

Depreciation

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Getting Started

Technical Support

Welcome to the instructional manual for the Depreciation module within the Eagle Business Management System (EBMS). Eagle Solutions is pleased to provide you with instructions and tips regarding the Windows version of EBMS. In the sections following, explanations and examples of the available features in the Eagle Business Management System will be explained for optimal use of the System. If you need to reach our staff for further help, contact us using the information below:

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Overview

Fixed company assets such as vehicles, buildings, and equipment must be depreciated over a period of time. The EBMS Depreciation module allows the user to easily post the depreciation expense to general ledger on a regular basis. Applying asset depreciation costs on a monthly basis is an important management tool to properly manage the profitability of a company especially if the business owns a sizeable amount of fixed assets. The EBMS Depreciation module gives the user flexibility and ease of use when planning the depreciable schedules. A variety of depreciation methods are distributed with the software, although additional user-defined methods can be created as well.

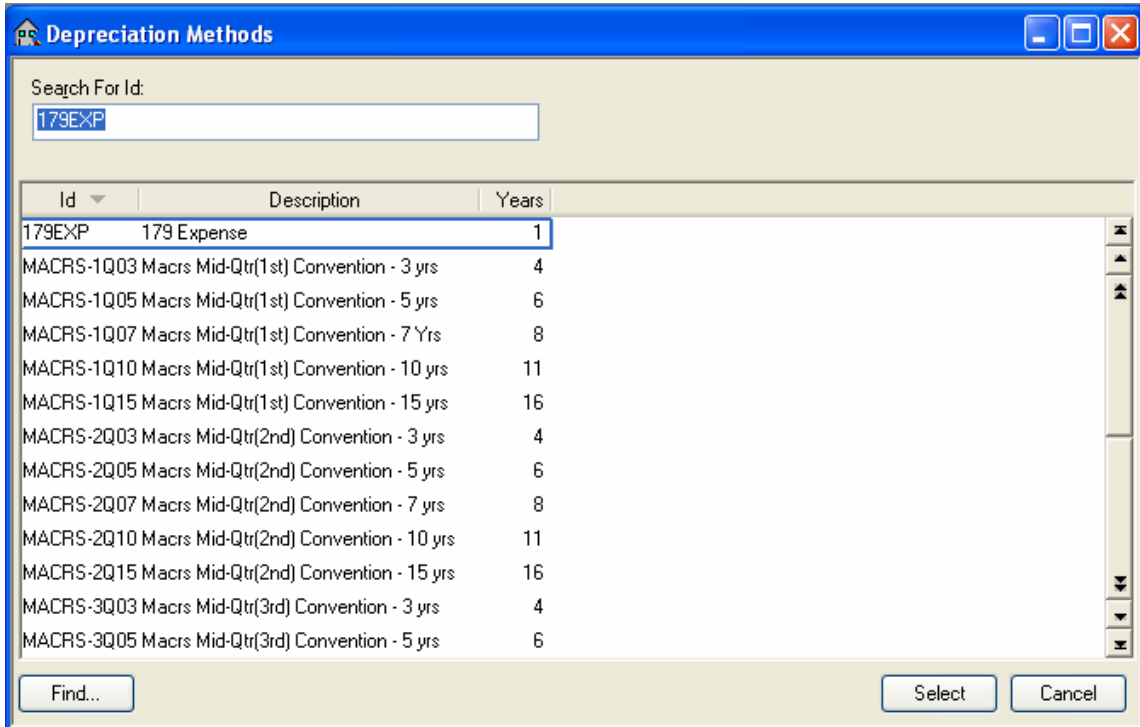
Fixed asset information such as the vendor invoice, purchase information, and to-date depreciation details are recorded for each of the assets. A simple to use process creates monthly expense transactions and posts them to general ledger in literally seconds. The system will allow the user to properly manage a wide variety of depreciable assets such as rental items, company equipment, or intangible assets.

User-friendly wizards make purchasing, as well as selling or disposing assets, a simple process. Enter a general ledger account that is classified as a depreciable asset within the expense invoice and the system will lead you through the process to record and properly depreciate the new asset.

The following section, **Depreciation Methods**, should be discussed with a financial consultant, accountant, or EBMS consultant for the best available options for your business.

Methods

A depreciation method is a table of percentages that is applied to a depreciable asset. Go to **Depreciation > Depreciation Methods** to change or view an existing method.



Select an existing method to view the depreciation schedule details.

Depreciation

The 'Methods' dialog box displays the following information:

- ID: MACRS-HY07
- Description: Macrs Half-Year Convention - 7 yrs
- Method Detail tab is active.
- Number of Years: 8
- Note: (Empty text area)
- Table with columns Year and Percentage:

Year	Percentage
1	14.290
2	24.490
3	17.490
4	12.490
5	8.930
6	8.920
7	8.930
8	4.460

Total Percent: 100.000

Buttons: OK, Cancel, New, Delete

The method consists of the **Number of Years**, which determines the number of rows within the percentage table. Enter the **Percentage** that needs to be depreciated for each **Year**. A miscellaneous information **Note** can be entered for each method.

Click the **New** button to start the new method wizard:

The 'Method Wizard' dialog box contains the following fields and buttons:

- Method Id: SL4
- Description: Straight-Line 4 Years
- Buttons: Finish, Cancel

Enter a **Method Id** and **Description** and click the **Finish** button to create a new method.

The screenshot shows a dialog box titled "Methods". At the top, there is a search bar with "ID: SL4" and a description field with "Straight-Line 4 Years". Below this is a "Method Detail" section. It includes a "Number of Years" input field with the value "5" and a "Note" text area. A table displays the depreciation schedule:

Year	Percentage
1	20.000
2	20.000
3	20.000
4	20.000
5	20.000

Below the table is a "Total Percent" input field with the value "100.000". At the bottom of the dialog are four buttons: "OK", "Cancel", "New", and "Delete".

Enter the **Number of Years** needs a value for this method to create a list of years.

Enter the percentage that is to be depreciated each year. Note that the total percentage must equal 100 percent.

Click **OK** to save.

Adding and Deleting Asset Folders

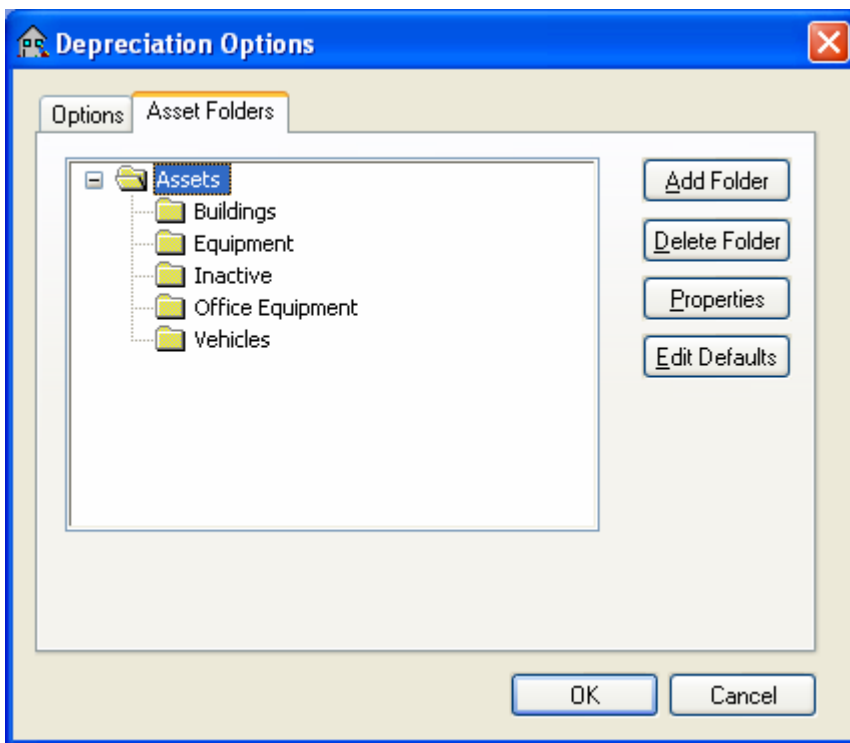
The asset folder feature assists in organizing assets into depreciation groups with similar general ledger accounts.

EXAMPLE: The user may wish to group Buildings, Equipment, and Vehicle assets into different folders to match the asset accounts found within the General Ledger. A subfolder under Equipment may be useful to group equipment from different departments or costs centers.

This will ease new asset entries when assets with similar Asset, Liability, and Expense General Ledger Accounts are grouped together.

Setting Up Asset Folders

Go to the **Depreciation > Options > Asset Folders** tab, shown in the following window:



The EBMS program is equipped with two standard folders: **Assets** and a sub-folder entitled **Inactive**. Assets that are disposed may be placed within the Inactive folder rather than deleting the asset. By doing this, the asset history is preserved, but not printed on many of the reports.

Adding a Folder

To add a folder, highlight the folder in which the new folder is to appear and click the **Add Folder** button. Enter the **Folder Name** of the new folder and toggle the **Allow only subfolders** switch ON to allow assets to be entered within the folder or OFF to restrict the new folder and allow only subfolders. Press **OK** to create the new folder.

