YY is the period

Meter. •Meter ID

- Meters are used to measure asset usage for the units-of-production depreciation method
- Attach meter to an asset or group of assets to collect the usage

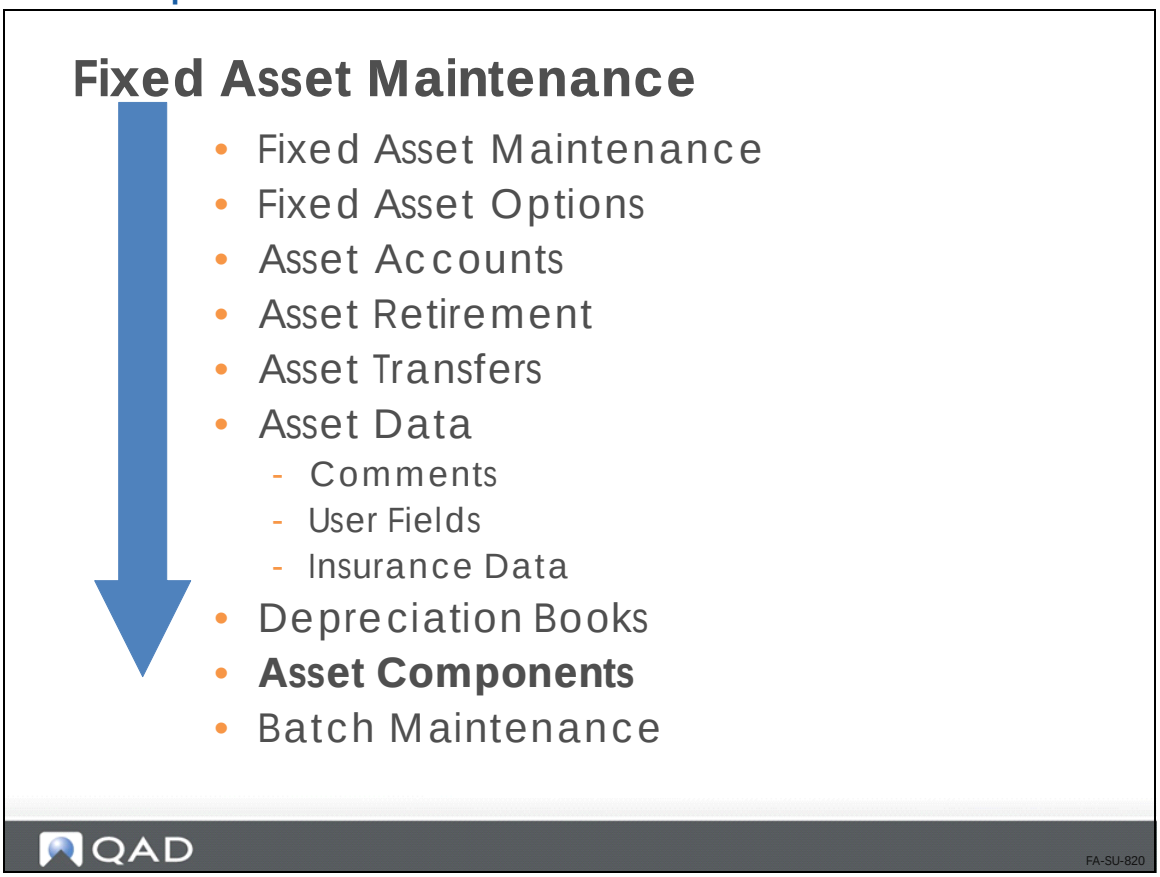
Total Units. •The estimated total number of units that this asset is expected to produce during its service life

- If this number is changed, all unposted periods are automatically adjusted

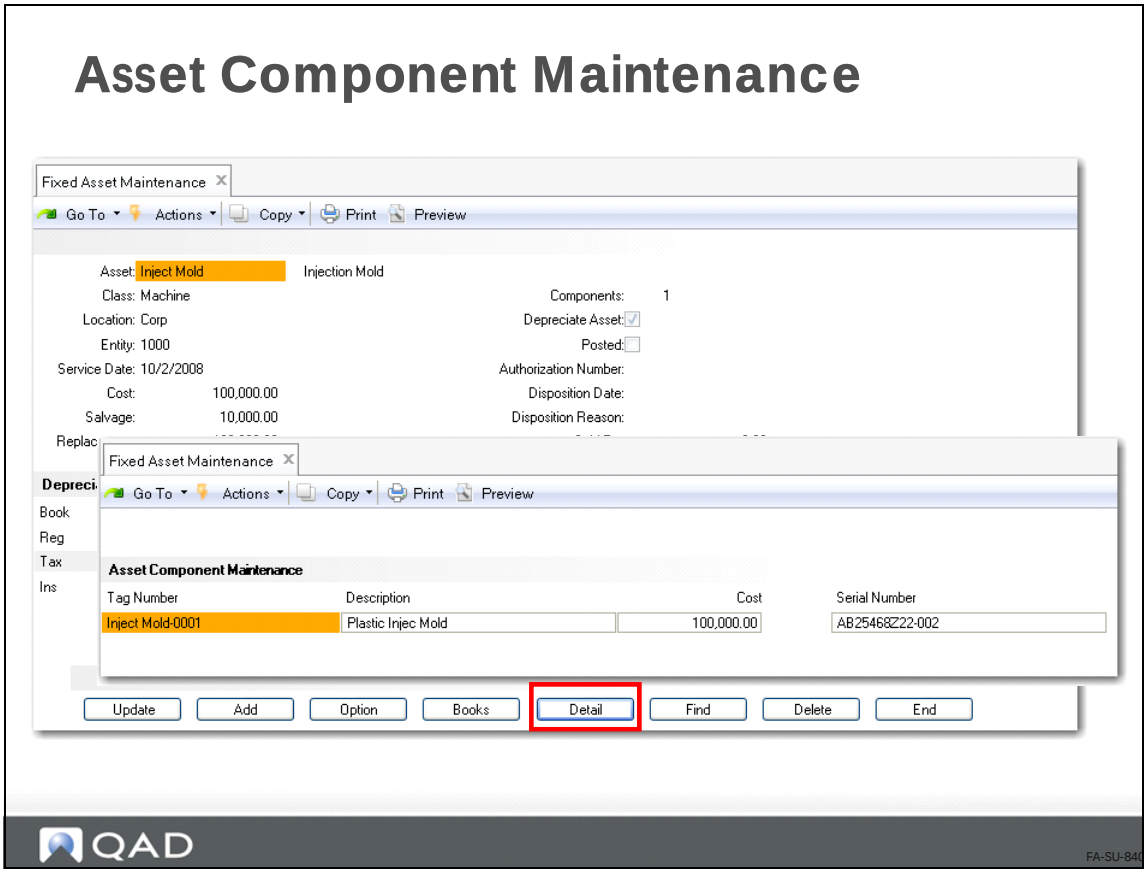
Estimated Units. •Estimated number of units that this asset is expected to produce each period

- Amount must be less than the total units

Asset Components



Asset Component Maintenance



This illustration shows the different screens that can be accessed using the navigation buttons.

This function is used to maintain:

- Serial numbers
- Tag numbers

Costs for each asset or component

Access Asset Component Maintenance by choosing Detail on the Fixed Asset Maintenance header.

If a fixed asset has separate components, you can track the asset and all of its components. When a asset is created, the asset component records are automatically created based on the value entered in the Components field.

Tag. •A unique tag number for this asset component

- Can access this field only if adding a tag

Description. •A description of this asset component

- Can be up to 20 characters

Amount. •The amount paid to acquire the asset component

- Amount is automatically calculated by dividing the cost by the number of components entered on the Fixed Asset Maintenance (32.3) screen

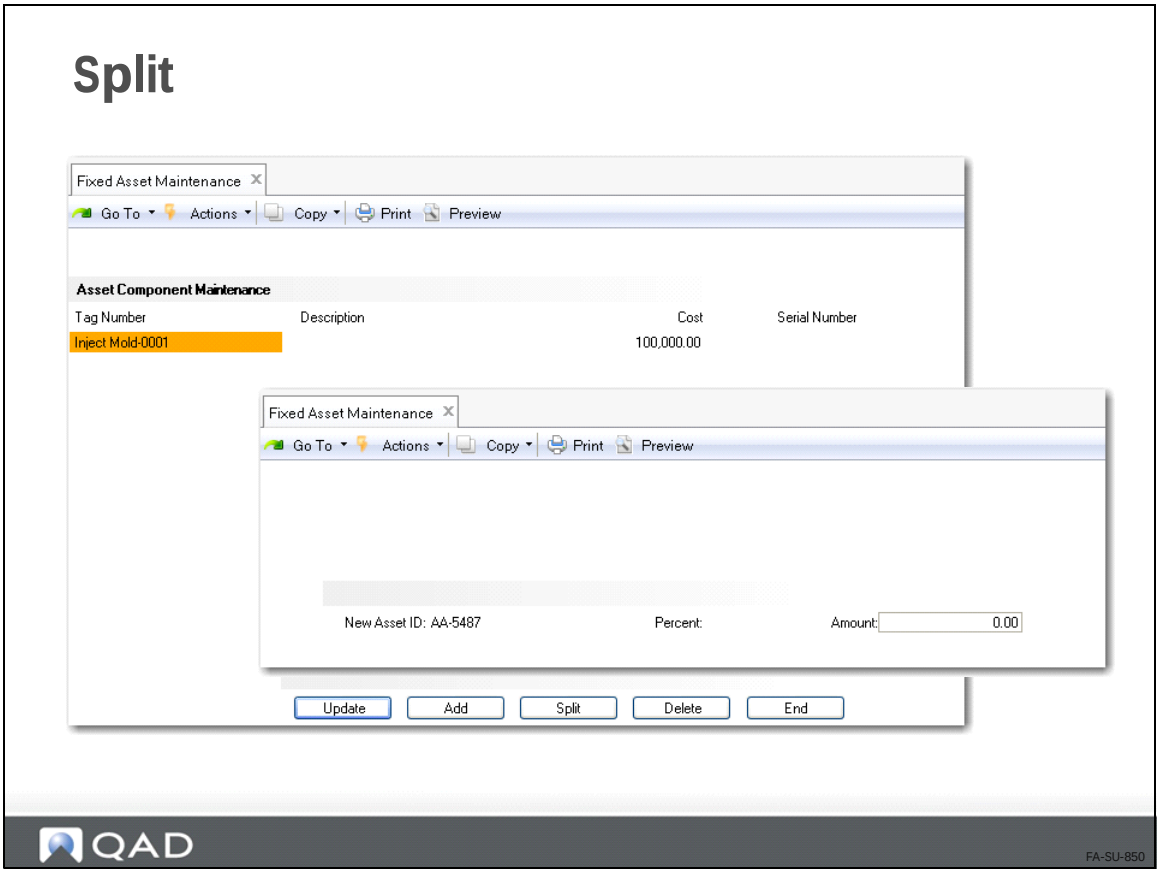
- If this amount is changed, the total amounts for all asset components must equal the value in the Cost field on the Fixed Asset Maintenance (32.3) header

Serial Number. •A serial number for the asset

- Unique identifier for the asset
  - Not necessarily the same as the asset ID

Note To modify an existing tag, you must first delete it and then create a new tag.

Split



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

This function is used to divide an asset into two separate assets.

- Referred to as splitting
- Used to divide an asset containing a group of individual items into two separate assets
- Also used for partial retirements and transfers

  New Asset ID. •A unique ID for the components being removed from the asset

  - If Auto Generate Asset ID is Yes in the Fixed Asset Control File (32.24), system automatically assigns an asset ID using the predefined Number Range Management sequence

  Percent. •The percentage of the original asset's cost that is to be assigned to the new asset

  - Only used if asset has one component
- Can also enter a currency amount of the original cost in the Amount field

  Amount. •Base currency amount assigned to the new asset

  - Only used if asset has one component
- Can also enter a percentage of the original cost in Percent field

If the asset has multiple components, choose from a list of components. By default, all components are selected.

Sel. •Indicates whether to split this component

- Press the spacebar or Enter key to select or unselect components
- Asterisk appears next to selected components

Exercise: Create Fixed Assets

Fixed assets can be added one at a time or in a batch of similar assets.

1 In this exercise, create assets one at a time.

Note Fixed Asset Maintenance (32.3)

Field	Data
Asset Id	COMP1
Description	Laptop Computer
Class	OFFICE
Location	LOC1
Entity	T100
Service Date	<One month ago>
Cost	$2500
Salvage	$100
Replacement	3000
Components	1
Depreciate	Yes
Auth Number	<Your initials>

2 Choose Detail button on the Fixed Asset header.

a Review the tag information that is automatically created, based on the number of components entered on the header screen.

3 Choose Update Button.

b Add a Description and Serial Number.

4 Choose Book button on the Fixed Asset header.

a The Book information defaults from the Class assigned to this asset.

5 Choose the End Button.

6 Choose Option button on the Fixed Asset header.

Field	Data
Sort Code	Computer
Warranty	<One year from today

7 Choose Accts button within the Option function.

a Review the accounts that defaulted from the class assigned to this asset. If you edited the class after creating the asset, the accounts do not default. You must enter them manually.

8 Create another asset.

Field	Data
Asset Id	COMP2
Description	Desktop Computer
Class	OFFICE

Field	Data
Location	LOC2
Entity	T200
Service Date	<One month ago>
Cost	$5000
Salvage	$250
Replacement	6000
Components	1
Depreciate	Yes
Auth Number	<Your initials>

9 Choose Detail button on the Fixed Asset header.

a Review the tag information that is automatically created, based on the number of components entered on the header screen.

b Add a Description and Serial Number.

10 Choose Books button on the Fixed Asset header.

a The Book information defaults from the Class assigned to this asset.

11 Choose Option button on the Fixed Asset header.

Field	Data
Sort Code	Computer
Warranty	<One year from today

12 Choose Accts button within the Option function.

a Review the accounts that defaulted from the class assigned to this asset. If you edited the class after creating the asset, the accounts do not default. You must enter them manually.

13 Create another fixed asset.

Field	Data
Asset Id	COMP3
Description	Laser Jet Printer
Class	OFFICE
Location	LOC1
Entity	1000
Service Date	<One month ago>
Cost	$2000
Salvage	$100
Replacement	$3000
Components	1
Depreciate	Yes
Auth Number	<Your initials>

14 Choose Detail button on the Fixed Asset header.

a Review the tag information that is automatically created, based on the number of components entered on the header screen.

15 Choose the Update button.

b Add a Description and Serial Number.

16 Choose Books button on the Fixed Asset header.

a The Book information defaults from the Class assigned to this asset.

17 Choose Option button on the Fixed Asset header.

Field	Data
Sort Code	Computer
Warranty	<One year from today>

18 Choose Accts button within the Books function.

a Review the accounts that defaulted from the class assigned to this asset. If you edited the class after creating the asset, the accounts do not default. You must enter them manually.

19 Create one more asset to be used with the UOP depreciation method.

Field	Data
Asset Id	COPIER1
Description	Copy Machine
Class	MACH
Location	LOC1
Entity	1000
Service Date	<One month ago>
Cost	$10,000
Salvage	$250
Replacement	$11,000
Components	1
Depreciate	Yes
Auth Number	<Your initials>

20 UOP Detail; Update button.

Field	Data
Total Units	0
Period Units	0
Unit of Measure	EA

21 Choose Books button on the Fixed Asset header, then UOP button.

Field	Data
Meter	MACH1
Total Units	150,000
Period Units	50,000

Note The Meter ID may be created in Fixed Asset Meter Maintenance (32.11)

22 Choose the Audit button on the Fixed Asset header, then the UOP button.

Review the UOP Audit screen for this machine.

23 Choose Detail button on the Fixed Asset header.

a Review the tag information that is automatically created, based on the number of components entered on the header screen.

b Add a Description and Serial Number.

24 Choose Book button on the Fixed Asset header.

a The Book information defaults from the Class assigned to this asset.

25 Choose Option button on the Fixed Asset header.

Field	Data
Sort Code	Copier
Warranty	<One year from today>

26 Choose Accts button within the Option function.

Review the accounts that defaulted from the class assigned to this asset. If you edited the class after creating the asset, the accounts do not default. You must enter them manually.

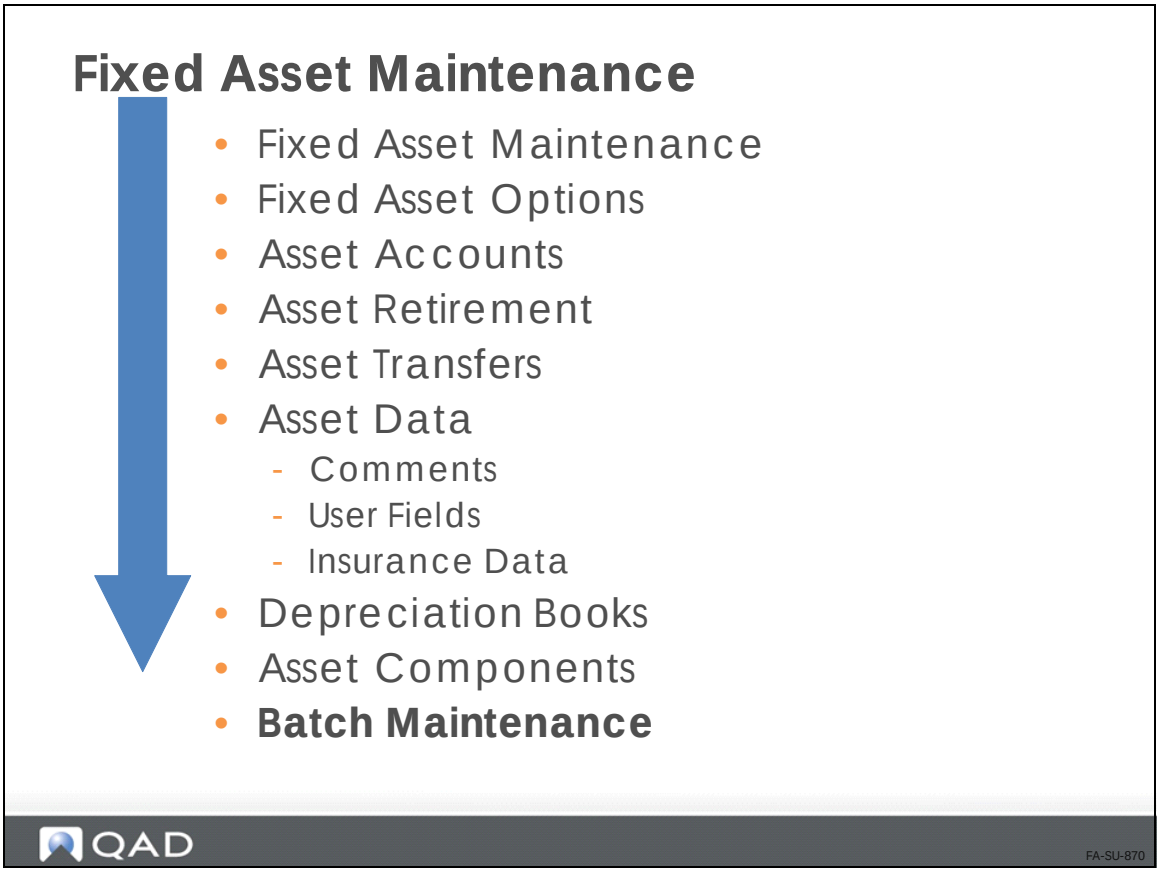
The Reading for a machine would be entered in Meter Maintenance (32.11). This reading would be used in the UOP calculation for depreciation. If using actuals, the actual number would be entered in the asset record in Fixed Asset Maintenance (32.3). Use Actuals field would have to be set to Yes in the asset record.

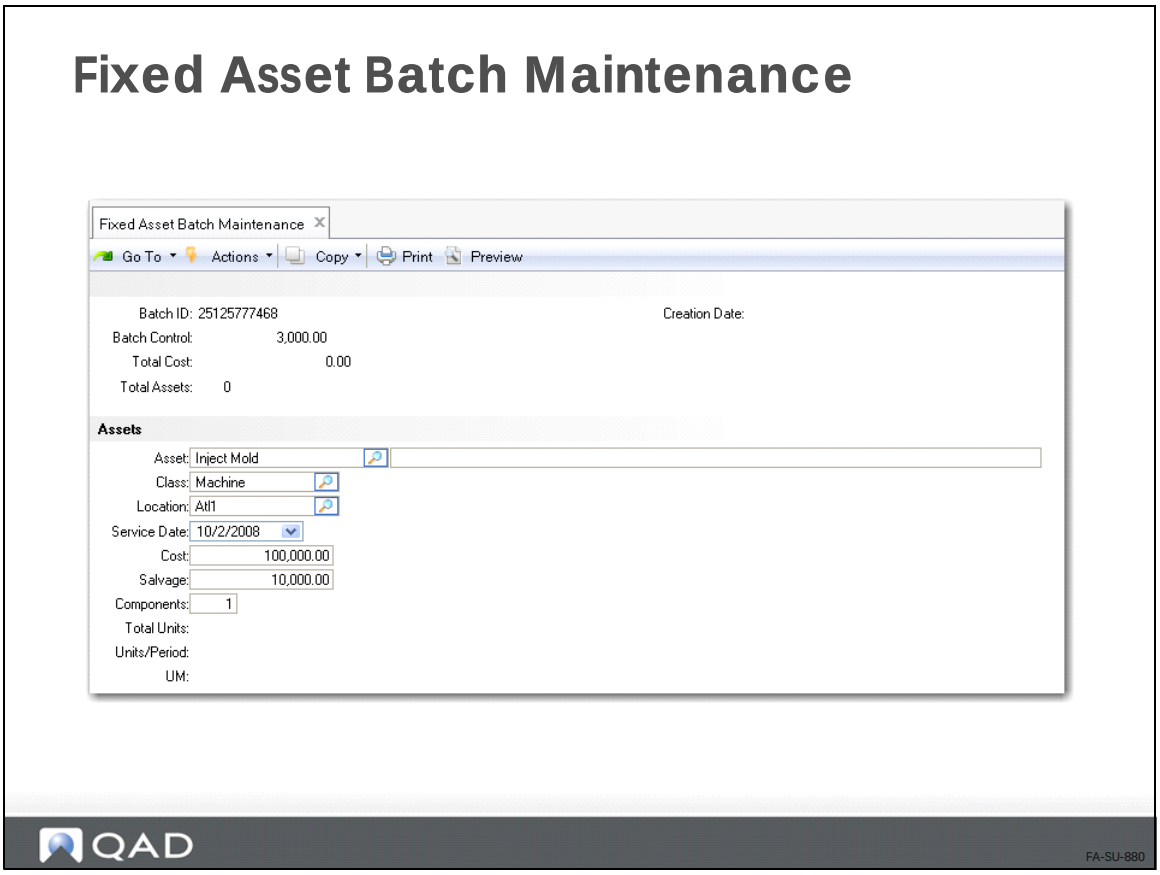
27 Record a meter reading for the meter you created.

a Where would you record this reading?

b What action code would you use?

Fixed Asset Batch Maintenance (32.7)





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.

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

Once fixed assets are created, they can be modified individually in Fixed Asset Maintenance (32.3).

Batch ID. •The batch ID for this group of assets

- By pressing Go, the system assigns a batch ID
  - System-generated batch IDs are in the format YYMMDDNN
  - YY is the year
  - MM is the month
  - DD is the day
  - NN is the next batch number for the day
- Can also be entered manually

Control. •The total value for all the assets in the batch

- Control amount is used to set a minimum or maximum amount allowed for the batch

Asset ID. •A unique ID identifying a fixed asset that is part of the batch

- Can be up to 12 characters

Asset Description. •A description of the asset

- For reference only
- Displays on various reports and inquiries

Class ID. •A predefined class ID

- Class IDs are defined in Class Maintenance (32.1.17)
- Determines the default account codes for the asset

Location. •A predefined location ID

- Locations are defined in Location Maintenance (32.1.13)
- Refer to the accounting location of the fixed asset
- Location does not have to be the physical location of the fixed asset

Service Date. •Date the fixed asset was put into service

- Default date used to calculate depreciation
- Must be in an open GL calendar period and must exist in any fixed asset calendars associated with default books in the class

Cost. •Amount paid to acquire the asset

- Used to calculate the basis amount for each default book created for the asset

Salvage. •Salvage value for this asset

- Optional
- Estimated value of property at the end of its useful life
- 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. •The number of components that belong to this asset ID

- If updating an asset, the new value cannot be less than the original value entered
- Cannot enter a value less than 1

Total Units. •Used with the units-of-production depreciation method

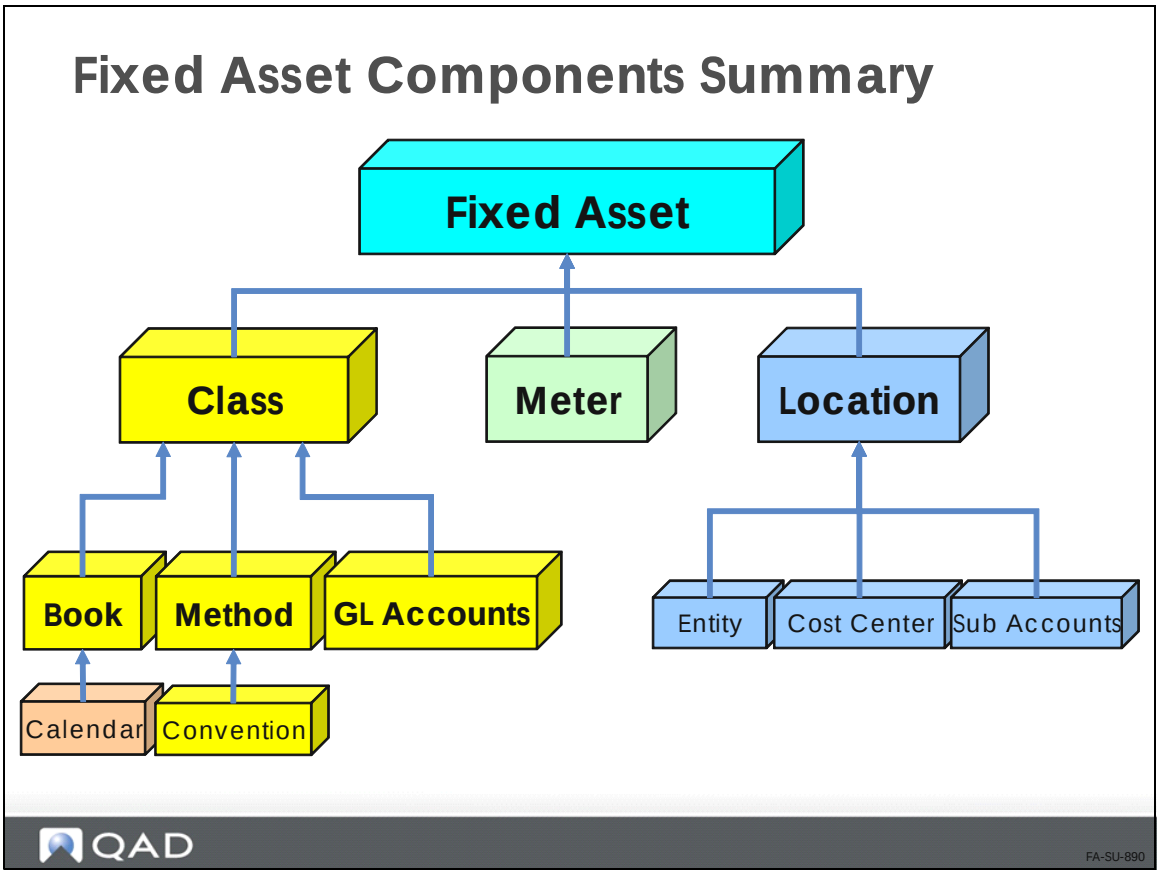
- The estimated total number of units that this asset is expected to produce during its service life

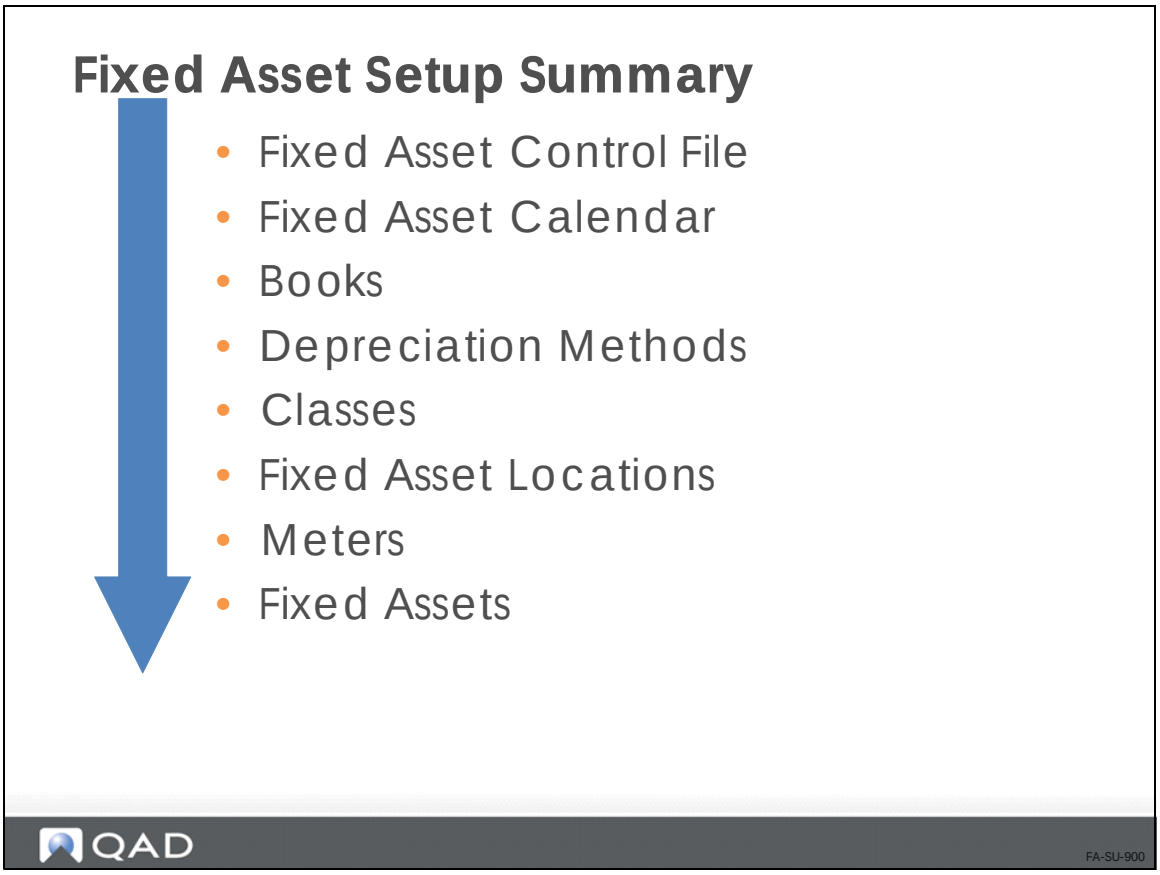
Units/Period. •Used with the units-of-production depreciation method

- The estimated number of units that this asset is expected to produce each period

UM. •Used with the units-of-production depreciation method

- The unit of measure for this asset's units
  - For example, inch or foot


Fixed Asset Components Summary
Fixed Asset
Class
Meter
Location
Book
Method
GL Accounts
Entity
Cost Center
Sub Accounts
Calendar
Convention
QAD
FA-SU-890


Fixed Asset Setup Summary
Fixed Asset Control File
Fixed Asset Calendar
Books
Depreciation Methods
Classes
Fixed Asset Locations
Meters
Fixed Assets
QAD
FA-SU-900

Chapter 5

Processing Fixed Assets

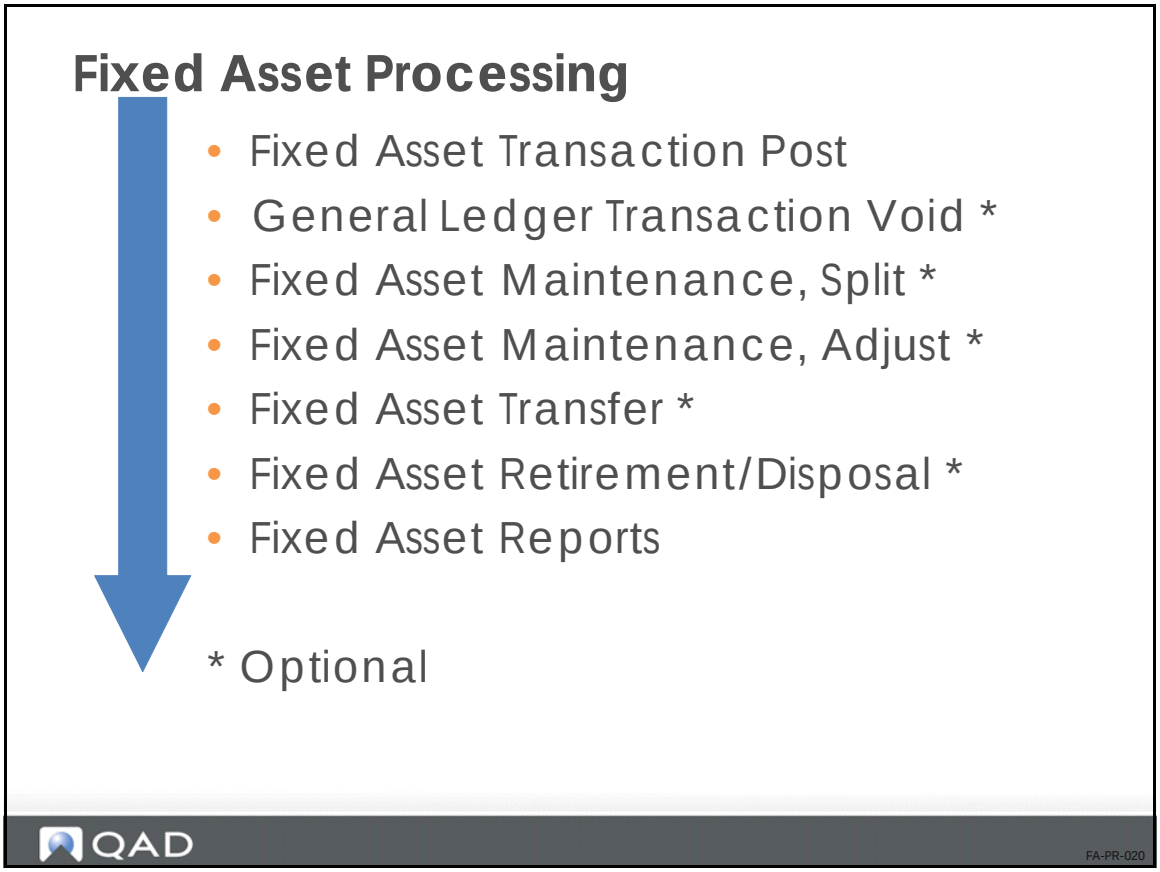
Process Fixed Assets

- ✓ Identify key business considerations before setting up Fixed Assets in QAD Enterprise Applications
- ✓ Set up Fixed Assets in QAD Enterprise Applications
- **Process Fixed Assets in QAD Enterprise Applications**

QAD

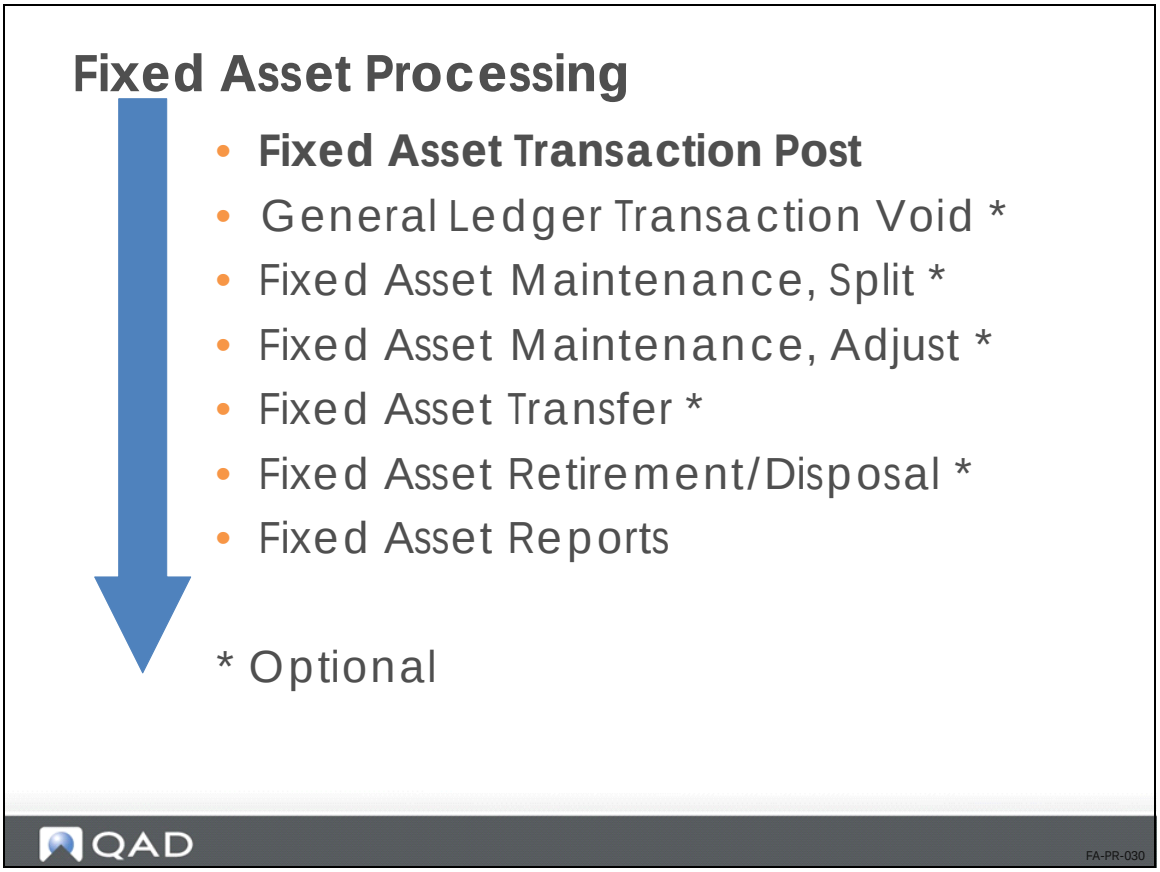
FA-PR-010

Fixed Asset Processing



This illustration is a suggested processing sequence of the Fixed Assets module which is based on information that flows from one master file to another and prerequisites that need to be accomplished before setting up a file.