Deleting a Folder

Click the **Delete Folder** button to remove a folder. A folder cannot be deleted if there are assets within the folder.

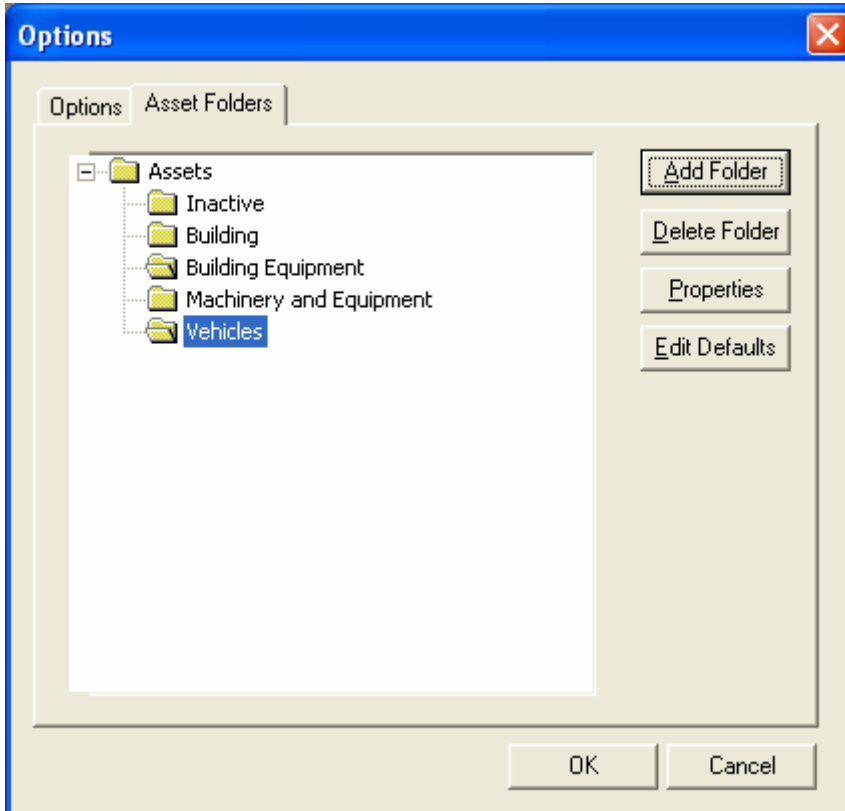
Review the EBMS Features > Folder Lists section for more details on adding and changing folder lists.

Changing Asset Defaults

It is wise to properly configure the asset folder defaults before entering new assets. If you are not familiar with editing defaults review the Change Defaults, Filter Down Data and Globally Edit Data section. It is recommended that each folder is highlighted and the following steps are performed for each folder.

Setting Defaults

To set asset defaults, go to Depreciation > Options > Asset Folders tab as shown below:



Select a sub-folder, click the **Edit Defaults** button and the following window will appear:

The screenshot shows the 'Equipment' window with the following fields and options:

- Folder:** Equipment
- Description:** Machinery and Equipment
- Serialized Item:** (empty)
- Advanced Tab:**
 - Depreciation Accounts:**
 - Asset:** 12300-000 - Machinery & Equipment
 - Accumulated Depreciation:** 13300-000 - Accum. Depreciation - Equipment
 - Depreciation Expense:** 79300-010 - Depreciation - Machinery & Equipment
 - Disposal Accounts:**
 - Sale of Assets:** 80900-000 - Sale of Assets
 - Accumulated Depreciation Disposal:** 86300-000 - Depreciation Disposal
 - Asset Disposal:** 86200-000 - Asset Disposal
- Buttons:** OK, Cancel, Print (dropdown), and Transfer Department...

The only default values to set within Depreciation are the General Ledger accounts located in the **Advanced** tab as shown above. Set the appropriate accounts for each setting. All depreciation accounts must be properly classified to be set within this window. Review the General Ledger > Chart of Accounts > Account Classification section of the EBMS manual for more details on classifications.

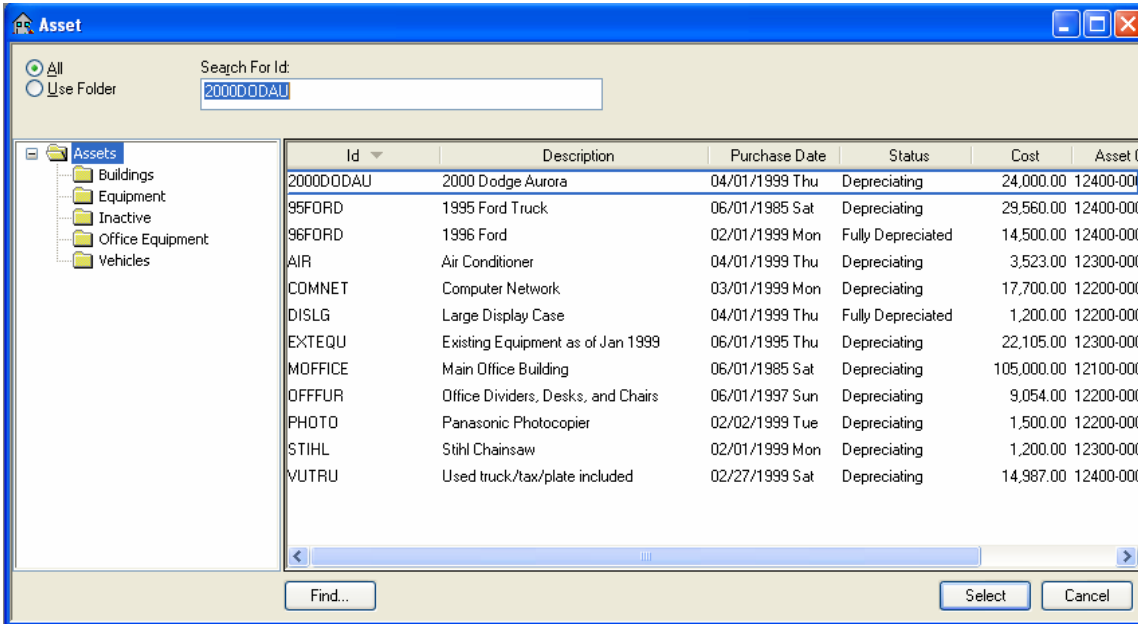
Review the **Advanced Tab** within the Viewing or Changing Asset Information section for details about the **Transfer Department** button.

Click **OK** to save defaults.

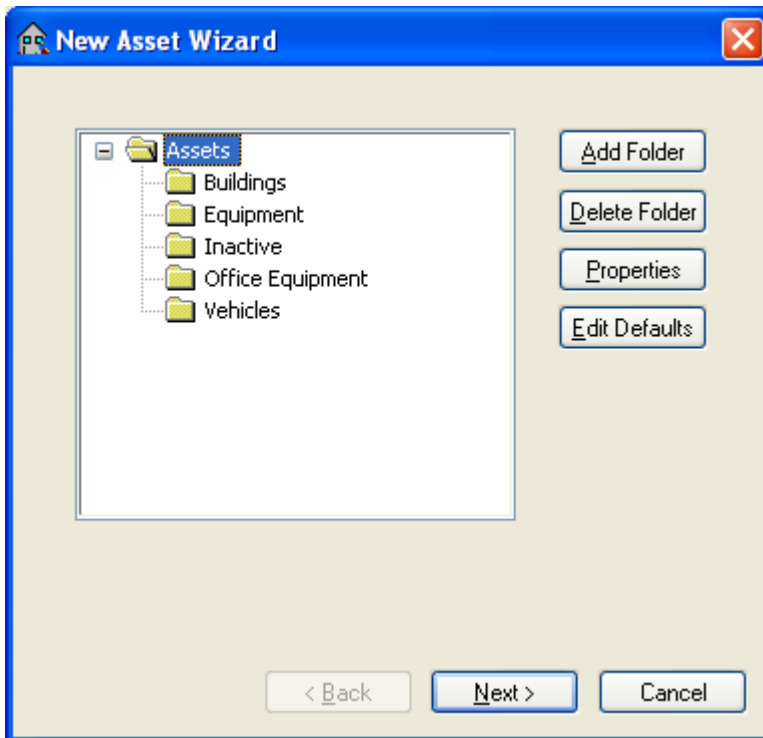
Entering Existing Depreciable Assets

All existing depreciable assets should be entered into the EBMS depreciation module before continuing with any processes. This includes all assets that are new, partially or fully depreciated. This section describes the steps required to enter existing assets. Refer to the following section, **Purchasing Assets**, to enter any assets acquired in the current fiscal year.

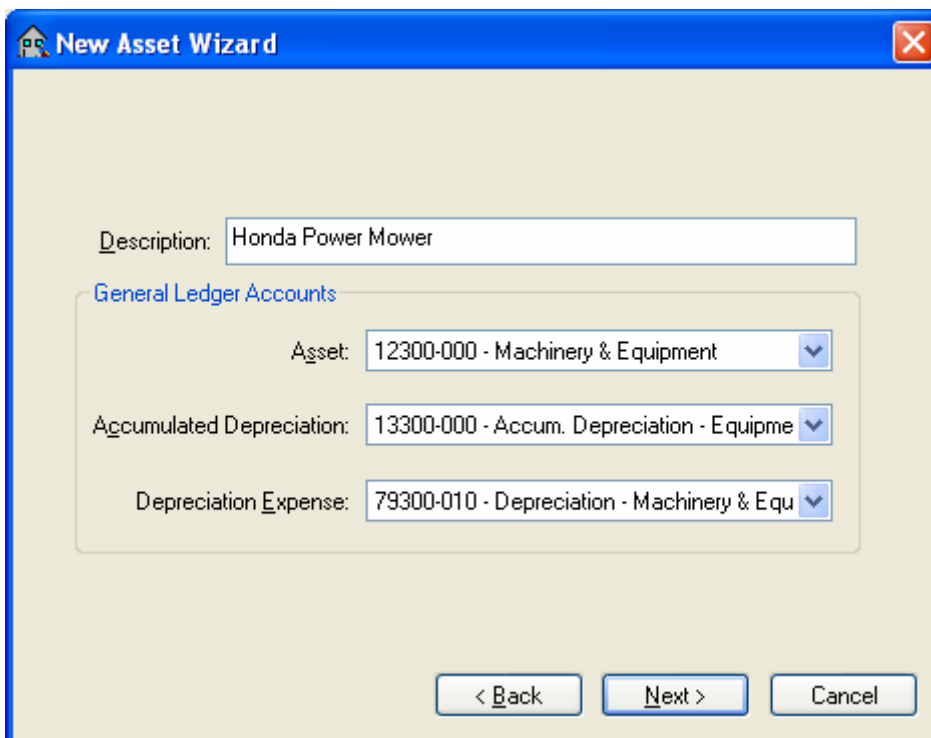
1. Open the depreciation list by selecting **Depreciation > Depreciable Assets** from the main menu.



2. Select **Edit > New (Alt + E + N)** from the main menu to start the new asset wizard as shown below:



3. Highlight the folder in which to place the new asset and click **Next**. Review the Adding and Deleting Asset Folders section for more details on creating new folders.



Depreciation

4. Enter a **Description** to identify the specific depreciable asset.
5. Enter the **Asset** general ledger account that should contain the purchase value of the depreciable asset item.
6. Enter the **Accumulated Depreciation** general ledger account. This account must be an asset account that is classified as Accumulated Depreciation.
7. The **Depreciation Expense** account must be an expense account that is classified as Depreciation Expense within general ledger. See the **General Ledger > Chart of Accounts > Account Classification** section of the EBMS manual for more details on classifications.

Click the **Next** button to continue.

New Asset Wizard

Method

Depreciation Method: SL5

Depreciation start date: (fiscal starting date) 06/15/2000 Thu

179 Expense:

Cost: \$1,750.00

Salvage Value: \$75.00

Depreciable Base: \$1,675.00

< Back Next > Cancel

8. Enter a **Depreciation Method** by clicking on the lookup button and selecting a method. This method can be changed at a later time if a method has not yet been determined. See the **Depreciation Methods** section for more details on adding or changing methods. See the following **Changing Methods within an Asset** section for details on changing the depreciation method.
9. Enter the **Depreciation Start Date** of the asset. This date must fall within the fiscal year in which the first depreciable asset is processed and may not be the same year as the purchase date. The process date may not be the same year as the purchase date if the asset is not to be depreciated immediately. The depreciation schedule will use this date to determine in which fiscal years the depreciation is scheduled.
10. Enter the purchase **Cost** of the asset. This should include the total value of the asset at the time of purchase.

11. Enter the **179 Expense**. This is the additional Section 179 depreciation that will be expensed the first year. This field can be kept blank to depreciate the asset completely using the selected method. Contact your accountant to determine the amount of this entry.
12. Enter the estimated **Salvage Value** of asset at time of disposal. This amount will be deducted from the **Cost** to calculate the **Depreciable Amount**. **Depreciable Amount = Cost – Salvage Value**.

The depreciation schedule will be determined using the **Depreciable Amount**.

Click the **Next** button to continue.

New Asset Wizard

Create a transaction for the cost of this asset using the accounts entered below

Transaction date: 06/15/2000 Thu

Offsetting general ledger account: 70100-000

Ignore Transactions
 (Use this option if you have already included the cost of this asset in your beginning balances for the asset and accumulated depreciation general ledger accounts.)

< Back Next > Cancel

13. Select the **Ignore Transactions** only if all the depreciation values have already been entered into the balance sheet of the general ledger; otherwise select the **Create a transaction for the cost of this asset using the accounts entered below** option to create a general ledger transaction for this asset.

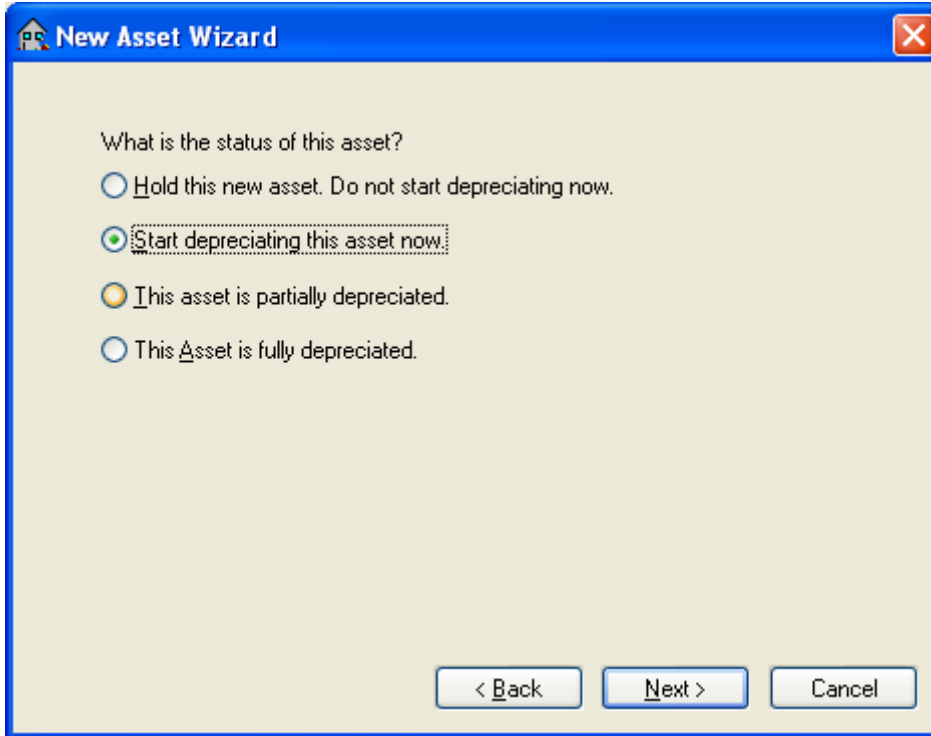
The first option is recommended if the depreciation module of EBMS has recently been installed and the depreciable asset values are already reflected within the general ledger. Complete the following steps if the **Create a transaction ...** option is selected:

14. Enter a **Transaction Date** within the last fiscal year to post past asset values to the prior year. The adjustments posted to last year will create the correct beginning balance for the asset general ledger account for the current fiscal year.
15. Select the **offsetting general ledger account** that will be credited. Enter an **expense account** that was used when the depreciable asset was expensed if the item was

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purchased within existing open general ledger fiscal periods. Otherwise use an **equity** type or **other** general ledger account.

Click the **Next** button to open the following page:



What is the status of this asset?

Hold this new asset. Do not start depreciating now.

Start depreciating this asset now.

This asset is partially depreciated.

This Asset is fully depreciated.

< Back Next > Cancel

16. Select one of the following status options for the asset:

- **Hold this new asset. Do not start depreciating now.** This option is the only available option if no depreciating method has been entered for this asset. The **Hold** option will record the asset but will not process any accumulating depreciation and is useful if the user wishes to obtain advice on the appropriate depreciation method. The asset status can be changed to a depreciating status at anytime. Review the Changing Methods within an Asset section below.
- **Start depreciating this asset now** option will cause the asset to start depreciating at the time of the next **Monthly Process**. See the **Depreciating Assets Using the Monthly Process** section for more details on processing depreciation.
- **This asset is partially depreciated** - This option should be used for any asset that has already been partially depreciated. This option should only be selected when the EBMS Depreciation module is initially installed and setup.
- **This Asset is fully depreciated** option should only be used for asset items that are currently listed on the financial statements and are fully depreciated. This option is also used when entering the initial asset list. All assets that are reflected on the company's balance statement should be entered into the EBMS depreciation system. See the **Disposing Assets > Removing Disposed Assets** section for instructions on how to remove disposed assets from the list.

Click the **Next** button to continue.

NOTE: The following two wizard pages will not appear if the depreciation method has not been entered in the wizard, page 3.

Fill in the following table with the correct accumulated depreciation values for the years.