Fixed Asset Transaction Post



This function creates unposted transactions (type FA glt_det records) that are later posted to the general ledger through the regular GL Transaction Post (25.13.7).

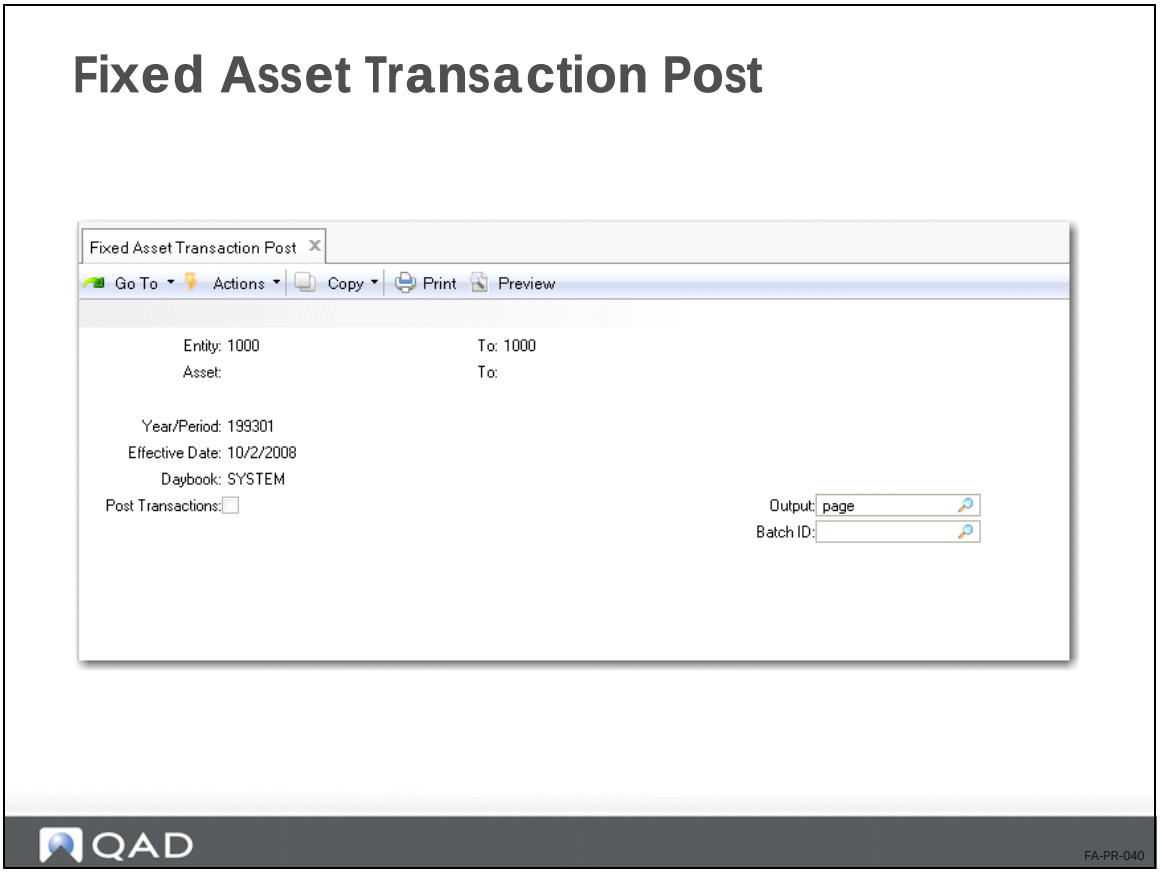
Note This function does not post transactions to the general ledger. It transfers fixed asset unposted transactions to the GL for posting.

Create GL entries for assets by entity in Fixed Asset Transaction Post (32.13). GL entries are created for:

- Acquisition
- Depreciation expense
- Transfer
- Retirement of assets
- Adjustments

Note When Fixed Asset Transaction Post is run, it creates entries for the earliest fixed asset transactions before creating transactions for the current period. For example, depreciation for asset AD-0101-0001 was last posted in 07/08. The current period is 10/08. This means that depreciation transactions for 08/08 and 09/08 are created and must be posted in the GL before posting depreciation for 10/08.

Fixed Asset Transaction Post (32.13)



At the end of each reporting period, run Fixed Asset Transaction Post (32.13) to post the period depreciation for each asset.

- Audit trail report is created before posting GL entries
- Make necessary adjustments in Fixed Asset Maintenance (32.3)
- Fixed Asset Transaction Post must be rerun for that period

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

GL Entries are created for these fixed asset accounts:

- Asset
- Accumulated Expense
- Periodic Expense
- Construction in Process
- Gain on Disposal
- Loss on Disposal
- Asset Suspense

Entity. •Entities of selected assets to be posted

Asset ID. •Asset IDs of selected assets to be posted

Effective Date. •Date when fixed asset transactions affect the GL

- Entries are created for the Year/Period
- Must be in an open GL period
- Default is System date

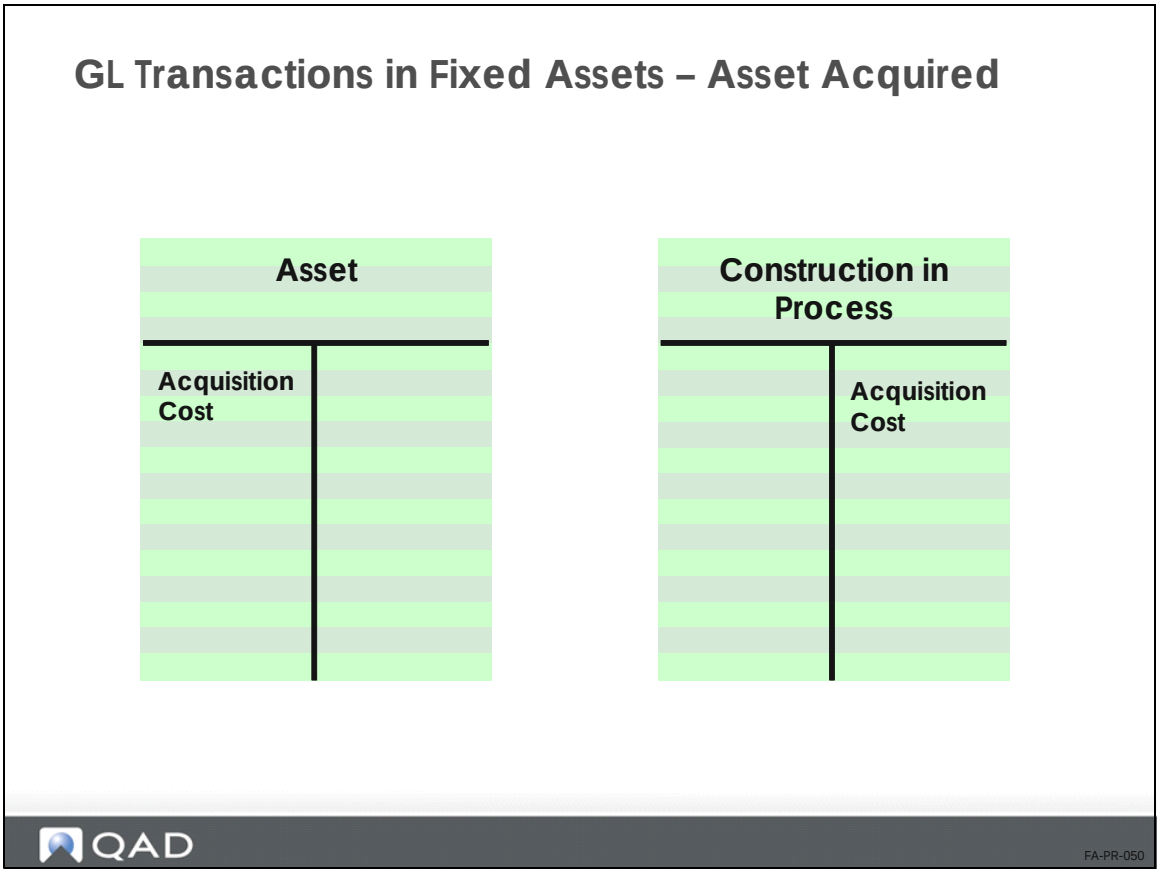
Daybook. •Default daybook code for FA transaction types and FA document types

- If not defined, the system daybook defaults
- Daybooks are defined in Daybook Maintenance (25.8.1) and Default Daybook Maintenance (25.8.4)

Post Transactions. •If Yes, a journal report is printed and transactions are posted to the GL

- If No, a journal report is printed, but transactions are not posted
- If any errors occur, an error report is generated with the problematic journals
  - No transactions are posted
  - Errors must be fixed before posting again

Asset Acquisition



After completing the header, you are prompted to post GL transactions related to acquisition costs. The frame containing these field displays when you click Back or Add.

When an asset is acquired:

- The Asset account is debited for the acquisition cost
- The Construction in Process account is credited for the acquisition cost

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 avoid double-booking of the cost.

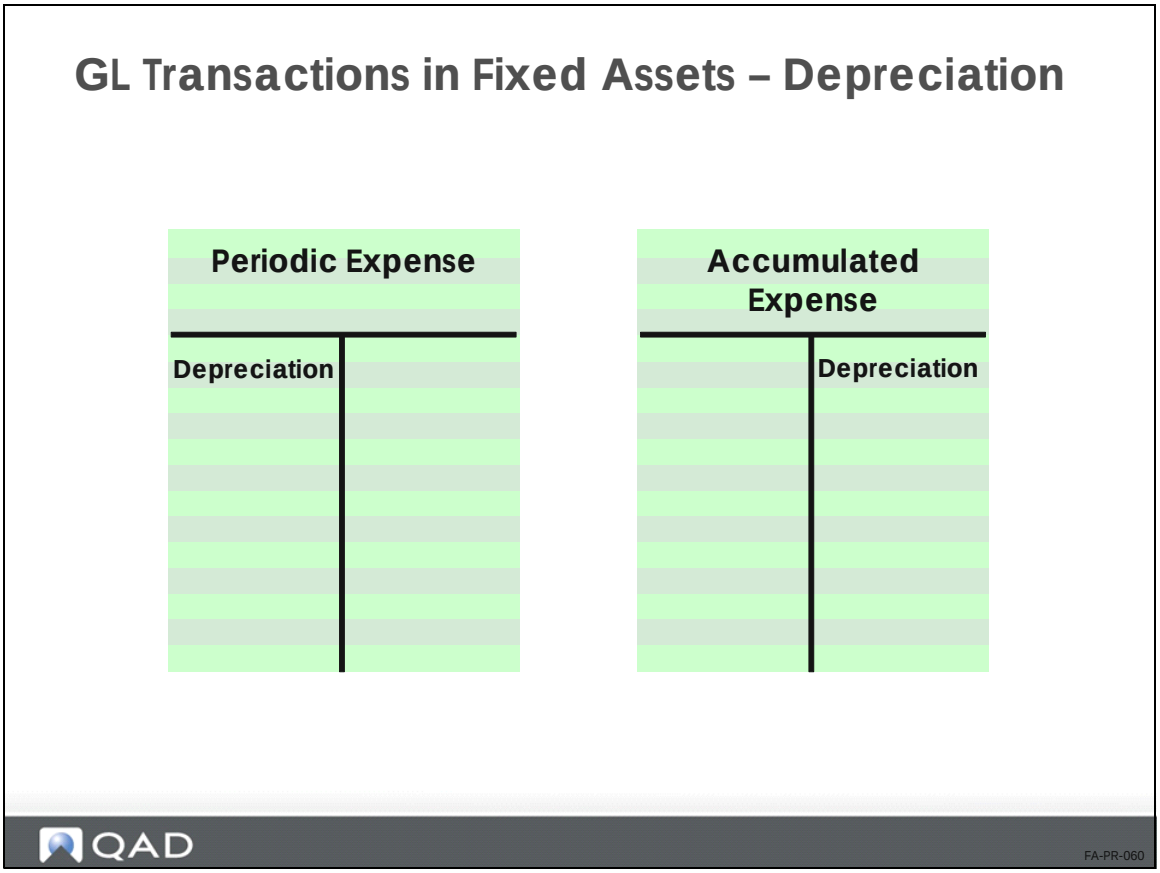
Note You can also post GL transactions when you use the Create function in Fixed Assets Batch Maintenance.

If you choose to generate those transactions when you add the asset, set Post to GL to Yes. You can specify an effective date and daybook, as well as display a report showing an audit trail for the resulting transactions.

Note This function creates unposted transactions (type FA glt_det records) that are later posted to the general ledger through the regular GL Transaction Post (25.13.7).This function does not post transactions to the general ledger. It transfers fixed asset unposted transactions to the GL for posting.

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.

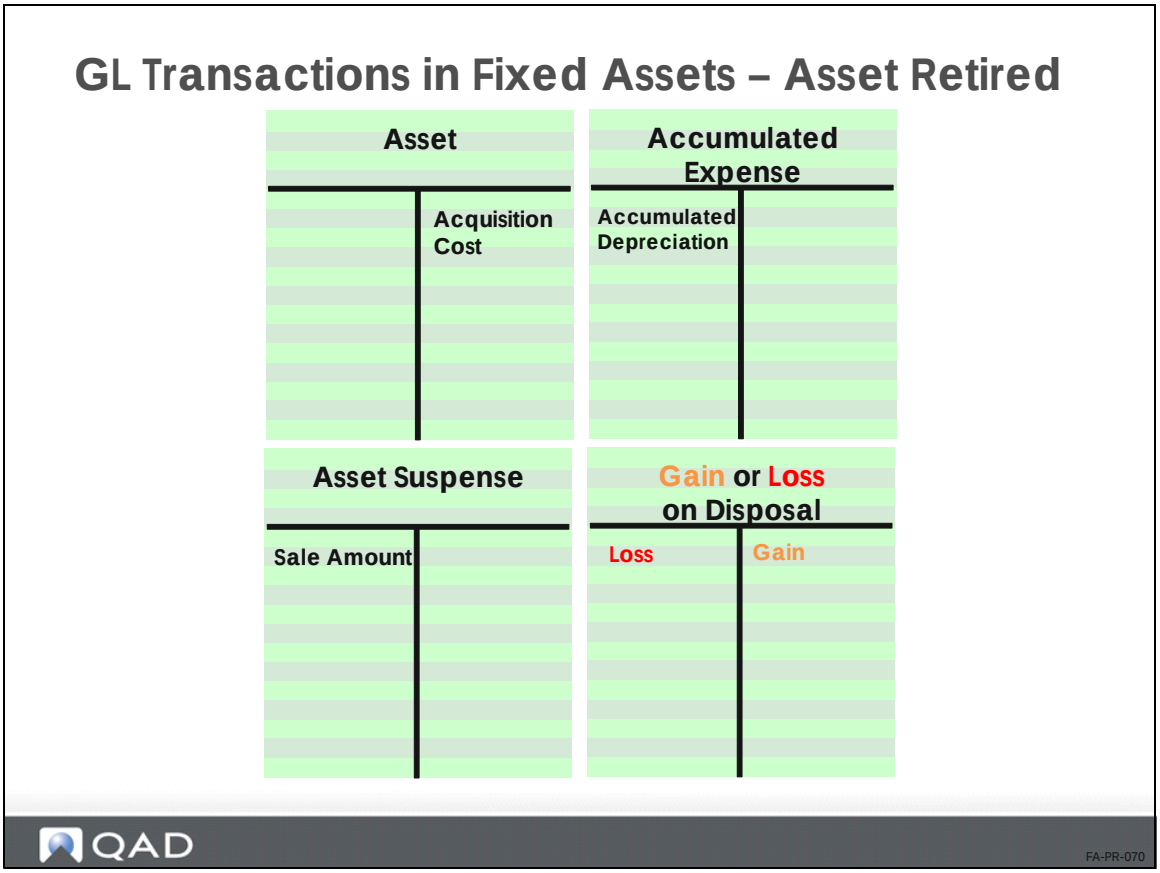
Depreciation



When depreciation for an asset is posted:

- Depreciation expense debits the Periodic Expense account
- Depreciation expense credits the Accumulated Expense account

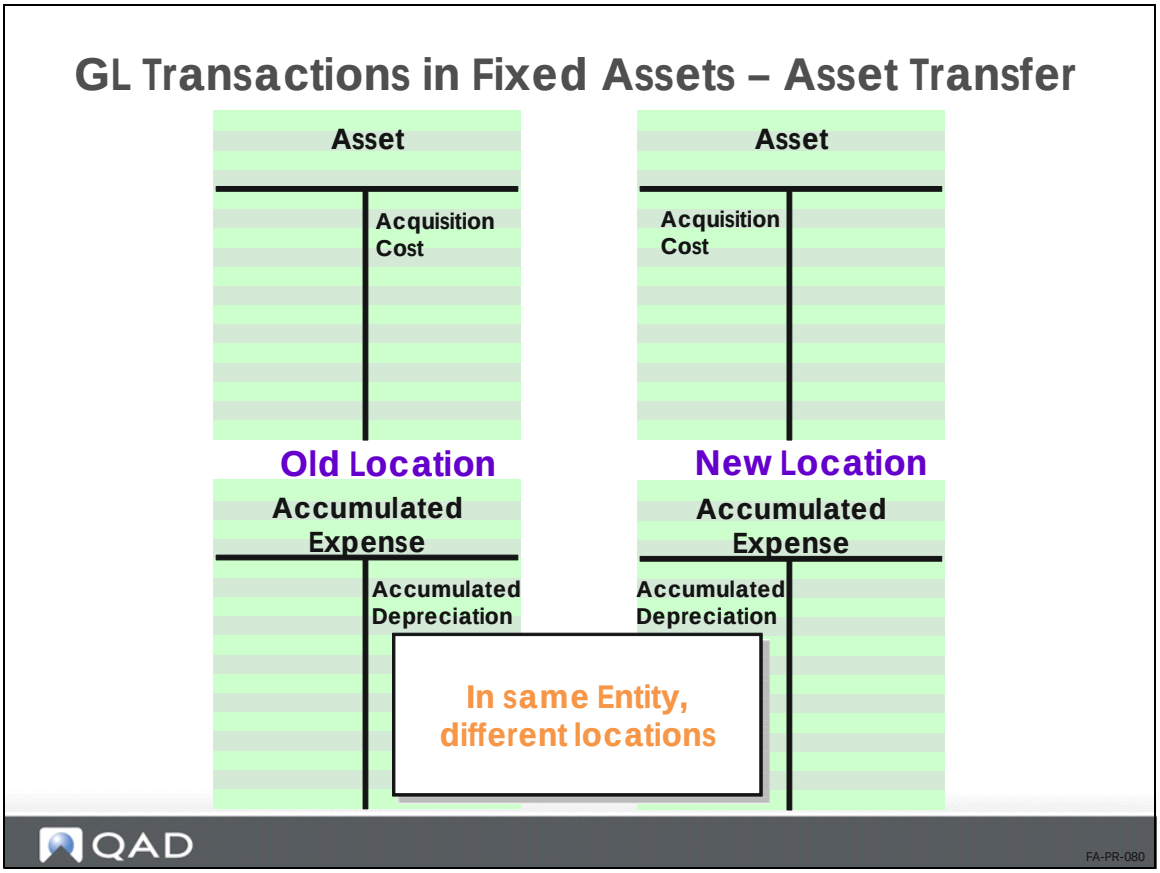
Asset Retirement



When an asset is retired:

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

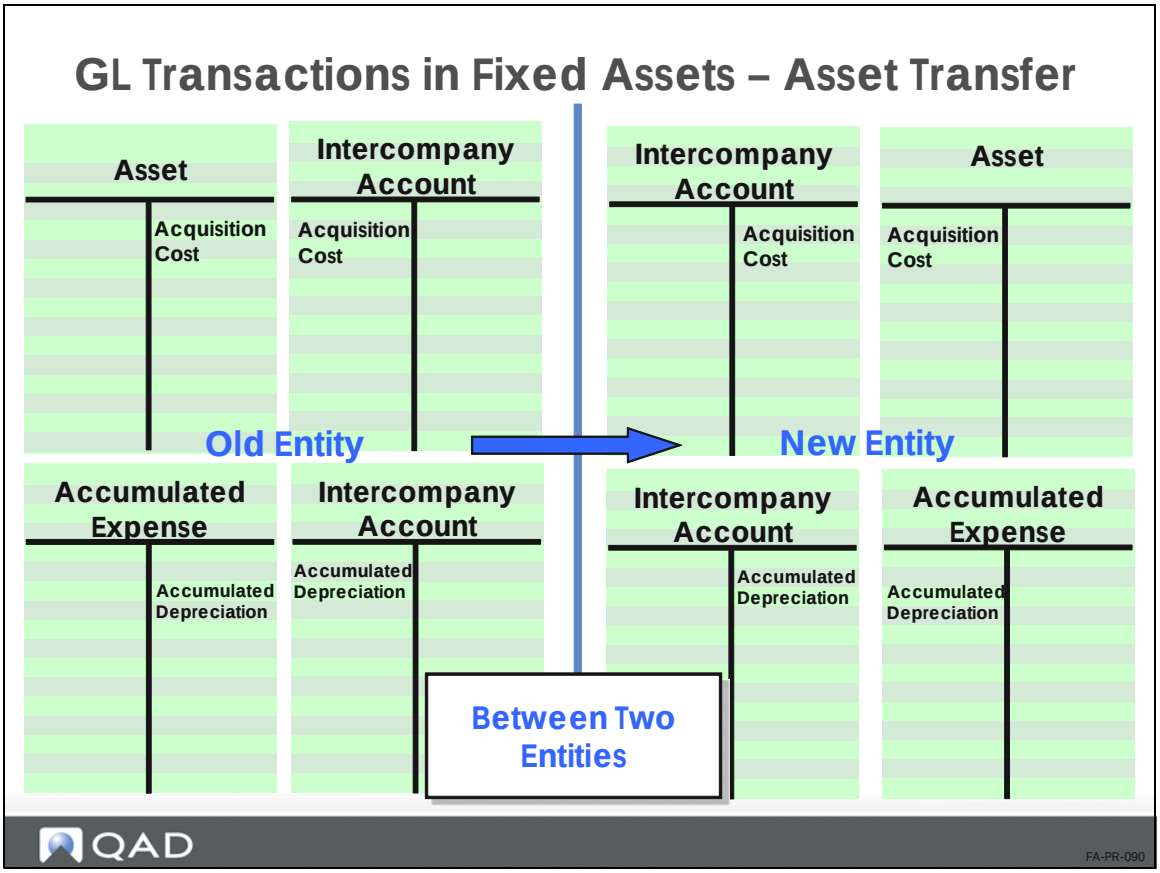
Asset Transfer



When as asset is transferred within the same entity but different locations:

- Accumulated cost credits the Asset account for the old location and debits the Asset account for the new location
- Accumulated depreciation debits the Accumulated Expense account for the old location and credits the Accumulated Expense account for the new location

Asset Transfer Between Entities



When an asset is transferred between two entities:

- Acquisition cost credits the old entity and debits the new entity
- The Intercompany account for the old entity is debited for the acquisition cost and the Intercompany account for the new entity is credited for the acquisition cost
- Accumulation depreciation debits the Accumulated Expense account for the old entity and credits the Accumulated Expense account for the new entity
- Accumulated depreciation also credits the Intercompany account for the old entity and debits the Intercompany account for the new entity

Exercise: Fixed Asset Transaction Post

1 Post the depreciation for the assets created in the Setup exercises. Remember to include Entities T100 and T200, and use today's date as the effective date. The year/period date should default according to today's date.

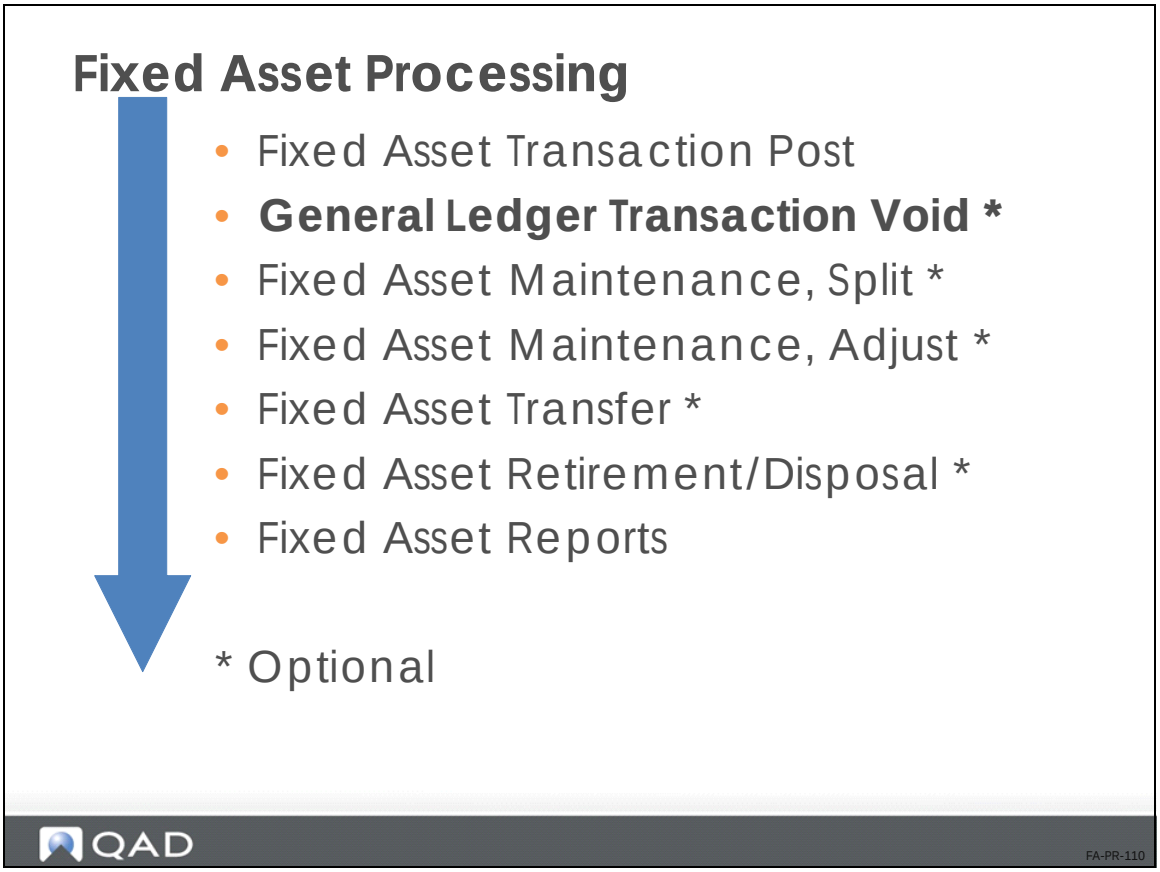
   a The first time you run Fixed Asset Transaction Post, set the Post Transactions flag to No. Review the report and make any necessary corrections.

   b Run Fixed Asset Transaction Post again with the Post Transactions flag set to Yes.

Note Was a transaction created for your asset using the UOP depreciation method?

Note Fixed Asset Transaction Post (32.13)

Transaction Void



This function is used to correct errors for:

- Posted depreciation
- Acquisitions
- Transfers
- Adjustments

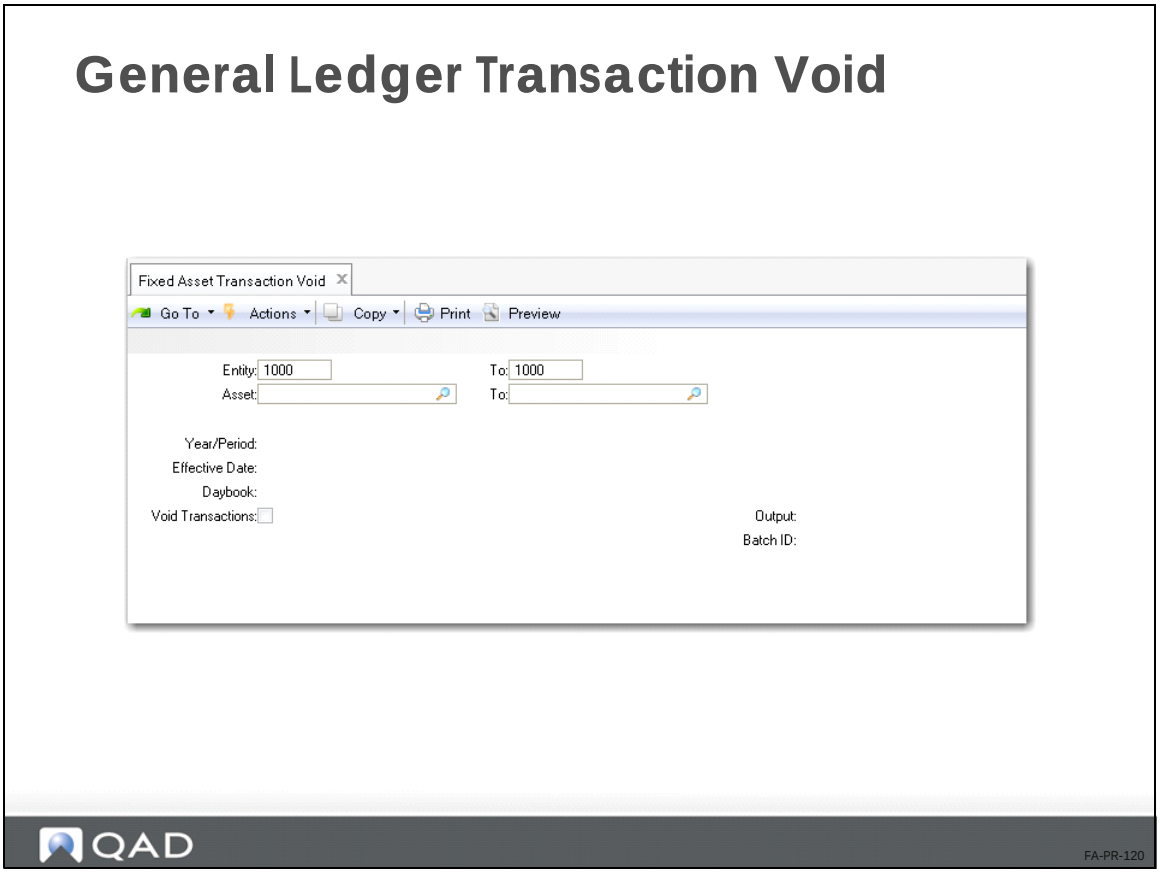
It finds the last time a fixed asset transaction was created for the assets in the selection criteria and fills in the Year/Period field accordingly. It is used to back out unposted fixed asset transactions only. Fixed Asset transactions already posted in Transaction Post (25.3.7) are not effected.

Note You must back out the last posted transaction first. For example, if there is a transaction from last period that needs to be backed out, you must back out the transaction for this period for the asset first.

Reversing transactions are generated for the original GL entries that were created by Fixed Asset Transaction Post (32.13). Transactions can only be voided if the calendar period is open.

- Cannot void entries for periods prior to the last posted period
  - Must first void last posted period
- GL entries are created for voids that affect posting books
- For voided depreciation, GL entries reverse the posting for accumulated depreciation and depreciation expense

General Ledger Transaction Void (32.14)



Select transactions to void by ranges of:

- Entities
- Asset IDs

Entity. •Entities where the GL transactions to be voided exist

- Select range, as desired

Asset ID. •Asset IDs to select assets to void

- Select range, as desired

Effective. •The date that the void transaction should effect the GL

- Default is the System date

Daybook. •Default daybook code for FA transaction types and FA document types

- If not defined, the system daybook defaults
- Daybooks are defined in Daybook Maintenance (25.8.1) and Default Daybook Maintenance (25.8.4)

Void Transactions. •If Yes, selected transactions are voided and an audit trail is printed

- If No, a journal report is generated and the GL transactions are not voided

After transactions to void are selected, the system prompts Is all information correct?

- Yes voids the selected transactions
- No does not void transactions and redisplays the selection screen

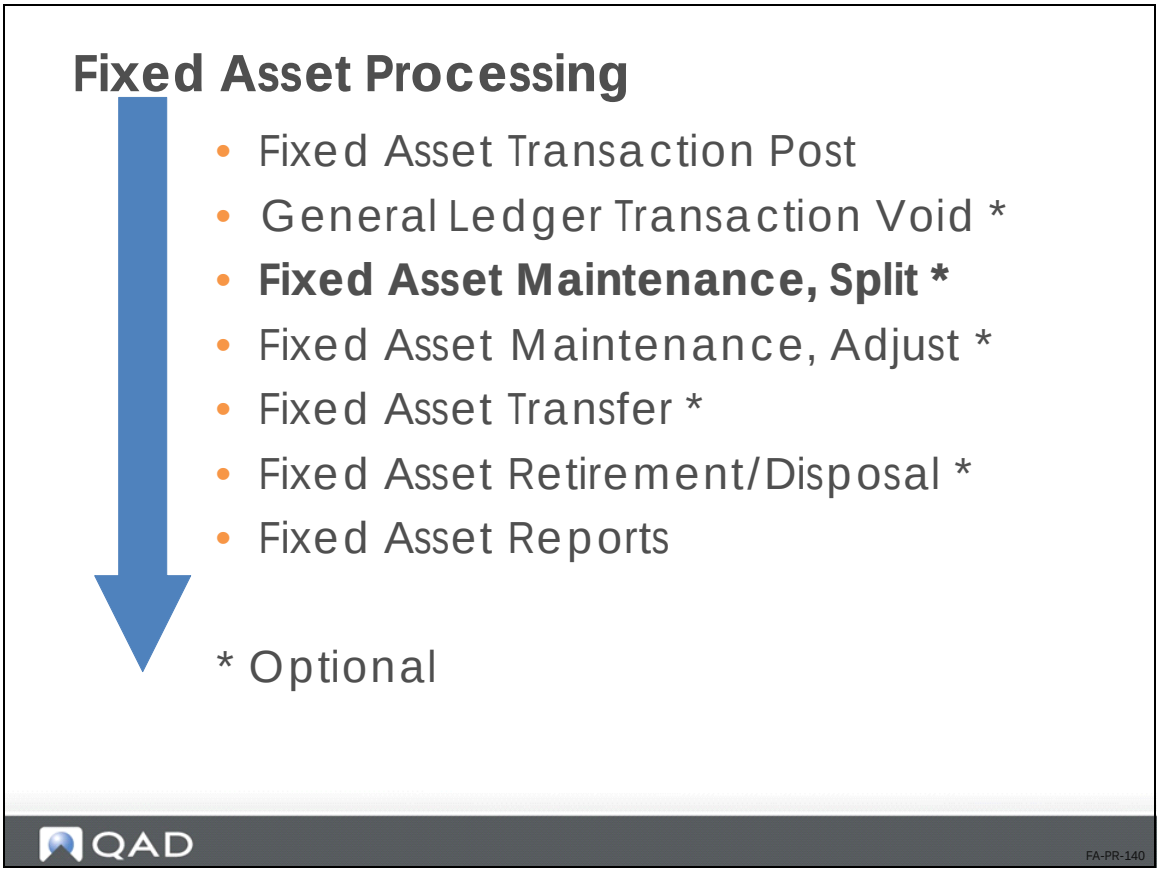
Exercise: Void a Fixed Asset Transaction

1 Pick one of the transactions just posted and void it. Use the system date as the effective date.

   a Run Transaction Void (32.14) the first time with Void set to No. Are only the transactions you want to void appearing on the report? If No, check your selection criteria.

   b Run Transaction Void again with Void set to Yes.