	Year	Accumulated	Scheduled
▶	2000	300.00	335.00
	2001		335.00
	2002		335.00
	2003		335.00
	2004		335.00

Total Accumulated: Scheduled:

Total Change:

< Back Next > Cancel

17. A table will be displayed listing the **Scheduled** depreciation on the right and the **Accumulated** depreciation on the left as well as the **Year**.

- The **Year** column will be sequentially incremented based on the **Depreciation Start Date** of the asset and cannot be changed without changing the **Depreciation Start Date**. The wizard must be canceled and restarted if the **Depreciation Start Date** or the **Method** is incorrect. The wizard cannot be paged backwards at this point.
- Enter the **Accumulated** depreciation if the asset has been partially depreciated. Change the accumulated depreciation for each year if the asset is fully depreciated and the **Scheduled** depreciation does not match the annual amount depreciated.
- The **Scheduled** depreciation is calculated using the depreciation **Method** entered earlier in the wizard. This amount can be changed to match a user's schedule without having any ill effects on the accuracy of the system. Any changes to the **Scheduled** amount must equal the total **Depreciable Amount** for the asset.

The following page will appear only if the **Accumulated** depreciation column of the previous page contains any value.

Depreciation

Create a transaction of \$300.00 for the accumulated depreciaton:

Transaction date: 06/15/2000 Thu

Offsetting general ledger account: 70100-000

Do not make any transactions.

< Back Next > Cancel

18. Select the **Do not make any transactions** only if all the accumulated depreciation values have already been entered into the balance sheet of the general ledger. Otherwise select the **Create a transaction of ??? for the accumulated depreciation** option to create general ledger transactions for accumulated depreciation. Complete the following steps if the **Create a transaction...** option is selected:
19. Enter a **Transaction Date** within the last fiscal year to post past accumulated depreciation values to the prior year. The adjustments posted to last year will create the correct beginning balance for the asset general ledger account for the current year.
20. Enter a depreciation expense general ledger account as the **Offsetting general ledger** account that will be credited.

Click the **Next** button.

Honda Power Mower
Depreciable Asset: 12300-000
Primary Method: SL5

Asset Id: EHONDA

Display asset information upon wizard completion

< Back Finish Cancel

21. Enter the **A**sset ID code. The **D**isplay asset information upon wizard completion will open the Depreciable Asset information window.

Click **F**inish to add the new depreciable item.

Continue with the next section to view or change depreciable asset information.

Managing and Processing Assets

Viewing or Changing Asset Information

Depreciable asset information such as methods, status, scheduled amounts, or miscellaneous notes can be viewed or changed during the process of the depreciation. Some values will be protected based on the status or progress of depreciation. To view or change asset information, go to **Depreciation > Depreciable Assets** and select an existing asset.

The screenshot shows a software window titled "Assets\ehicles\2000 Dodge Aurora". The window contains the following information:

- Asset: 2000DODAU
- Folder: Vehicles
- Description: 2000 Dodge Aurora
- Serialized Item: (empty)

The window has two tabs: "General" (selected) and "Advanced".

Costs Table:

Vendor Id	Invoice	Purchase Date	Quantity
(\$)DEPR		04/01/1999 Thu	1.000000

Buttons: Show Invoice..., Add..., Remove...

Methods Table:

Primary	In Service	Method	Years	Schedule	Accumulat
<input checked="" type="checkbox"/>	04/01/1999 Thu	MACRS-1Q07	8	22,000.00	7,071.52

Buttons: Properties..., Add..., Remove...

Asset Details:

- Asset Cost: \$24,000.00
- Salvage Value: \$2,000.00
- Depreciable Base: 22,000.00
- Status: Depreciate
- Hold (button)

Note: (empty text area)

Buttons at the bottom: OK, Cancel, New, Delete, Disposal, Print

The asset **Description**, **Folder**, and **Notes** can be changed at anytime.

Highlight an invoice within the Costs box and click on the **View Invoice** button to view the expense invoice for the depreciable asset. If the **Vendor Id** contains "(\$)DEPR" the cost was manually entered using the new asset wizard rather than generated from an expense invoice and cannot be viewed. Review the Purchasing Assets > Adding Assets Using an Expense Invoice section for more details creating new asset records from an invoice. Additional costs can be added to an asset if the status is set to **Hold**. Review the Purchasing Assets > An Alternative Method of Adding Costs and Assets for details on how to add costs to assets.

An asset can be assigned multiple methods. The primary method (identified by the check mark) is the method used during the monthly process. Review the Depreciating Assets using the Monthly Process section of this manual. All other methods are used to create adjustments within

Depreciation

the general ledger for report purposes. Review the **Alternative Depreciation Methods for Reporting Purposes** section for details on how to add or use alternate methods.

Advanced Tab

The general ledger account settings for an asset can be seen by clicking on the **Advanced** tab as shown below:

The screenshot shows a software window titled "Assets\Vehicles\2000 Dodge Aurora". The "Advanced" tab is selected. Under "Depreciation Accounts", the "Asset" field is set to "12400-000 - Vehicles", "Accumulated Depreciation" is "13400-000 - Accum. Depreciation - Vehicles", and "Depreciation Expense" is "79400-000 - Depreciation - Vehicles". Under "Disposal Accounts", "Sale of Assets" is "80900-000 - Sale of Assets", "Accumulated Depreciation Disposal" is "86300-000 - Depreciation Disposal", and "Asset Disposal" is "86200-000 - Asset Disposal". A "Transfer Department..." button is present below these fields. The bottom of the window contains buttons for "OK", "Cancel", "New", "Delete", "Disposal", and "Print".

The **Depreciation Accounts** are general ledger accounts that must be classified with the following settings:

- **Asset**

Enter an asset account classified as **Depreciable Asset**. Both the **Asset** and the **Accumulated Depreciation** accounts can not be changed unless the asset **Status** is set to **Hold** within the general tab unless the **Transfer Department** button is used. See the following instructions for more details on this button.

- **Accumulated Depreciation**

Enter an asset account classified as **Accumulated Depreciation**. The monthly depreciation amounts will be credited to this account during process. See **Depreciating Assets using the Monthly Process** section for details on the depreciation process.

- **Depreciation Expense**

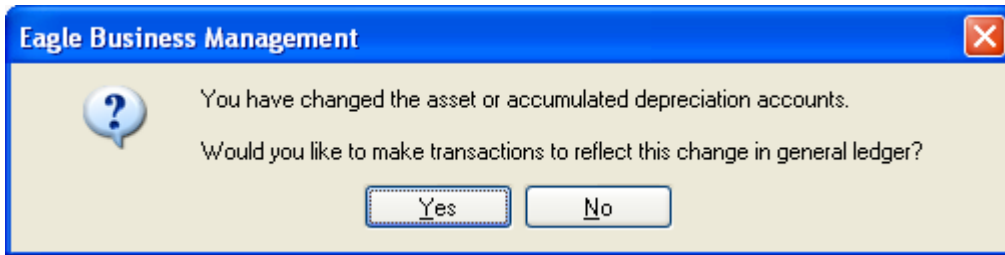
Enter an expense account classified as **Depreciation Expense**. The monthly depreciation amounts will be debited to this account during process. See **Depreciating Assets using the Monthly Process** section for details on the depreciation process.

The **Disposal Accounts** are general ledger accounts that must be classified with the following settings:

- **Sale of Assets**
Enter a revenue account classified as **Sales of Assets**
- **Accumulated Depreciation Disposal**
Enter an expense account classified as **Depreciation Disposal**
- **Asset Disposal**
Enter an expense account classified as **Depreciation Asset Disposal**

These accounts will be used when an item is disposed or sold. Review the **Disposing Assets** section of this manual for more details.

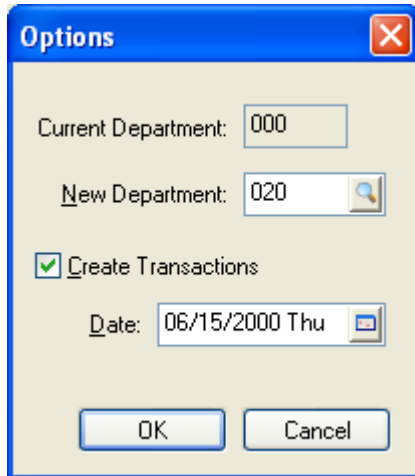
The **Asset** and the **Accumulated Depreciation** accounts can not be changed unless the asset **Status** is set to **Hold** within the general tab. The **Transfer Department** button can be used to change the departments within these accounts without changing the asset **Status**. The following dialog will appear with the item is saved if either the **Asset** or **Accumulated Depreciation** account is changed:



Click on the **Yes** button to create general ledger transactions.

The departments within the **Asset**, **Accumulated Depreciation**, and **Depreciation Expense** accounts can be changed without changing the asset status by clicking on the **Transfer Department** button to open the follows shown below:

Depreciation



The image shows a software dialog box titled "Options" with a blue header and a close button (X) in the top right corner. The dialog contains the following fields and controls:

- Current Department:** A text input field containing the value "000".
- New Department:** A text input field containing the value "020" and a magnifying glass icon to its right.
- Create Transactions:** A checkbox that is checked, with the label "Create Transactions".
- Date:** A date selection field showing "06/15/2000 Thu" and a calendar icon to its right.
- Buttons:** Two buttons at the bottom: "OK" and "Cancel".