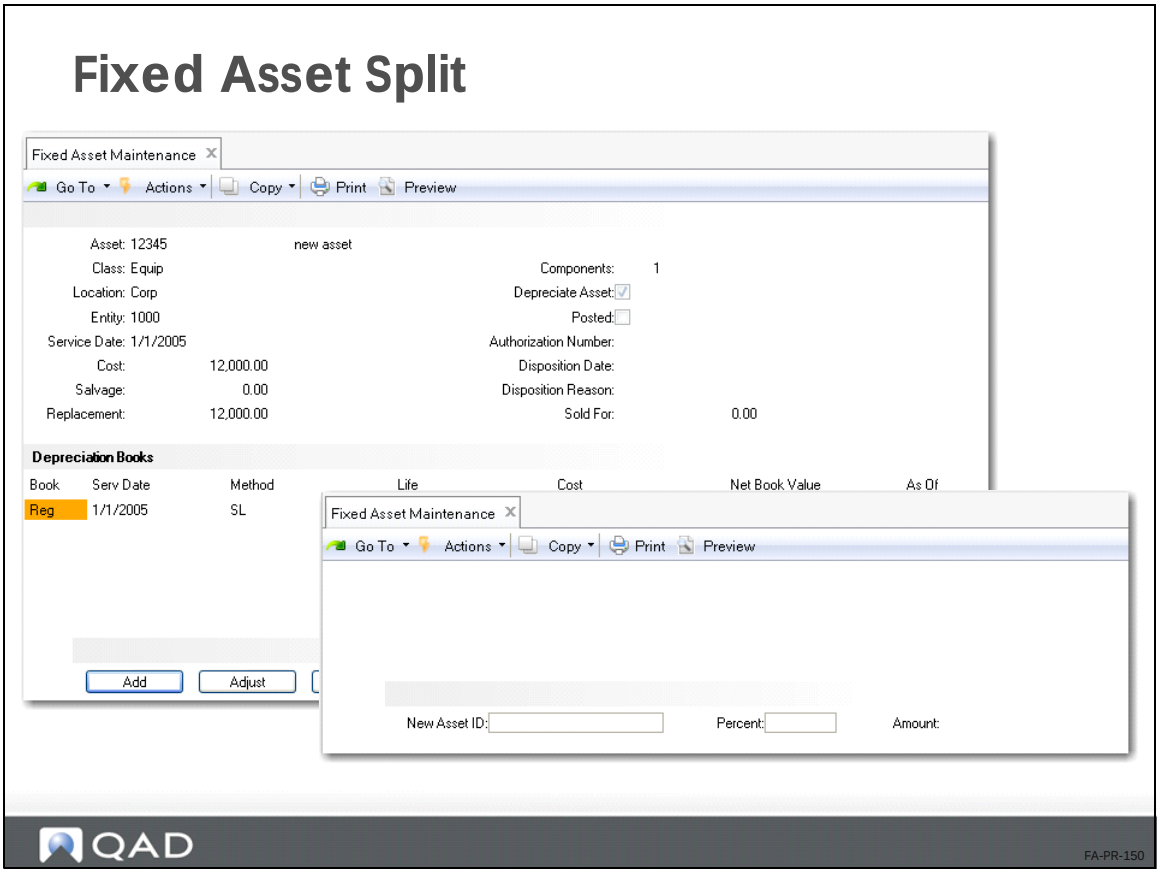
Split



This function is used to divide an asset into two separate assets.

- Referred to as splitting
- Used to divide an asset containing a group of individual items into two separate assets
- Also used for partial retirements and transfers

Fixed Asset Maintenance (32.3), Split



Access this function by choosing the Split button on the Asset Component Maintenance screen in Fixed Asset Maintenance (32.2).

Enter a unique asset ID for the components being removed from the asset.

- If Auto Generate Asset ID is Yes in the Fixed Asset Control File (32.24), the asset ID is automatically assigned

If an asset has only one component, specify a percentage of the original asset's cost to assign to the new asset. Or you can enter an amount to assign to the new asset.

New Asset ID. •Unique asset ID for the new asset for the components being removed from the original asset

- An ID is automatically assigned if Auto Generate Asset ID is Yes in the Fixed Asset Control File (32.24)
  - Uses the predefined Number Range Management sequence

Percent. •If asset has only one component, this is the percentage of the original asset's cost that should be assigned to the new asset

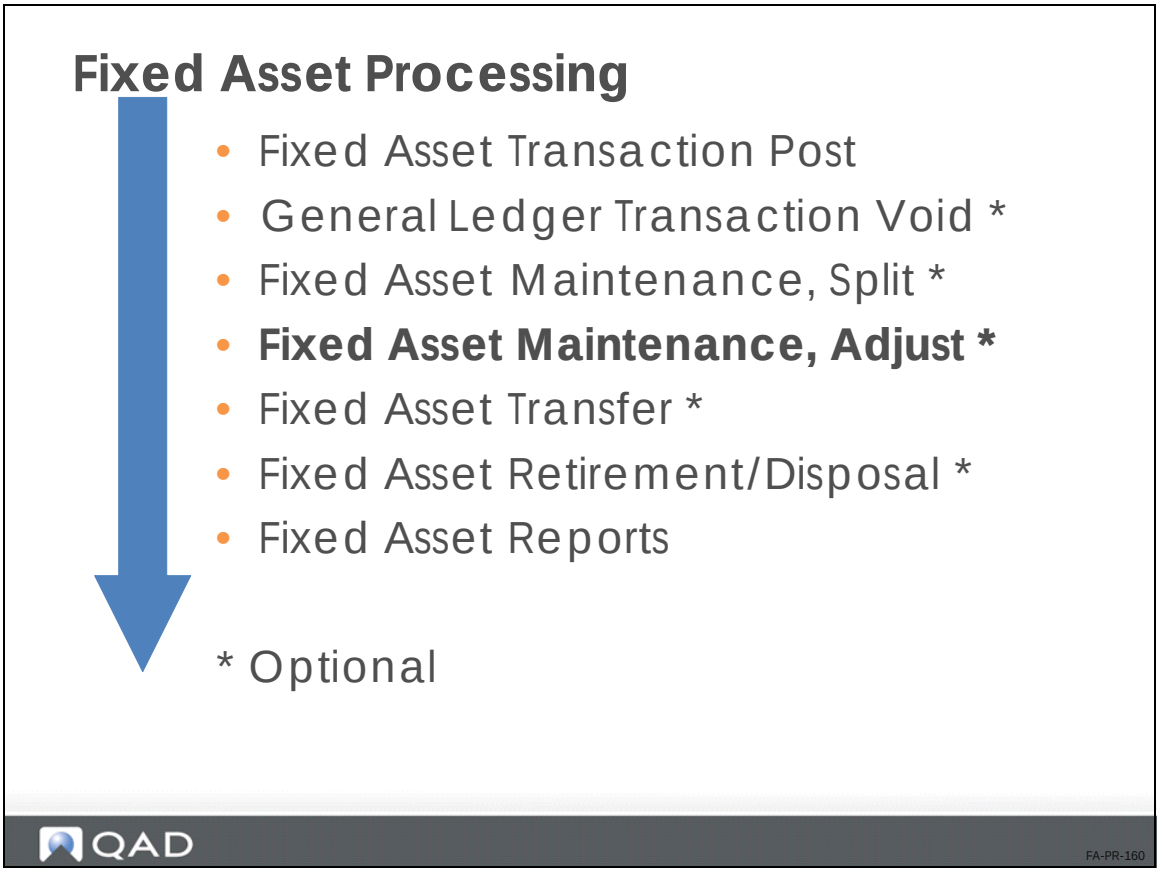
Amount. •If asset has only one component, this is the amount to assign to the new asset

If the asset has multiple components, you can choose from a list. All components are selected by default. Use the spacebar to select or de-select the components.

Sel. •Indicates whether to split this component

- Press the spacebar or Enter key to select the components to be split
- Pressing the spacebar or Enter key next to a selected component de-selects the component
- An asterisks indicates the component is selected

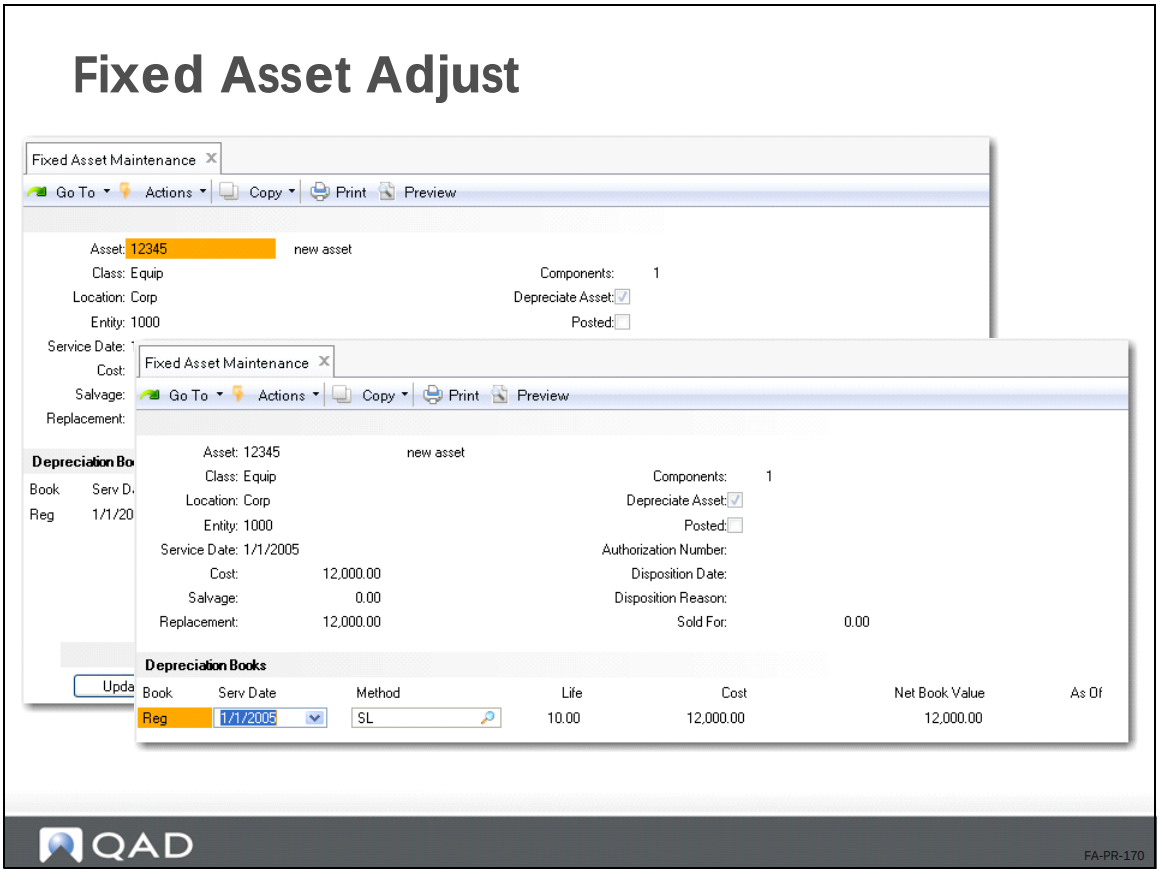
Adjust



This function is used to override certain data in a fixed asset record.

You can override specific fields, depending on whether or not the asset has been posted.

Fixed Asset Maintenance (32.3), Adjust

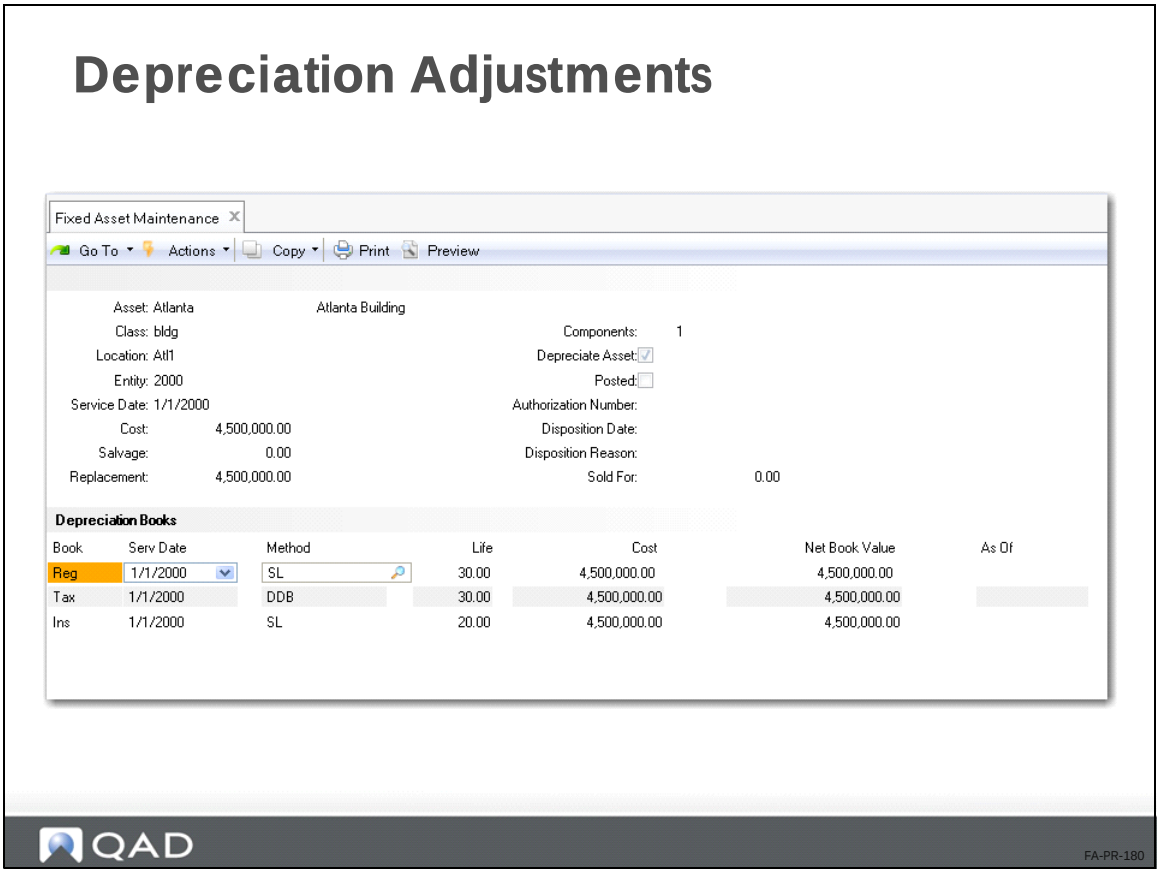


Access this function by choosing the Book button on the Fixed Asset header and then the Adjust button on the Depreciation Books screen in Fixed Asset Maintenance (32.3).

If an asset has not been posted, you can override:

- Service date
- Method
- Life
- Cost

Depreciation Adjustments



If an asset has been posted, the Depreciation Adjustments screen appears. This function is used to make adjustments to the depreciation schedule of an asset. This is normally only used when migrating assets from another system.

Specify a Type and an adjustment amount. The system automatically fixes the depreciation schedule. If there are any discrepancies, they are figured into the last period of depreciation for the asset.

Type. •The kind of adjustment being made to an asset

- Basis
- Life
- Method
- Reinstate
- Suspend

Method. •Depreciation method used to depreciate this asset

Life. •Number of years of service expected from this asset

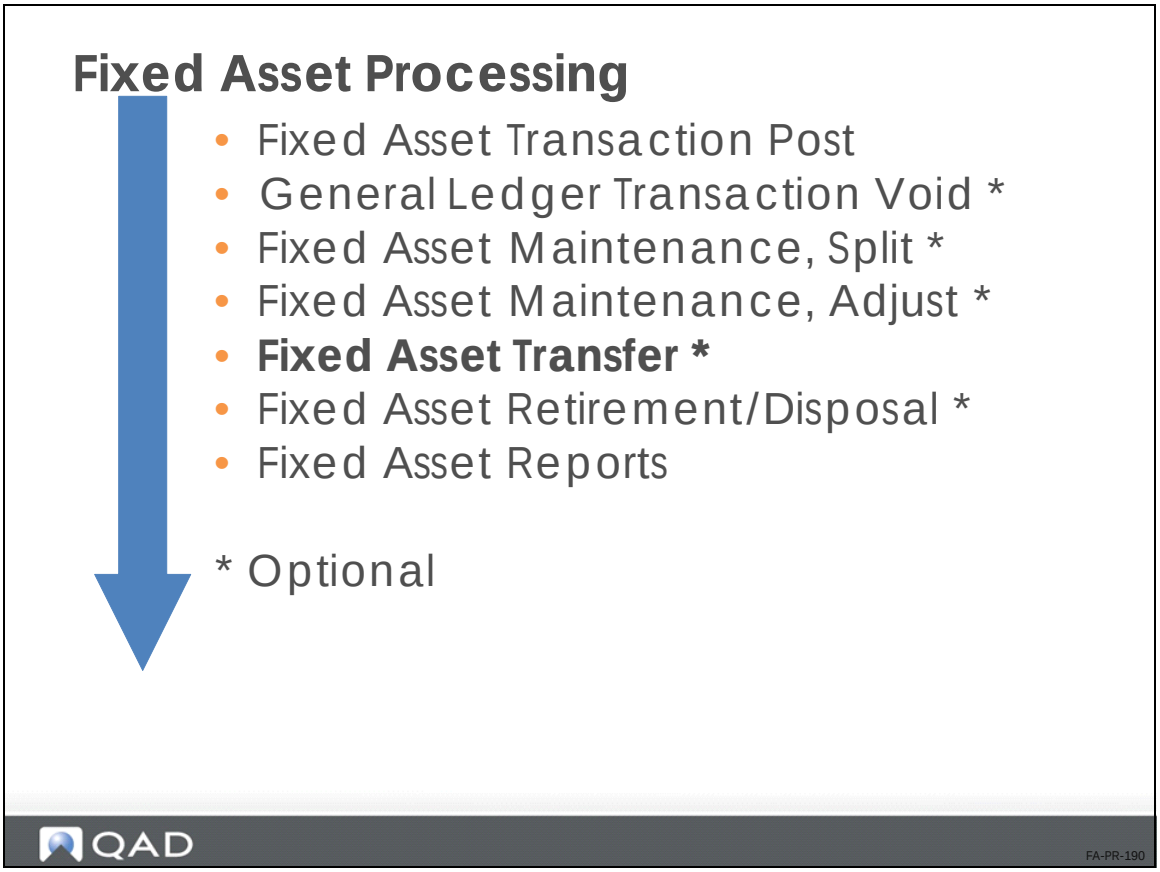
Adj Amt. •Change to this amount

Yr-Per. •Year and period in which this adjustment is being made

Choose the Undo button to undo any adjustments just made to the asset.

Choose the Audit button on the Depreciation Books screen to view a summary of the audit trail for adjustments made to the asset. This is a complete audit trail of what's been done with the asset over it's life. To see detail, choose the Detail button.

Fixed Asset Transfers



Used to transfer multiple assets from one predefined location to another. Assets can be transferred one at a time within Fixed Asset Maintenance (32.3), using Option function and then Tran.

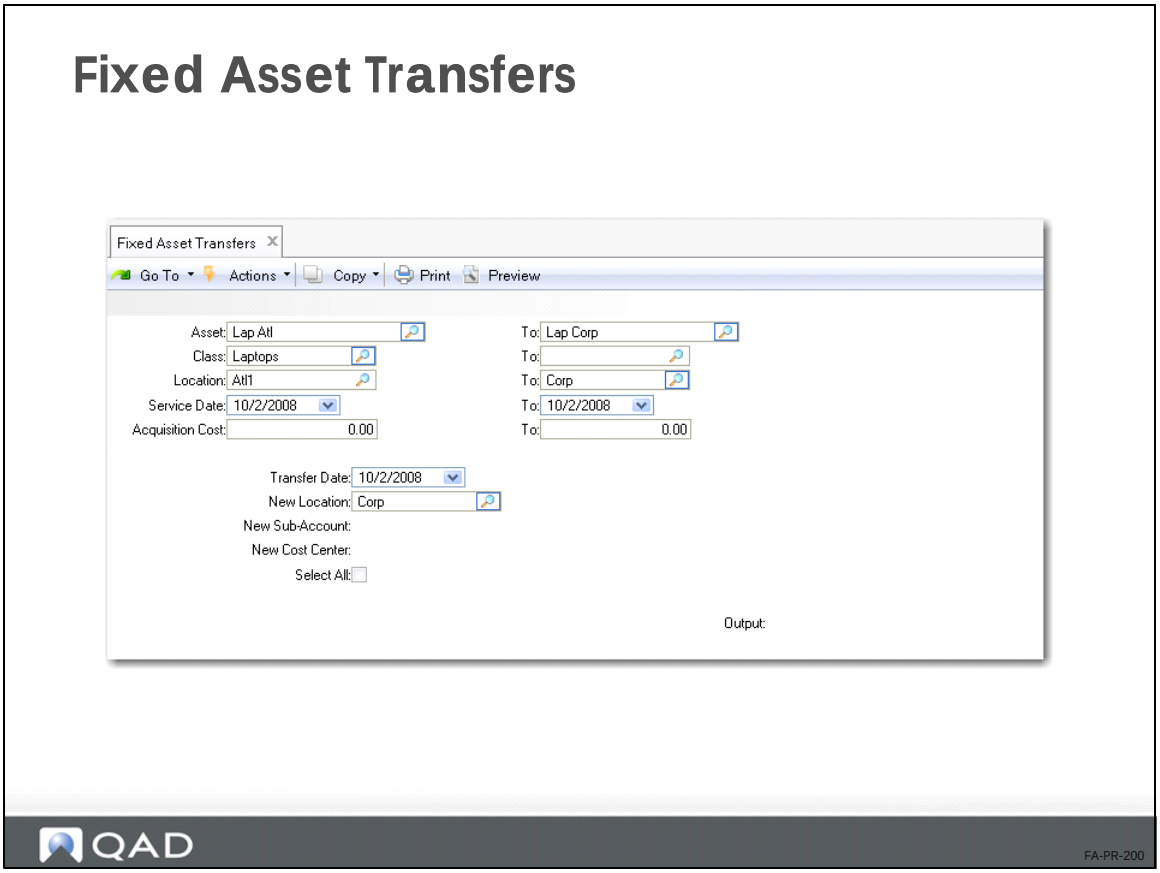
When an asset is transferred within the same entity and different locations, the following accounts may be affected:

- Credits the old location and debits the new location for the acquisition cost
- Debits the Accumulated Expense account for the old location and credits the Accumulated Expense account for the new location for the accumulated depreciation

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

- Credits the old entity and debits the new entity for the acquisition cost
  - Intercompany account is also debited in the old entity and credited in the new entity for the acquisition cost
- Debits Accumulated Expense account for old entity and credits Accumulated Expense account for new entity for the accumulated depreciation
  - Intercompany account is also credited for the old entity and debited for the new entity for the accumulated depreciation

Fixed Asset Transfer (32.16)



Fixed Asset Transfer (32.16) consists of two screens. Select the assets to be transferred by filling in the necessary criteria on the first screen.

- Asset IDs
- Classes
- Locations
- Service Dates
- Costs

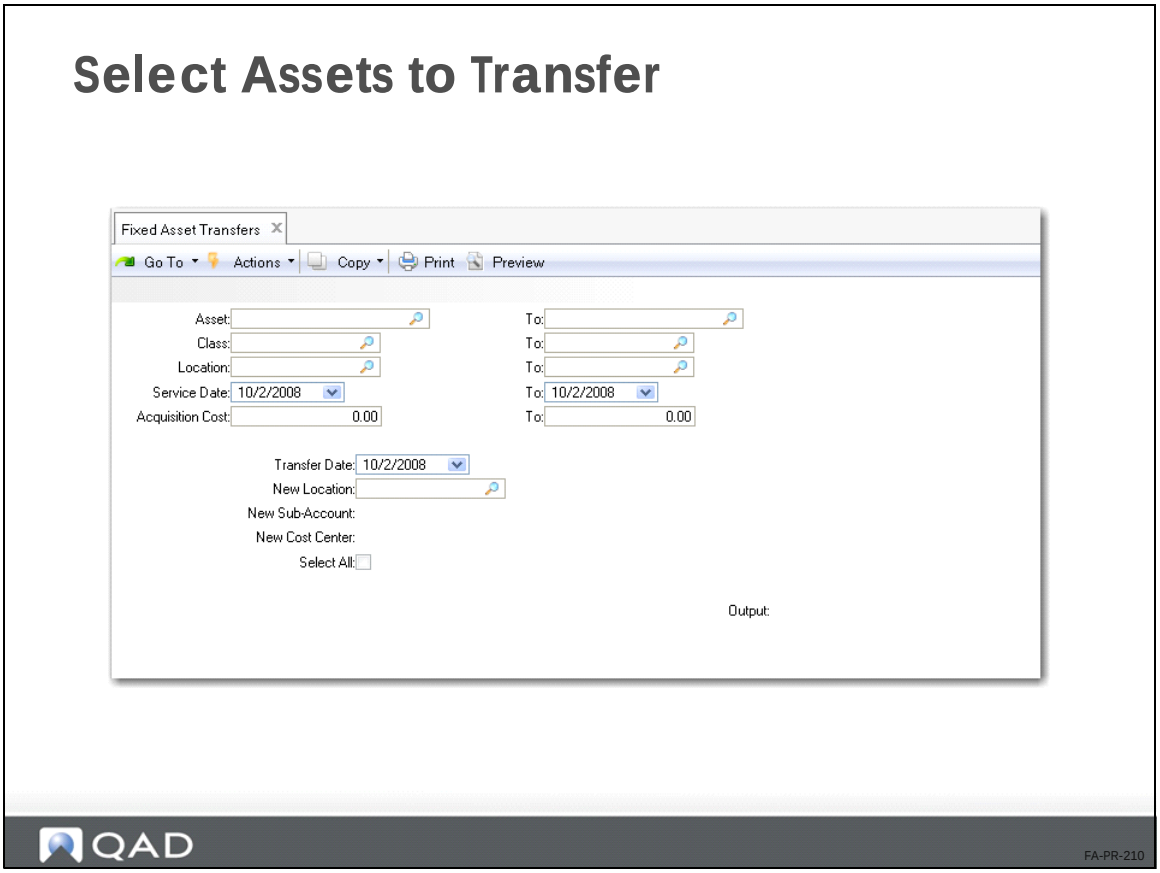
Also specify:

- Transfer date
  - Effective date of the transfer
  - Cannot be any other transfer transactions for these assets in the same period as this date
  - For example, if depreciation has been posted at the old location for this asset for this effective period, it cannot be transferred
- New location
  - Location must be defined in Location Maintenance (32.1.13)
- New sub-account
  - Default is new location’s sub-account
- New cost center

- Default is new location’s cost center

Note The new sub-account/cost center combination is validated with the accounts assigned in the asset if the Verify GL Accounts field is Yes in the System/Account Control File (36.1). The transfer cannot be completed if the combination is invalid.

Select Assets to Transfer



Select Assets to Transfer is the second screen. All the assets that meet the specified criteria are displayed. By default, they are all selected.You can select or de-select assets by hitting the spacebar or Enter key. An asterisk appears next to the selected assets.

Press Go when you have finished selecting assets. The system prompts, Is all information correct?

- Yes means information is correct and transfer can be completed
- No means information isn't correct and the selection screen appears again

Once the transfer is confirmed, an audit trail is printed.

Exercise: Transfer an Asset

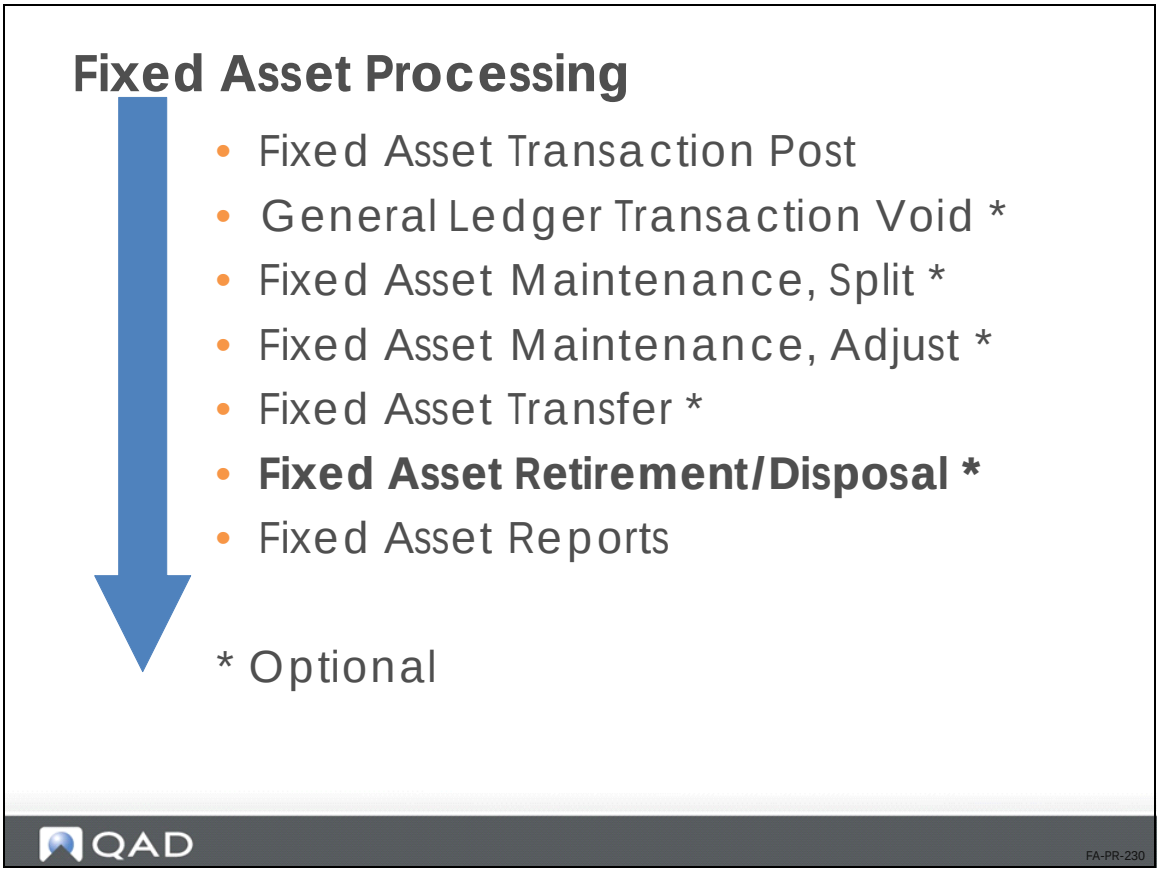
In this exercise, you transfer an asset from one entity and location to a new entity and location.

1 Transfer an asset from Entity T100 Location LOC1 to Entity T200 Location LOC2. Choose one of the assets created in the Setup Exercises and use today's date as the transfer date.

Fixed Asset Transfers (32.16)

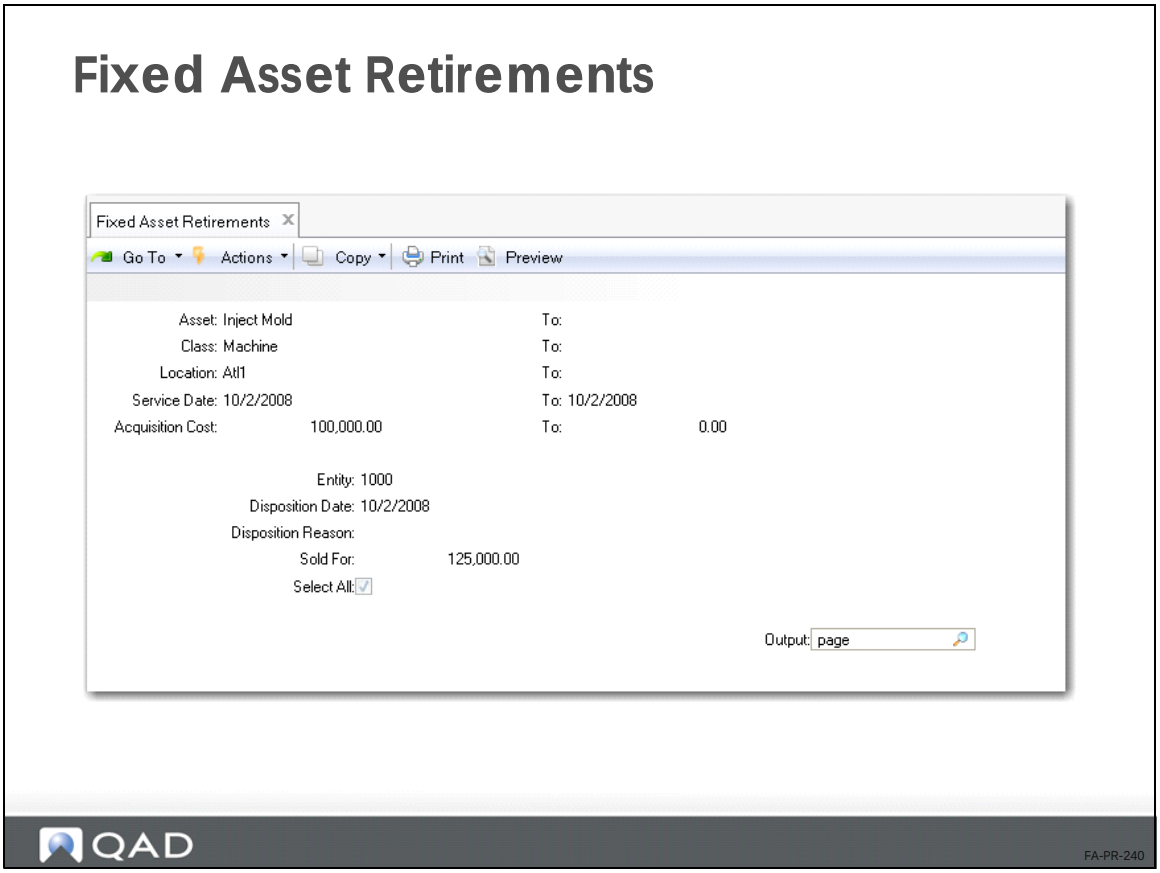
Note When transferring one asset, you can also transfer it through Fixed Asset Maintenance (32.3).

Retirements



- Used to dispose of multiple assets at one time
  - Single assets can be retired in Fixed Asset Maintenance (32.3), using the Option function and then Retire
- Allows you to select assets to retire by ranges of:
  - Asset IDs
  - Classes
  - Locations
  - Service Dates
  - Acquisition Cost

Fixed Asset Retirements (32.19)



Entity. •Entity for the assets

- Required
- Default is the primary entity

Disposition Date. •Effective date of the retirement

- Required
- Date must be in an open GL period

Disposition Reason. •Why the asset is being disposed

- Can be validated against codes in Generalized Code Maintenance (36.2.13)
  - Validation field is `fa_disp_rsn`
- Examples are sold, stolen, destroyed, donated, impaired

Disposition Amount. •Amount received for the disposal of the asset

- Optional
- Amount is assigned to each asset being retired
- Amount is used when calculating gain or loss on disposition of an asset

Exercise: Retire an Asset

1 Before you can retire an asset, depreciation must be posted at least once. Post FA transactions for an asset, just created, to the General Ledger.

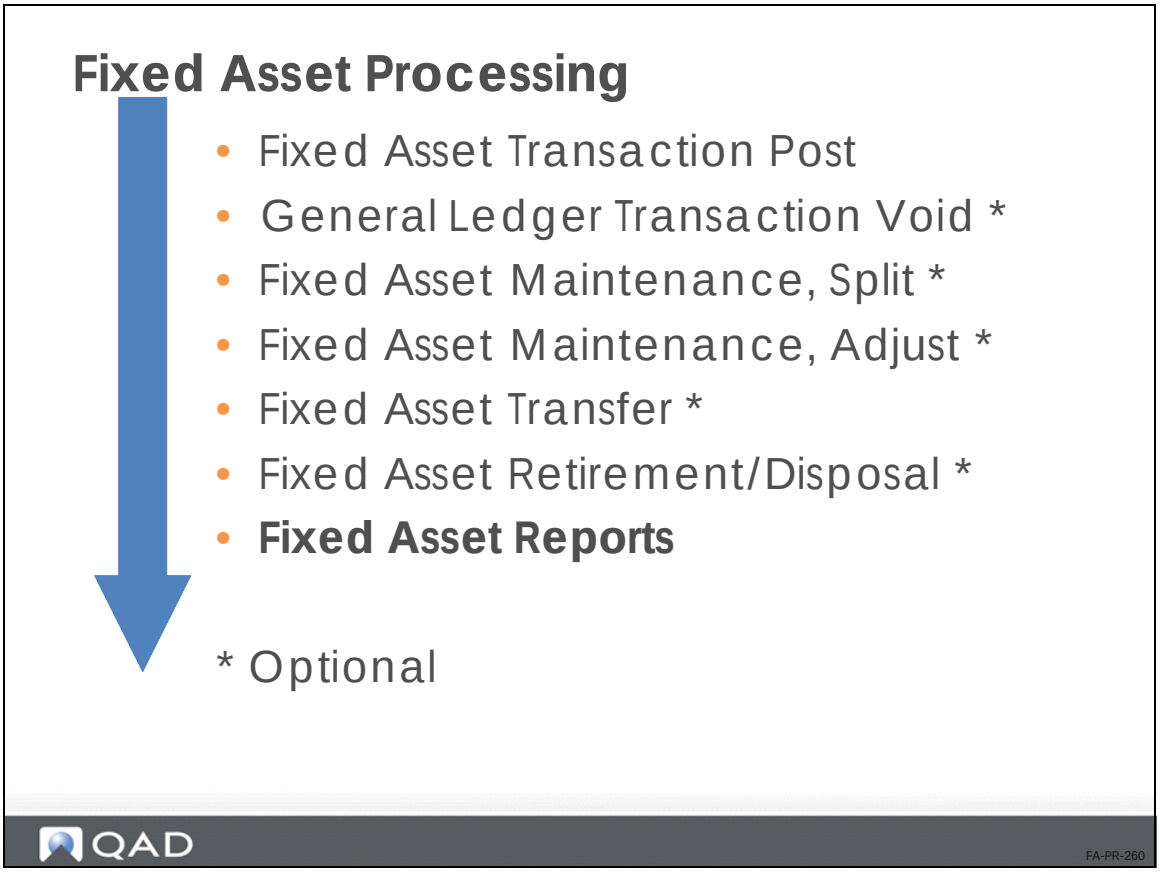
Note Transaction Post (25.13.7)

2 Retire an asset created in the Setup Exercises. Use today's date as the Disposition Date and SOLD as the Disposition Reason

Note Fixed Asset Retirements (32.19)

Note When retiring one asset, you can also retire it through Fixed Asset Maintenance (32.3.)