Enter the **New Department** code. The **Current Department** is derived from the **Asset** general ledger code. The system will change all general ledger codes to match the new department if they exist. The general ledger account will not be changed if any of the **Depreciation** or **Disposal Accounts** does not contain the new department. General ledger transactions for the **Asset** and **Accumulated Depreciation** will be created if the **Create Transaction** option is enabled. A journal entry must be used to create transactions for the **Depreciation Expense** account. The new transactions will be created using the process **Date**. Click **OK** to create the transactions.

Reconciling General Ledger Reconciliation Accounts

It is important to reconcile the General Ledger asset accounts with the list of depreciable accounts within the Depreciation module. Go to **General Ledger > Utilities > Verify Balances**:

General Ledger		
Accounts Payable:	Vendors:	Difference:
48,351.50	48,351.50	0.00
Accounts Receivable:	Customers:	
19,170.17	19,170.17	0.00
Inventory Asset:	Inventory Items:	
12,912.21	12,912.21	0.00
Payroll Payable:	Employees:	
0.00	0.00	0.00
Cost in Excess Of Billing:	Jobs:	
7,852.50	7,852.50	0.00
Billing in Excess Of Cost:	Jobs:	
6,241.11	6,241.11	0.00
Depreciable Assets:	Depreciable Items:	
242,872.87	244,329.00	-1,456.13
Accum. Depreciation:	Depreciable Items:	
137,242.01	137,242.01	0.00

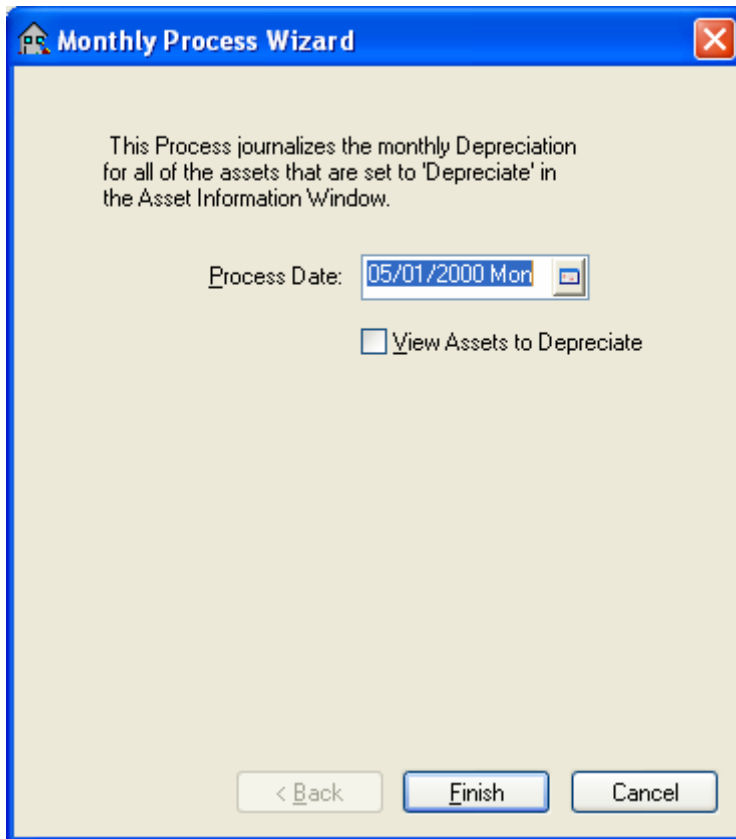
Click on the **Calculate** button to update all totals. Compare the **Depreciable Assets** total in the left column with the **Depreciable** total on the right. The **Depreciable Assets** amount is the total of all general ledger accounts classified as Depreciable Asset. The **Depreciable** value is the total of all the depreciable assets entered in the depreciation module with the exception of those that are sold or disposed. General Ledger adjustments or depreciable asset changes will need to be made if the **Difference** amount does not equal zero. Print the report found in **File > Reports > Depreciation > Assets > Asset Schedule List** to verify the asset list.

The **Accumulated** General Ledger amount found in the left column should equal the **Depreciable** value totaled within the asset list. Adjustments should be made before any depreciation is processed or additional assets are added or disposed.

Depreciating Assets using a Monthly Process

Accumulated depreciation should be posted to the General Ledger on a monthly basis to apply depreciation expenses throughout the year. The process is designed to be run monthly although the user can choose to run the process quarterly, annually, or any other period greater than the monthly process.

Go to **Depreciation > Monthly Process** to open the following dialog. Depreciation transactions will need to be posted first.



The **Process Date** reflects the next fiscal month to process. This date should be set to the first fiscal month date if it is the initial depreciation process. If the user wishes to post depreciation for the entire year, the **Process Date** should be set to equal the last date of the fiscal year. Enter the last month of the fiscal year quarter to post the entire quarter's depreciation. Note that the **Process Date** will always default the next month.

The accumulated monthly depreciation amount is calculated using the following equation:

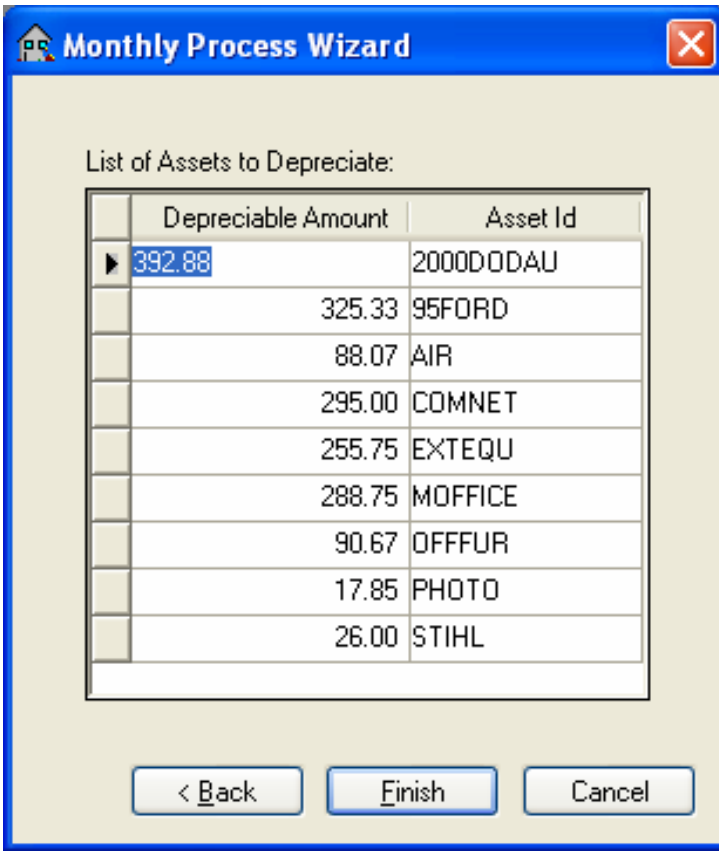
$$\text{Monthly Depreciation} = \text{SD} / 12 * \text{FM} - \text{PD}$$

SD = Scheduled annual Depreciation on the primary method.

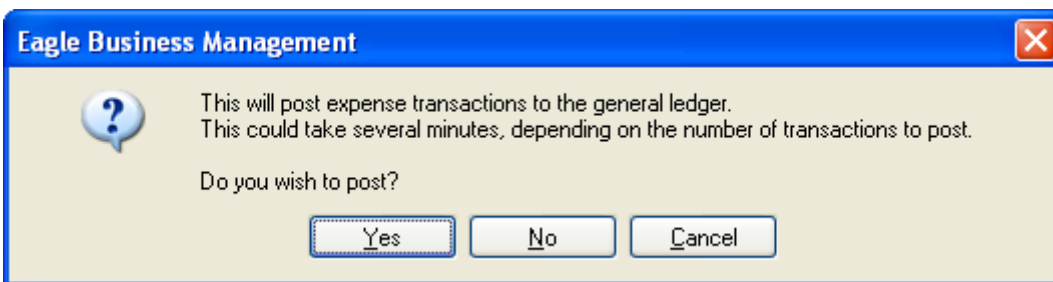
FM = Fiscal year Month number.
If the fiscal year is same as calendar year then January =1, February = 2, etc.

PD = Previous Depreciation for the year.

Enable the **View Assets to Depreciation** option and click on the **Finish** button to show the following dialog:



This dialog allows the user to view or edit the amount of the depreciation before processing. Click **Finish** to process and update the monthly depreciation totals. Click **Yes** to post transactions to the general ledger and update history. Click **No** if you prefer to view or print transactions before they are posted to general ledger. View transactions from the **Depreciation > Display Unposted Transactions** selection of the menu if they have not been posted.



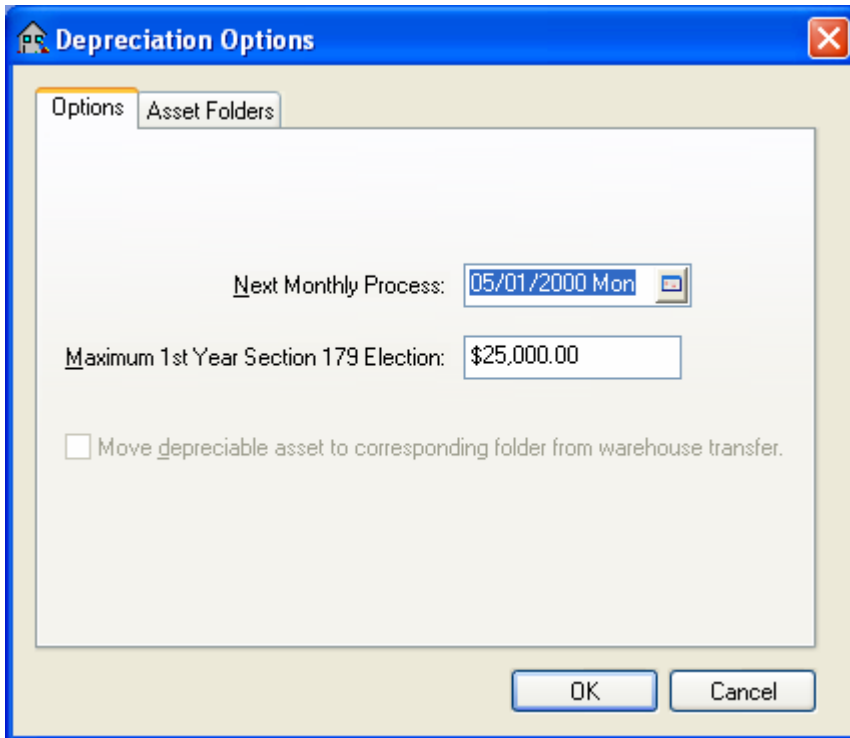
Asset accumulated depreciation totals will not be updated until the transactions are posted.

Go to **Depreciation > Utilities > Void Depreciation Transactions** to reverse any past depreciation transactions.

The **Monthly Process** is the only step needed on a monthly basis to calculate and post accumulated transactions.

Depreciation

After the depreciation has been calculated and processed for the specified month the **Process Date** will be incremented to the next month. The **Next Monthly Process** date can be viewed or changed in **Depreciation > Options > Options** tab.



The screenshot shows a dialog box titled "Depreciation Options" with a blue header bar. Inside the dialog, there are two tabs: "Options" (selected) and "Asset Folders". The "Options" tab contains the following fields and controls:

- Next Monthly Process:** A date field containing "05/01/2000 Mon" with a calendar icon to its right.
- Maximum 1st Year Section 179 Election:** A text field containing "\$25,000.00".
- Move depreciable asset to corresponding folder from warehouse transfer.

At the bottom of the dialog, there are two buttons: "OK" and "Cancel".

Changing Methods within an Asset

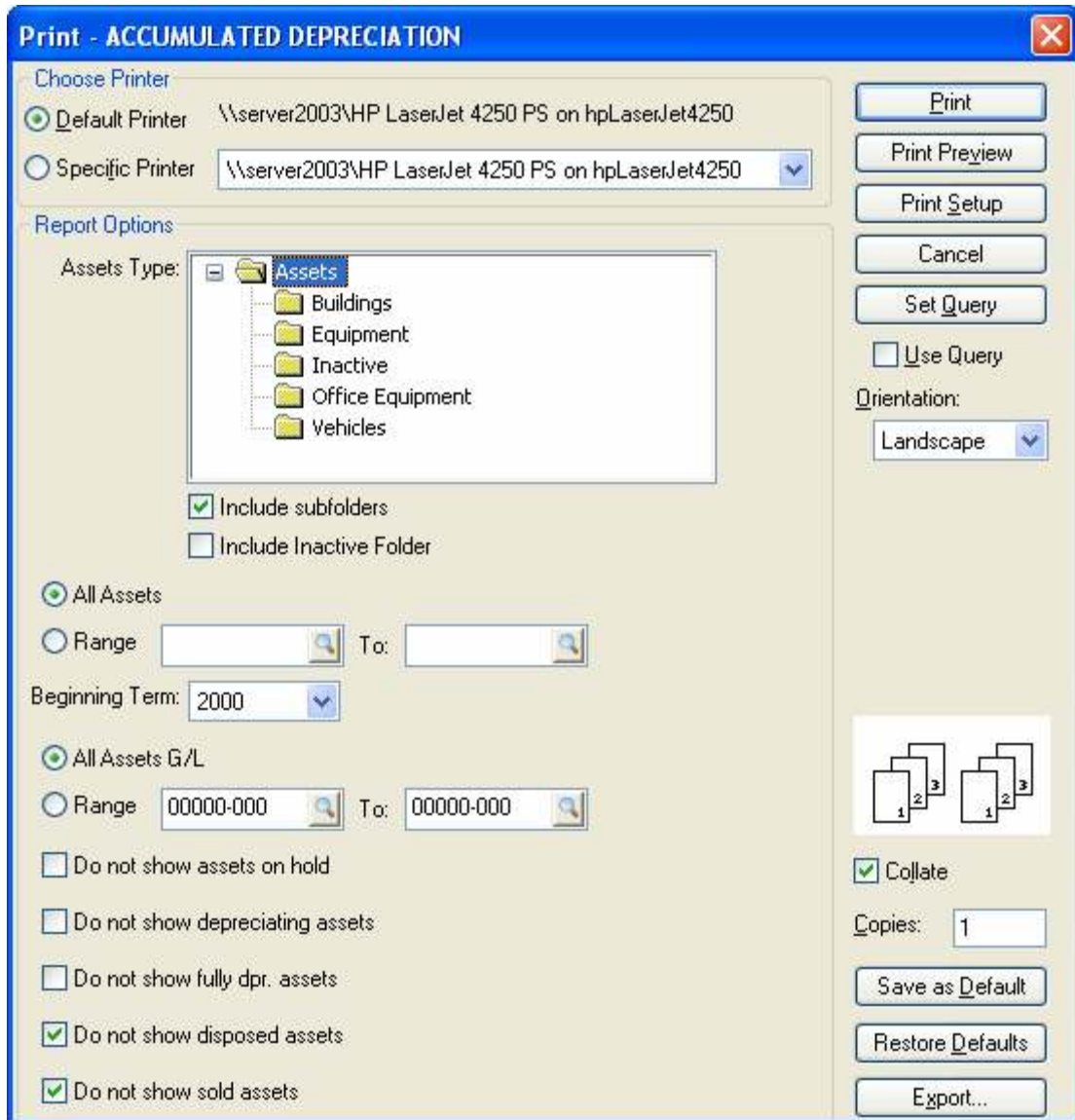
At times it may be necessary to change a method after the asset has been entered and accumulated depreciation has been applied.

1. Set asset to status "Hold".
2. Add the new target method.
3. Change primary switch to the new method.
 - a. This should verify the process to move accumulated assets.
4. Remove the old method if desired.
5. Set status to depreciate.

Depreciation Reports

The following reports are excellent to print for an accountant or an agent that provides tax services:

1. Go to **File > Reports > Depreciation > Assets > Accumulated Depreciation** to print the accumulated depreciation for all assets.



2. Select **All** to print all Assets and set the appropriate dates to print the last fiscal year information. This will list the accumulated depreciation for all assets.

Quality Hardware

Accumulated Depreciation
Quality Hardware (New Demo Data)

<u>Assets Id</u>	<u>Start Da</u>	<u>Description</u>	<u>Method</u>	<u>Schedule</u>	<u>Total Acum.</u>	<u>2000</u>	<u>1999</u>	
Asset G/L: 12100-000 Buildings/								
MOFFICE	6/1/1985	Main Office Building	SL30	105,000.00	60,620.00	1,155.00	3,465.00	5
Total:				105,000.00	60,620.00	1,155.00	3,465.00	5
Asset G/L: 12200-000 Office Equipment and Fixtures/								
COMNET	4/1/1999	Computer Network	SL5	17,700.00	4,720.00	1,180.00	3,540.00	
DISLG	4/1/1999	Large Display Case	179EXP	1,200.00	1,200.00	0.00	1,200.00	
OFFFUR	6/1/1997	Office Dividers, Desks, and Chairs	SL5	9,054.00	7,240.64	362.64	1,088.00	
PHOTO	2/2/1999	Panasonic Photocopier	SL7	1,500.00	285.60	71.40	214.20	
Total:				29,454.00	13,446.24	1,614.04	6,042.20	
Asset G/L: 12300-000 Machinery & Equipment/								
AIR	4/1/1999	Air Conditioner	MACRS-2C	3,523.00	1,233.03	352.28	880.75	
EXTEQU	6/1/1995	Existing Equipment as of Jan 1999	SL7	22,105.00	16,992.00	1,023.00	3,069.00	1
STHU	4/1/1999	STHU	MACRS-1C	1,200.00	574.00	104.00	420.00	

The **File > Reports > Depreciation > Assets > Asset Schedule List** will display pertinent asset status information.