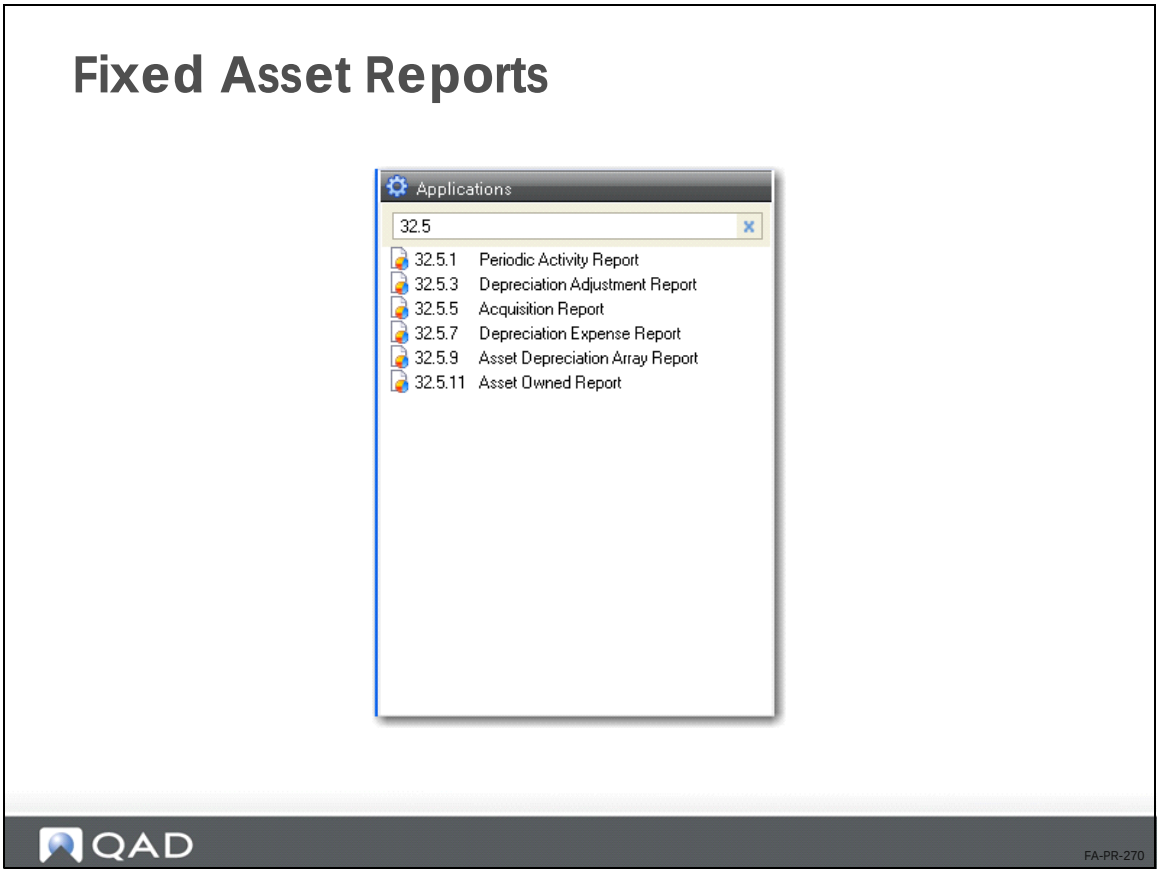
Asset Reporting



Reports needed to reconcile assets and to provide basic management and accounting information required on a periodic basis are available.

- There are no reports that are either country or tax requirement specific

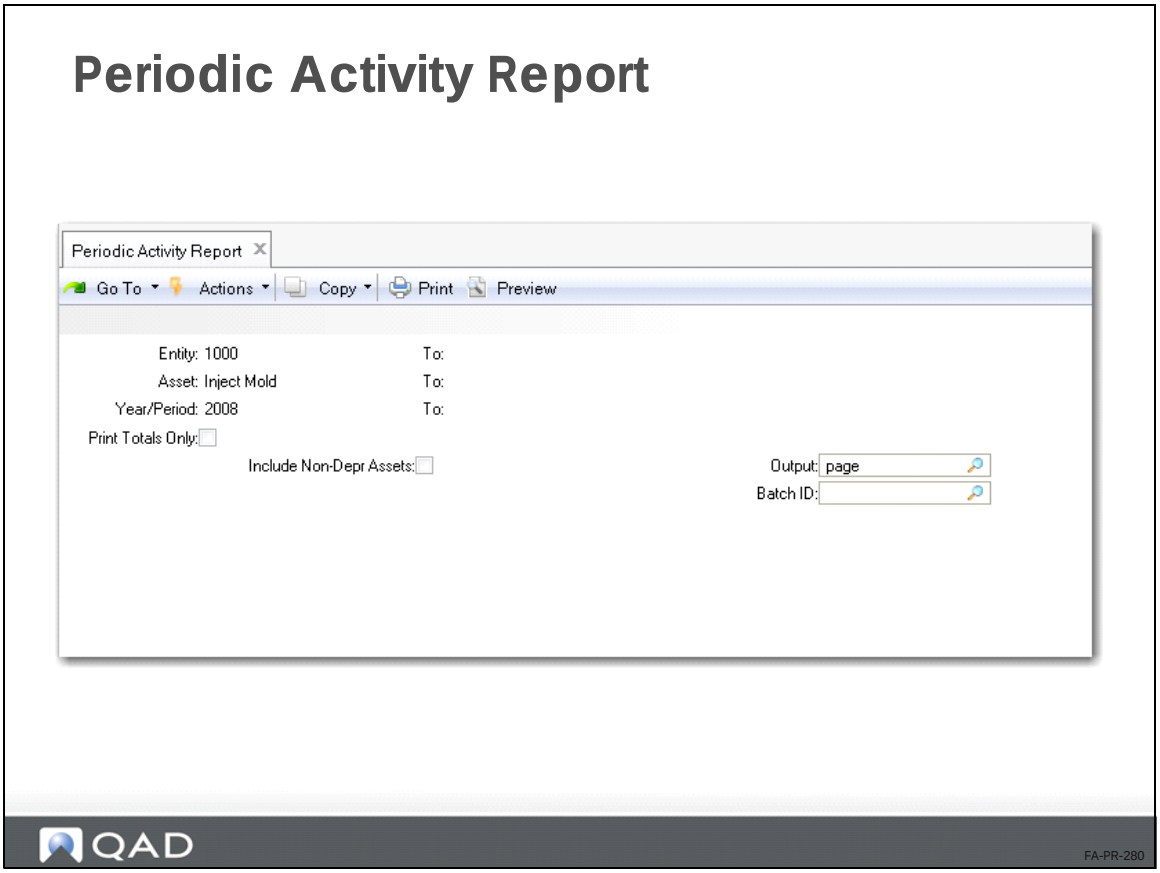
Fixed Asset Reports Menu (32.5)



Standard reports available are:

- Periodic Activity Report
- Depreciation Adjustment Report
- Acquisition Report
- Depreciation Expense Report
- Asset Depreciation Array Report
- Asset Owned Report

Periodic Activity Report (32.5.1)



- Provides the information required to reconcile fixed assets with GL
- Used to track total activity for a defined period

Sort and select options include:

- Entity
- Asset ID
- Year/Period

Print Totals Only. •If Yes, report prints totals for all asset activity

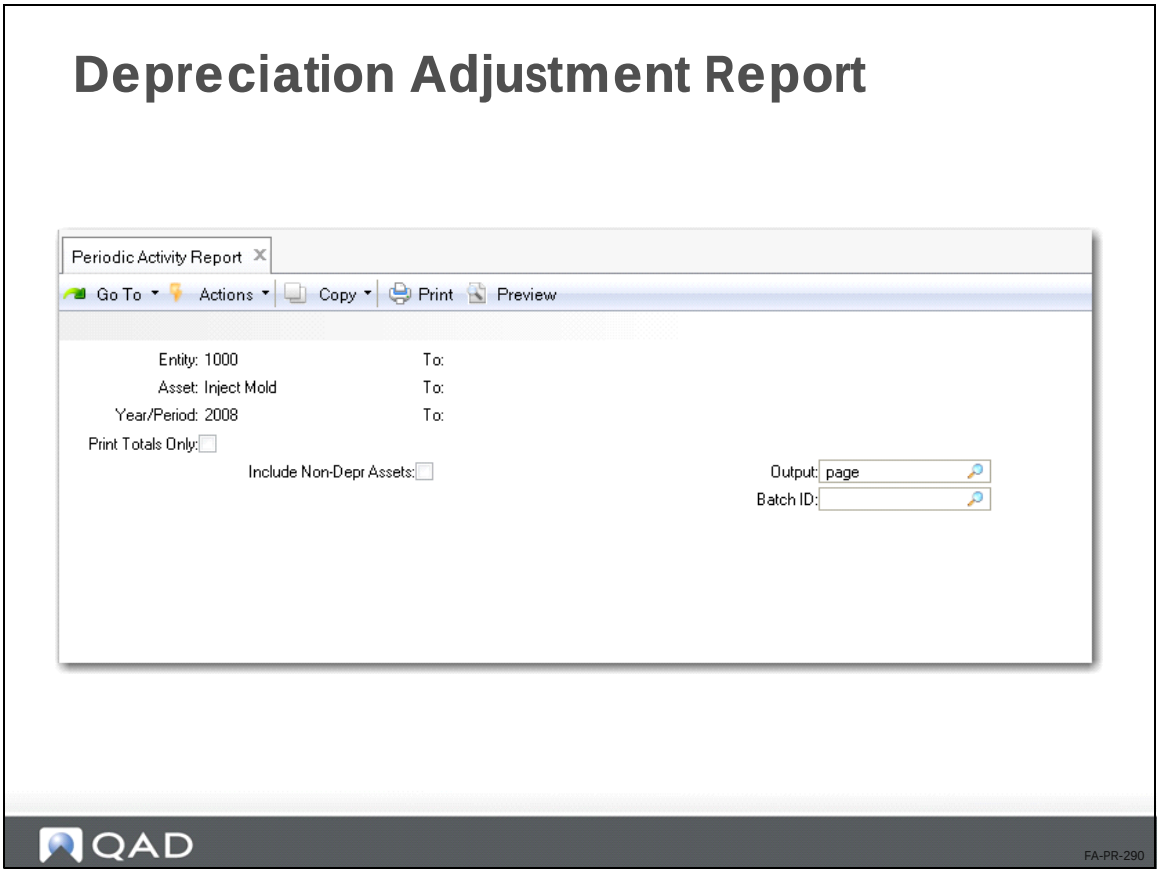
- If No, report prints each individual asset's activity

Include Non-Depreciating Assets. •If Yes, includes assets that are set to Yes or No in the Depreciate field in Fixed Asset Maintenance 32.3

- If No, prints only those assets where the Depreciate field is Yes in Fixed Asset Maintenance (32.3)

Every transaction for the date range is chosen.

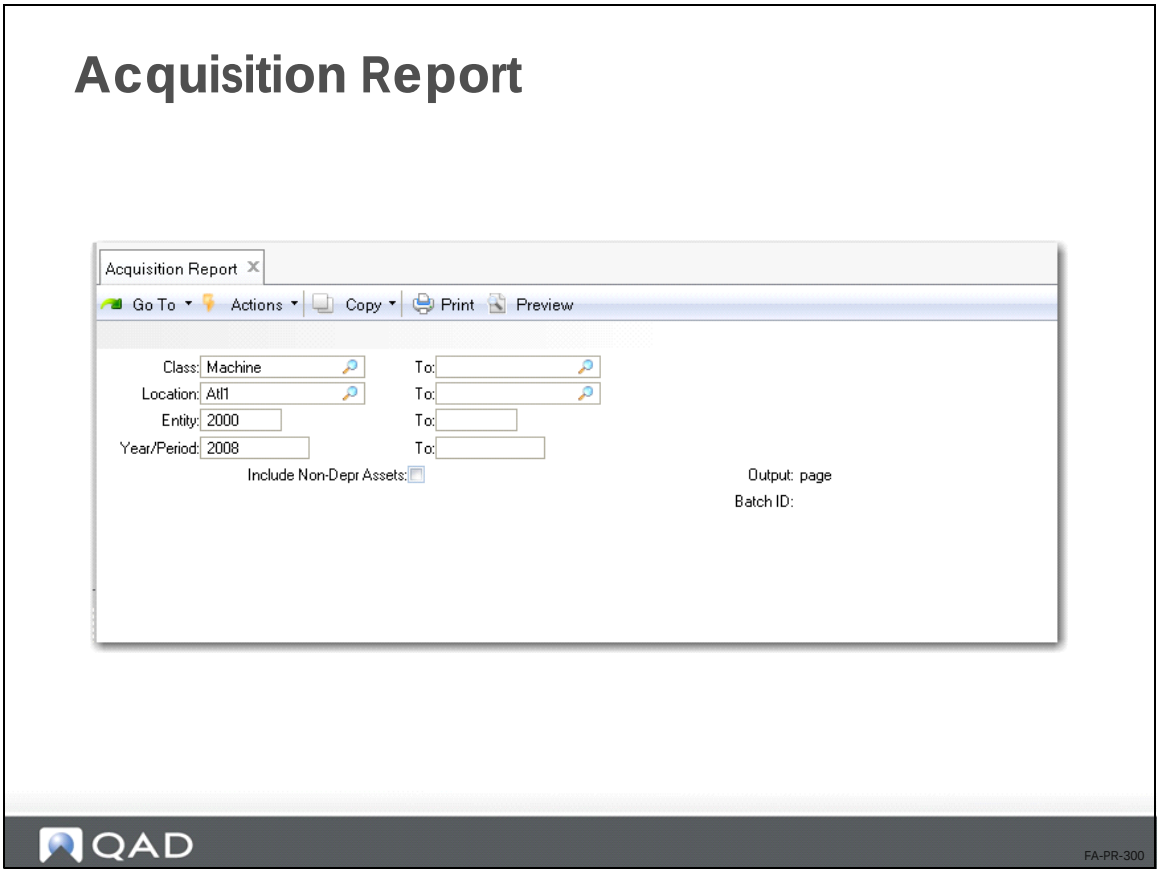
Depreciation Adjustment Report (32.5.3)



This report lists:

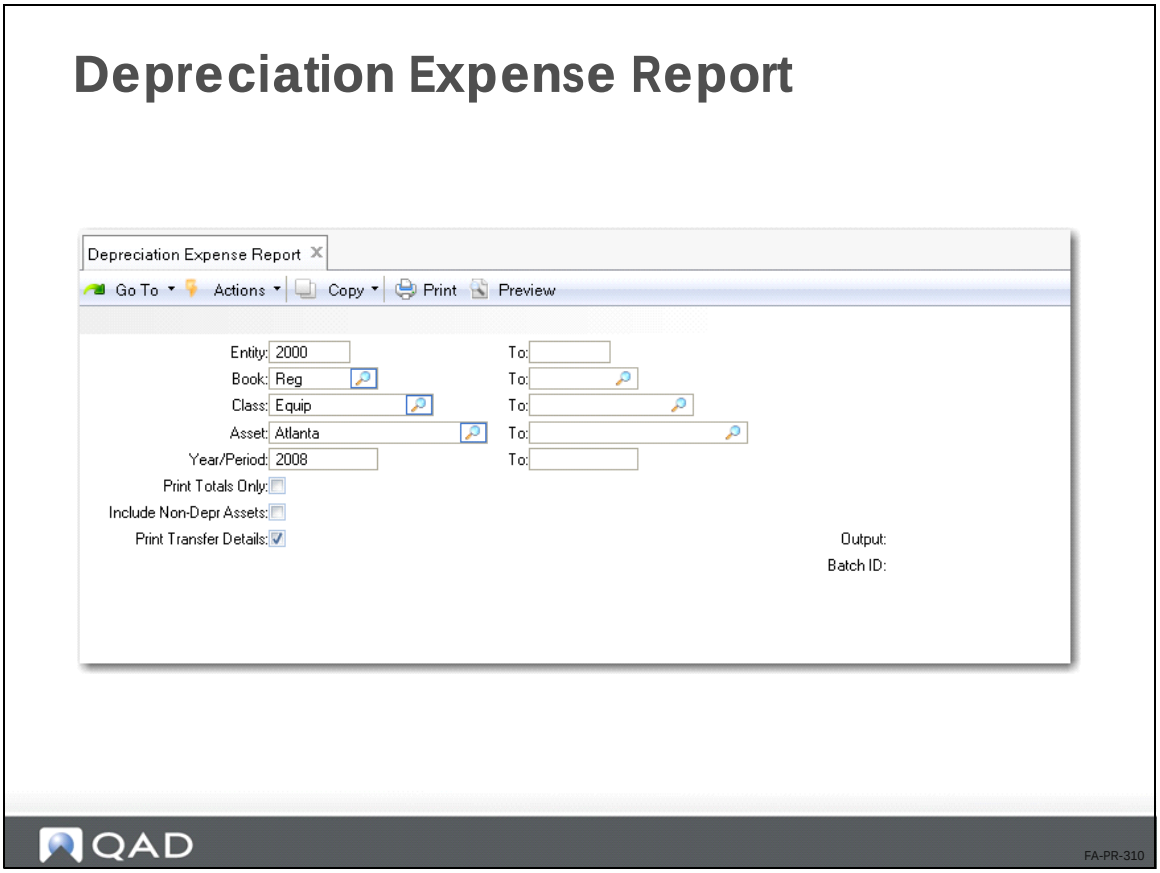
- Assets that have been adjusted
- Types of adjustments
- Amount of adjustment

Acquisition Report (32.5.5)



- Print acquired assets within a specific period
- Lists Posting Book information only

Depreciation Expense Report (32.5.7)