Purchasing Assets

Adding Assets using an Expense Invoice

To add new assets to the depreciation system is through an expense invoice at the time the item is purchased. Go to **Expenses > Invoices and P.O.s** to open an expense invoice.

Expense Invoice Entry - Ace Repairs

File Process View

Vendor: Ship To Pay To

Vendor Id: ACE

Ace Repairs

800 Rock Rd

USA

Custer CA 95436

Invoice: PO#220 Date: 06/15/2000 Thu

Payment: Manual Charge Urgent

Entry date: 06/15/2000

Bank Account: 01100-000 - Checking Account

Check #:

Terms: (None)

Net 30 days

P.O. #: 220 Ship via: Description: Total: \$0.00

	Ordered	Received	Warehouse	Inventory	Description	Unit Cost	G/L Account
▶	1.00	1.00	GENERAL	JOHDEE	John Deer Mower	2,000.00	12300-000
*							

Tax: Freight: Discount: Finance Chg: Paid: \$0.00

P.O. Total: \$2,000.00 Subtotal: \$2,000.00

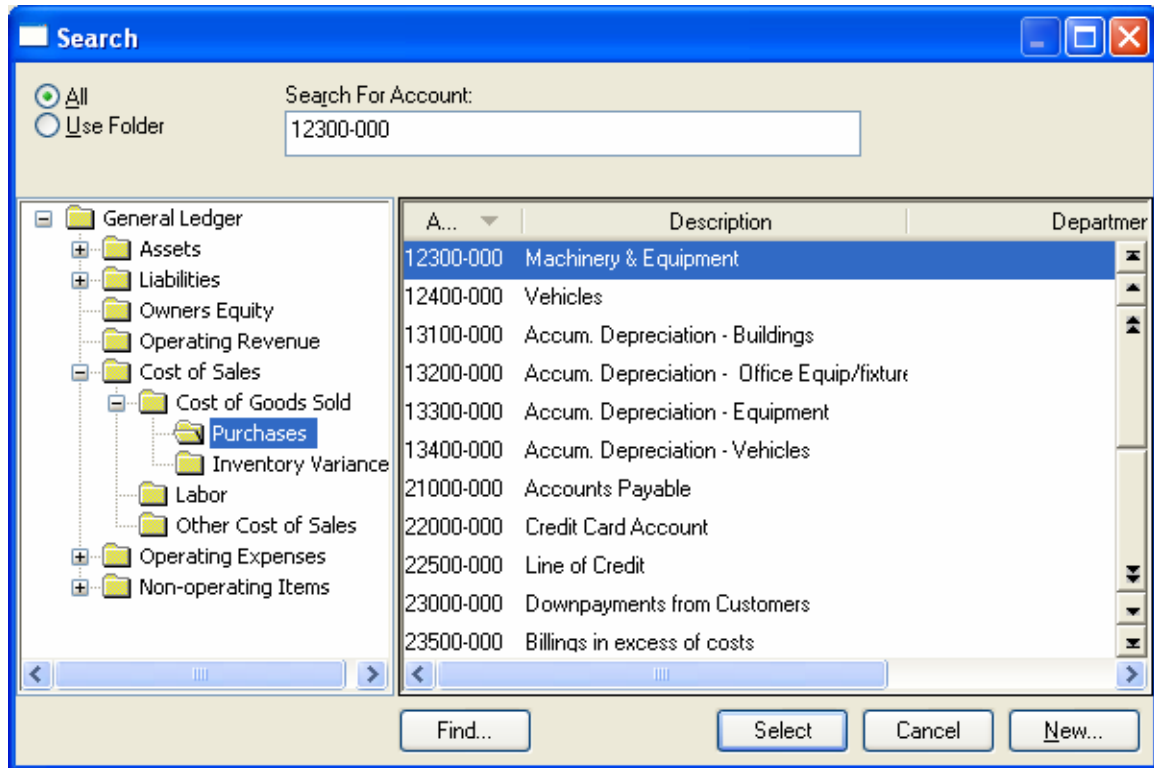
Weight: 0.00 Total: \$2,000.00

Balance: \$2,000.00

Machinery & Equipment Unprocessed

Enter a purchase order or expense invoice in the standard way with the exception of the General Ledger account. Click on the **G/L Account** lookup button. The General Ledger account must be set to an asset account that records depreciable assets.

Depreciation



The wizard to add depreciable assets will be activated each time an expense invoice contains a General Ledger account that is classified as **Depreciable Asset**. Review the General Ledger > Chart of Accounts > Account Classification section of the EBMS manual for more details on account classifications. The following wizard will be activated at the time the invoice is processed:

New Asset Wizard

A depreciable asset, John Deer Mower, has been purchased for \$2000.00. This wizard will help you setup the depreciation for this asset.

Create a new depreciable asset for the cost of this item

Add the cost of this item to an existing depreciable asset
Note: All the item costs in a depreciable asset will be treated as a single unit - depreciated, disposed, and sold as a group and not individually.

Add to:

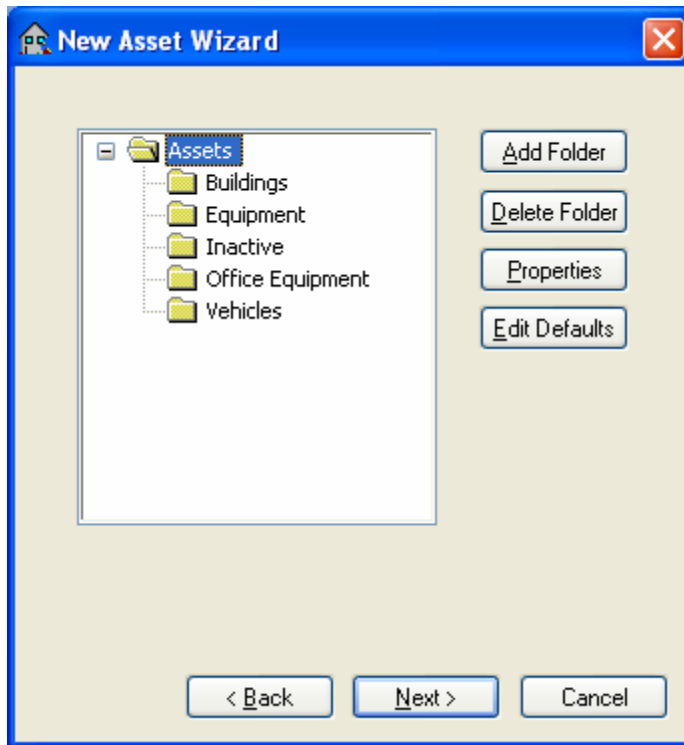
Skip adding a depreciable asset at this time

< Back Next > Cancel

1. Select the first option – **Create a new depreciable item for the cost of this item** to create a new asset. Select the second option to add costs to an existing depreciable item.

Click the **Next** button.

Depreciation



Select the appropriate folder. Adding items can be greatly simplified if the General Ledger accounts and other defaults are properly set for each folder (group of assets). Review the Getting Started > Adding and Deleting Asset Folders section of this manual for more details on adding folders.

Click the **Next** button.

New Asset Wizard

Description: John Deer Mower

General Ledger Accounts

Asset: 12300-000 - Machinery & Equipment

Accumulated Depreciation: 13300-000 - Accum. Depreciation - Equipme

Depreciation Expense: 79300-000 - Depreciation - Machinery & Equ

< Back Next > Cancel

2. Enter an appropriate **Description** to identify the new asset.

Set the correct **General Ledger Accounts**. The **Asset** account will be set to the **G/L Account** entered within the invoice. The **Accumulated Depreciation** account is an asset account used to record the accumulated depreciation. The **Depreciation Expense** account is an expense account that records the annual depreciation.

Click the **Next** button.

Depreciation

The screenshot shows a 'New Asset Wizard' window with a blue title bar. The main area is light beige. A 'Method' section is enclosed in a rounded rectangle. It contains three fields: 'Depreciation Method' with the value 'MACRS-HY10' and a search icon; 'Depreciation start date: (fiscal starting date)' with the value '06/15/2000 Thu' and a calendar icon; and '179 Expense' with an empty text box. Below the 'Method' section are three more fields: 'Cost' with '\$2,000.00', 'Salvage Value' with '\$100.00', and 'Depreciable Base' with '1900.00'. At the bottom of the window are three buttons: '< Back', 'Next >', and 'Cancel'.