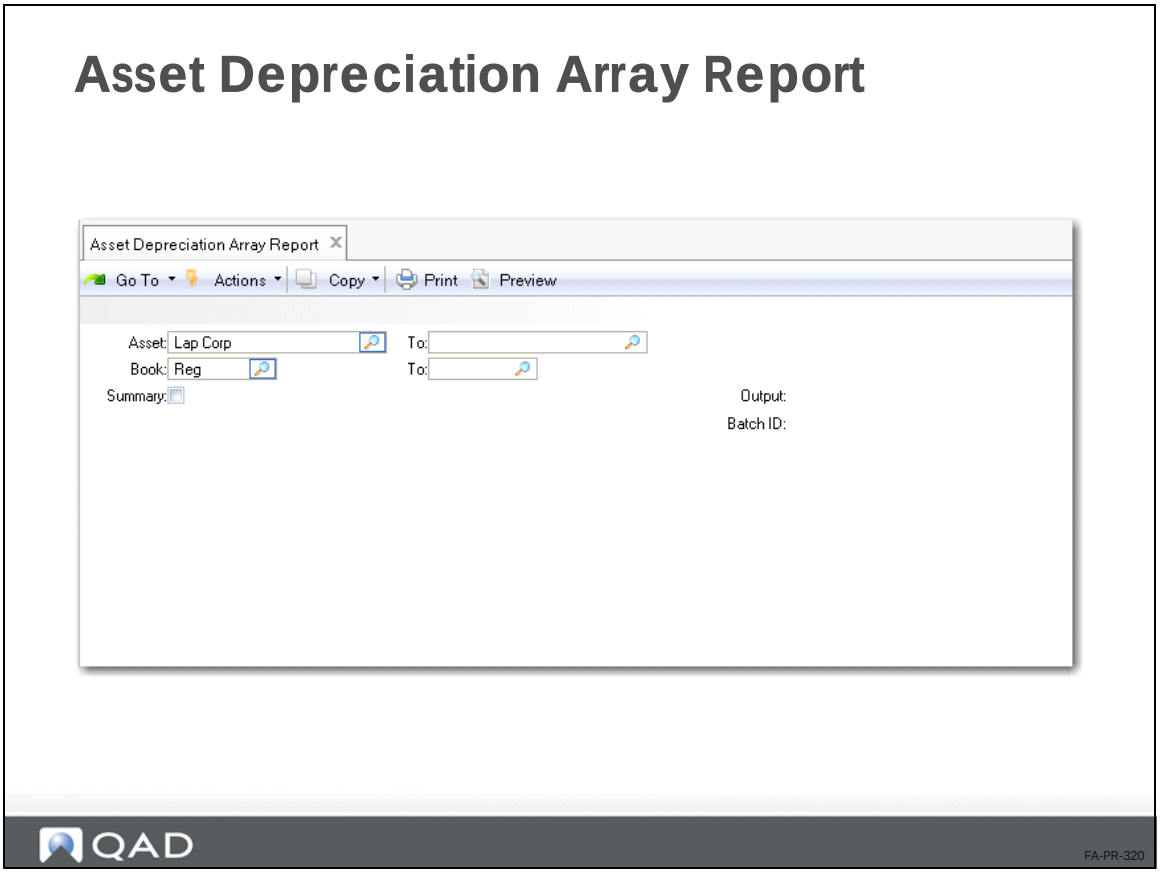


- Reports depreciation expenses within a specified period within entity

  Print Totals Only. •Option to print summary or detailed report

  - If Yes, prints totals for all depreciation expenses
  - If No, prints individual asset's depreciation expense

Asset Depreciation Array Report (32.5.9)

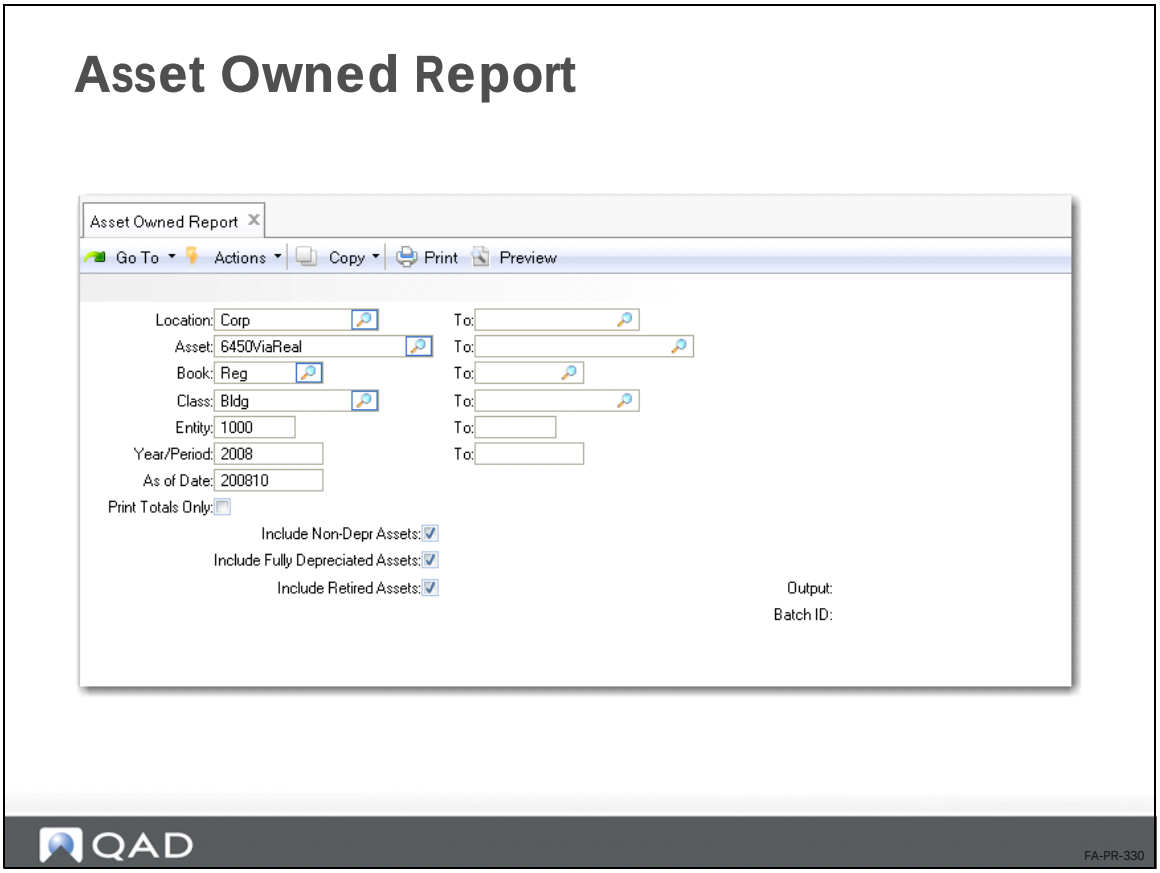


- Reports assets' lifetime depreciation expenses
- Prints the original depreciation expense schedule and any adjustments

Print Totals Only. •Option to print summary or detailed report

- If Yes, prints totals for all lifetime depreciation expenses
- If No, prints individual asset's lifetime depreciation expense

Asset Owned Report (32.5.11)



- Prints all fixed assets within specified criteria

Year/Period. •Range of periods in which to select assets

- Format is XXXXYY
  - XXXX is the year
  - YY is the period

As of Date. •Effective date for this report

- Default is System date
- Format is same as Year/Period field

Print Totals Only. •Option to print summary or detailed report

- If Yes, prints summary report for company's assets
- If No, prints details for each individual asset

Include Non-Depreciated Assets. •If Yes, includes assets that are set to Yes or No in the Depreciate field in Fixed Asset Maintenance (32.3)

- If No, prints only those assets where the Depreciate field is Yes in Fixed Asset Maintenance (32.2)

Every transaction for the date range is chosen.

Include Fully Depreciated Assets. •If Yes, includes assets that have fully depreciated

- If No, fully depreciated assets do not print

Include Retired Assets. •If Yes, retired assets print

- If No, retired assets do not print

Exercise: Fixed Asset Reports

In this exercise, run the various fixed asset reports that are available. Run each report a number of times changing the different options to see how they effect the output. Output to Window or Terminal, unless directed otherwise by the instructor.

Periodic Activity Report

1 Run the Periodic Activity Report for the current year/period. How do the Print Totals and Include Non-Depreciating Assets flags effect the output of this report?

Note Periodic Activity Report (32.5.1)

Acquisition Report

2 Run the Acquisition Report for Class(es) of assets you created. How does the Include Non-Depreciating Assets flag effect the output of this report?

Note Acquisition Report (32.5.5)

Depreciation Expense Report

3 Run the Depreciation Expense Report for the Year/Period in which you posted transactions. How does the Print Totals flag effect the output of the report?

Note Depreciation Expense Report (32.5.7)

Asset Owned Report

4 Run the Asset Owned Report for all your assets. How do the various flag options effect the output of the report?

Note Asset Owned Report (32.5.11)

For Further Study (Optional)

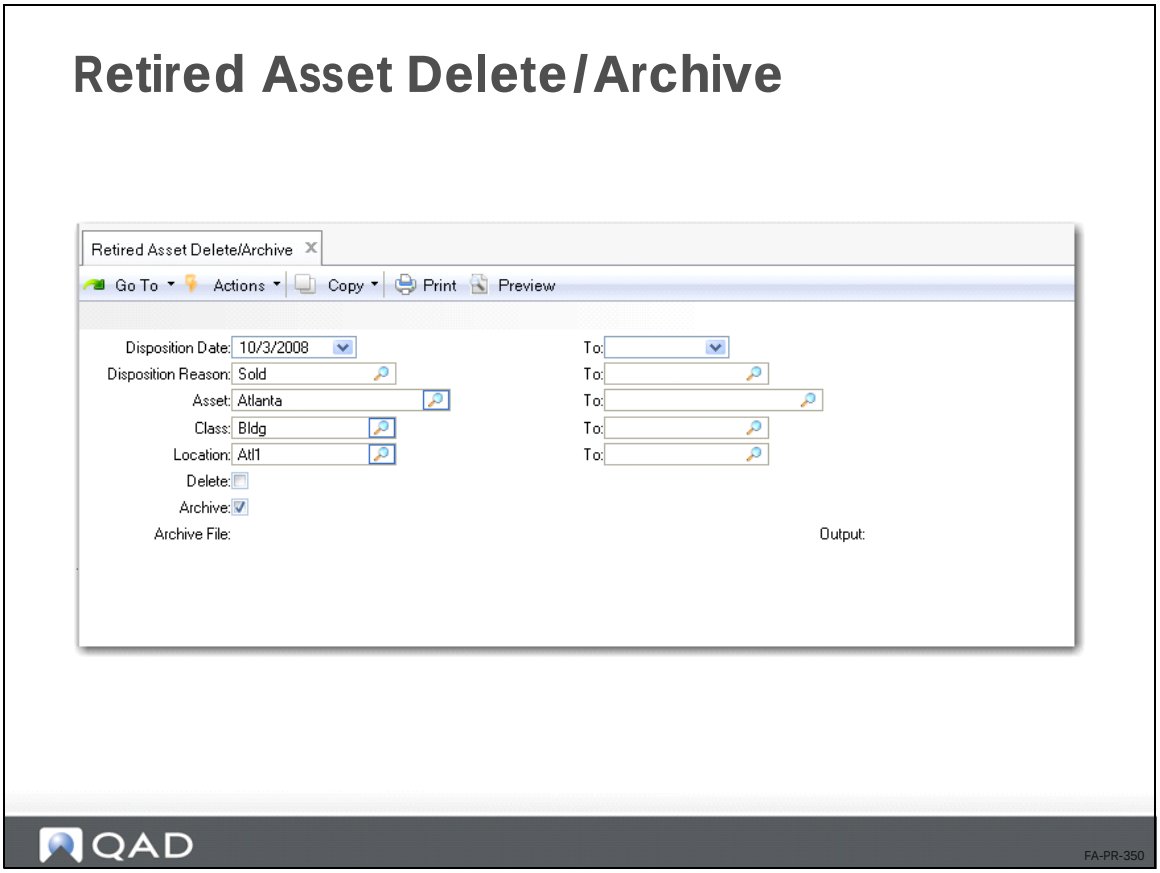
5 Make an adjustment to the depreciation schedule on one of your assets. Then run the Depreciation Adjustment Report. Do you remember where to make depreciation adjustments?

Note Fixed Asset Maintenance (32.3) and Depreciation Adjustment Report (32.5.5)

6 Run the Asset Depreciation Array Report for the asset you used in the previous step. What information does this report show you?

Note Asset Depreciation Array Report (32.5.9)

Deleting and Archiving Fixed Assets (32.23)



This function is used to delete and archive retired assets.

QAD Standard Edition does not automatically delete historical information at period or year end.

- Run delete/archive twice
  - First run it with Delete set to No and review report
  - Run it a second time with Delete set to Yes to delete selected records

Delete. •Indicates whether to delete the selected records

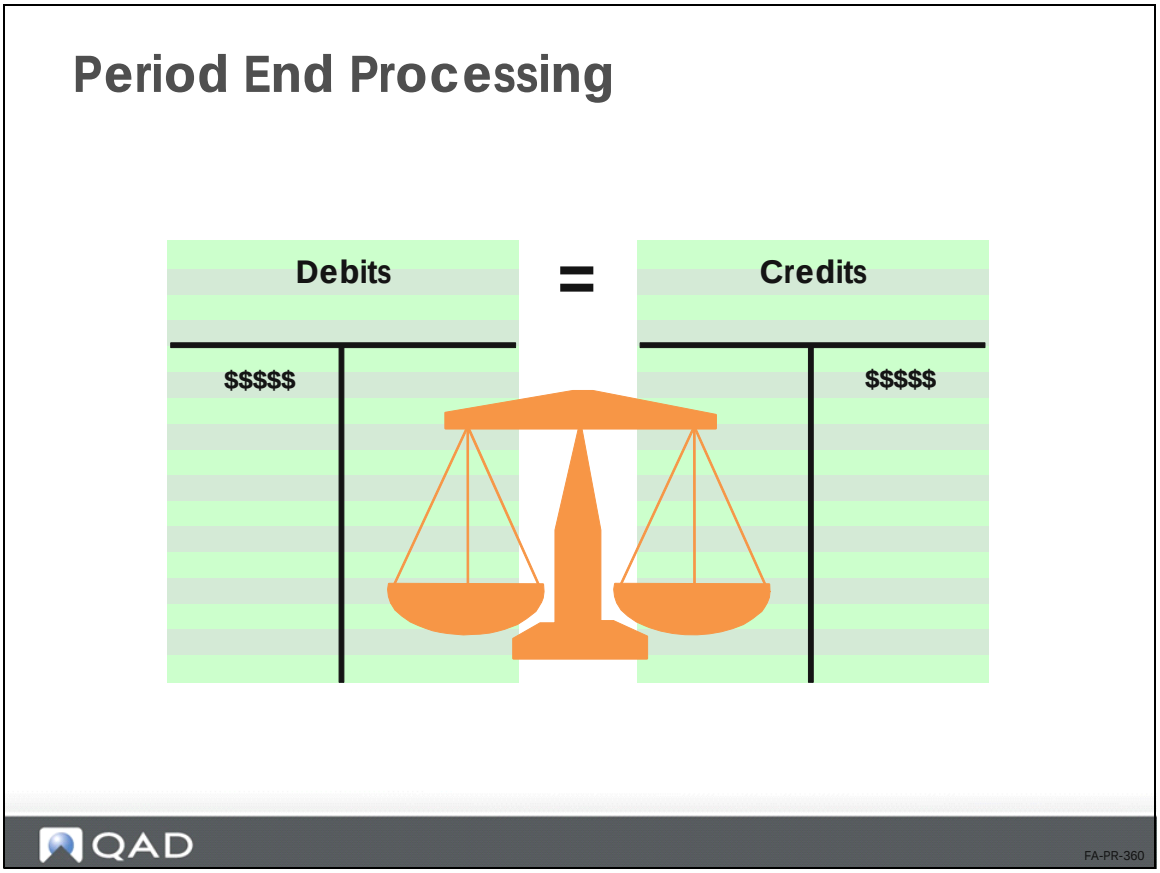
- If Yes, the selected records are deleted
- Selected records are copied to an ASCII file before deletion
  - Archive File Reload can be used to reload the data, if needed
- If No, selected records are not deleted
- Report is generated listing the selected records

Archive. •Indicates whether to archive selected records

- If Yes, selected records are copied to an ASCII field
  - System creates a file name in the format faYYMMDD.hst, where YYMMDD is the file creation date
  - If file does not exist, it is created
  - If file exists, it is modified

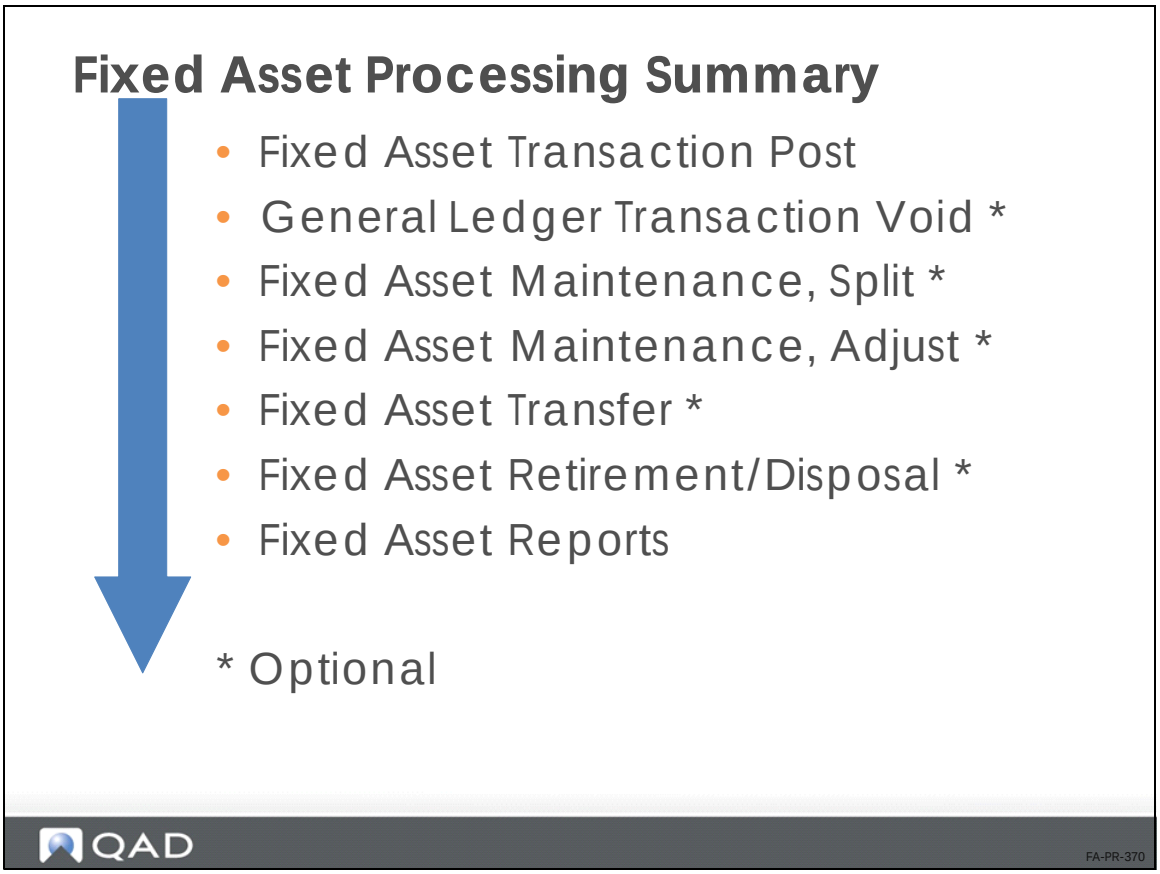
- If No, selected records are not copied to an ASCII file

Period End Processing



At the end of each accounting period, the fixed asset accounts must be reconciled, the depreciation expense reviewed, and the depreciation expense posted to the General Ledger.

1. Run Periodic Activity Report (32.5.1)
2. Run Depreciation Expense Report (32.5.7)
3. Reconcile differences between current period and previous period
4. Correct any errors
5. Run Fixed Asset Transaction Post (32.13)


Fixed Asset Processing Summary
Fixed Asset Transaction Post
General Ledger Transaction Void *
Fixed Asset Maintenance, Split *
Fixed Asset Maintenance, Adjust *
Fixed Asset Transfer *
Fixed Asset Retirement/Disposal *
Fixed Asset Reports
* Optional
QAD
FA-PR-370