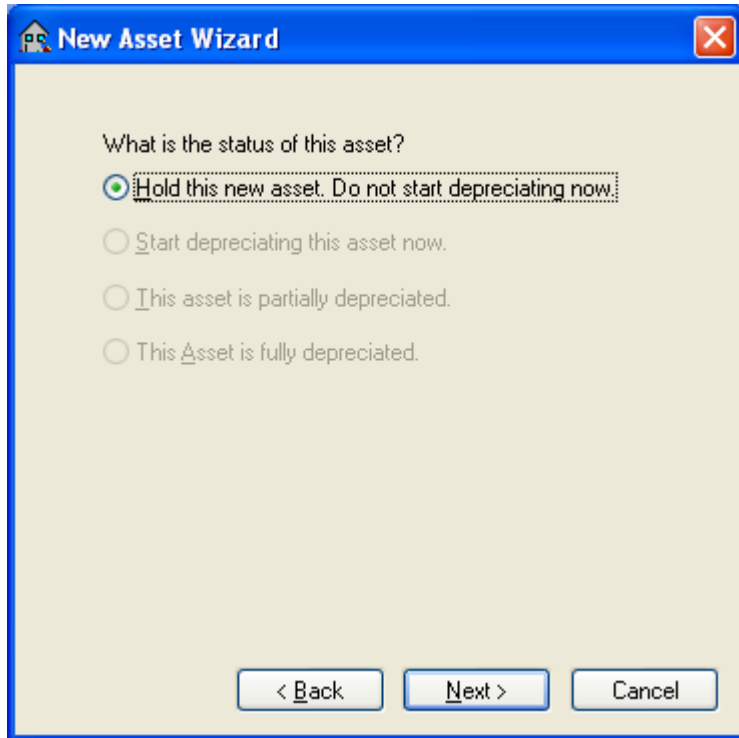
3. Enter a **Depreciation Method** by clicking on the lookup button and selecting a method. This method can be changed at a later time if a method has not been determined at this time. Review the Depreciation Methods section for more details on adding or changing methods. Review the following Changing Methods within an Asset section for details on changing the depreciation method.

The **Depreciation Start Date** will default to the date found on the expense invoice. The depreciation schedule will use this date to determine in which fiscal years the depreciation is scheduled.

The purchase **Cost** of the asset will be copied from the invoice.

Enter the estimated **Salvage Value** of asset at time of disposal. This amount will be deducted from the **Cost** to calculate the **Depreciable Amount**. **Depreciable Amount = Cost – Salvage Value**.

Click the **Next** button to continue.



4. Select one of the following status options for the asset:
- **Hold this new asset. Do not start depreciating now.** This option is the only available option if no depreciating method has been entered for this asset. The **Hold** option will record the asset but will not process any accumulating depreciation and is useful if the user wishes to obtain advice on the appropriate depreciation method. The asset status can be changed to a depreciating status at anytime. Review the Changing Methods within an Asset section below.
 - **Start depreciating this asset now** option will cause the asset to start depreciating at the time of the next **Monthly Process**. Review the Depreciating Assets Using a Monthly Process section for more details on processing depreciation.
 - **This asset is partially depreciated** and **This Asset is fully depreciated.** These options should not be used when adding new assets from an expense invoice.

Click the **Next** button.

Depreciation

John Deer Mower
Depreciable Asset: 12300-000
Primary Method: MACRS-HY10

Asset Id: JDM

Display asset information upon wizard completi

< Back Finish Cancel

5. Enter the **Asset ID**. **Display asset information upon wizard completion** will open the Depreciable Asset window. Click **Finish** to complete the wizard.

Review the Depreciation > Viewing or Changing Asset information section of this manual for more details on viewing or changing new asset information.

Alternative Method of Adding Costs and Assets

Costs can be manually added to a depreciable asset without using an expense invoice by completing the following steps:

Go to **Depreciation > Depreciable Assets** to open the asset.

Assets\ehicles\2000 Dodge Aurora

Asset: 2000DODAU Folder: Vehicles

Description: 2000 Dodge Aurora Serialized Item:

General Advanced

Costs

Ve...	Invoice	Purchase Date	Quantity
▶ (\$)DEPR		04/01/1999 Thu	1.000000

Show Invoice... Add... Remove...

Methods

Primary	In Service	Method	Years	Schedule	Accumulat
▶ ✓	04/01/1999 Thu	MACRS-1Q07	8	22,000.00	7,071.52

Properties... Add... Remove...

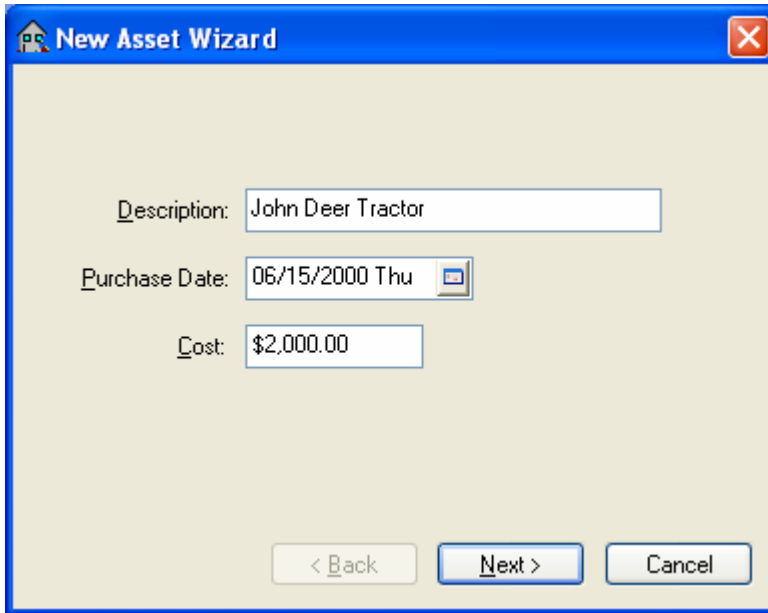
Asset Cost: \$24,000.00
 Salvage Value: \$2,000.00
 Depreciable Base: 22,000.00
 Status: Depreciate
 Hold

Note:

OK Cancel New Delete Disposal Print ▼

Click on the **Add** button in the costs section.

Depreciation



New Asset Wizard

Description: John Deer Tractor

Purchase Date: 06/15/2000 Thu

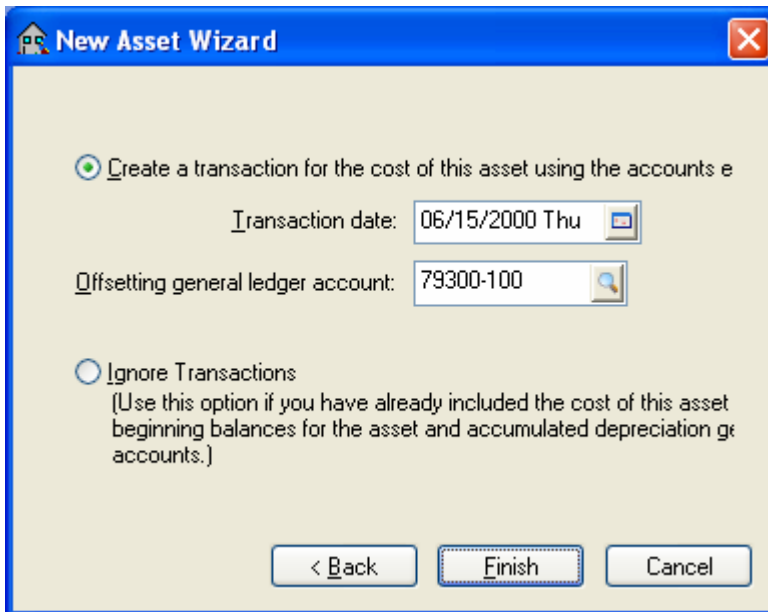
Cost: \$2,000.00

< Back **Next >** Cancel

Enter a **Description** of the additional cost.

Enter the **Purchase Date** of the additional cost.

Enter the additional **Cost** amount and click **Next**.



New Asset Wizard

Create a transaction for the cost of this asset using the accounts entered below

Transaction date: 06/15/2000 Thu

Offsetting general ledger account: 79300-100

Ignore Transactions
(Use this option if you have already included the cost of this asset beginning balances for the asset and accumulated depreciation general ledger accounts.)

< Back **Finish** Cancel

Select the **Ignore Transactions** only if all the depreciation values have already been entered into the balance sheet of the general ledger; otherwise select the **Create a transaction for the cost of this asset using the accounts entered below** option to create a general ledger transaction for this asset.

Complete the following steps if the **Create a transaction ...** option is selected:

- 1) Enter the **Transaction Date** or purchase date.

- 2) Select the offsetting general ledger account that will be credited. Enter an expense account that to post the cost amount.

Click the **Finish** button complete.

The **Remove** button can be used to delete additional costs.

The **Add** and **Remove** buttons will be disabled if the asset is already being depreciated. Additional costs cannot be added after an asset has already been partially or completely depreciated. Create an additional asset if costs cannot be added. Review the **Entering Existing Depreciable Assets** for more details in adding assets manually.

Disposing Assets

Selling Assets within a Sales Invoice

The value of an asset will be recorded within the general ledger until the asset is disposed (not being used or junked) or sold. This section will explain the steps that should be used when an asset is sold. See the next section, **Removing Disposed Assets**, for an alternative method to dispose assets.

The asset should be removed from the depreciable assets list at the time a sales invoice is entered. Go to **Sales > Invoices and S.O.s** to open the sales invoice.

Ordered	Shipped	Warehouse	Inventory	Description	Price	G/L Account	Costs	Marg
4.00	4.00	GENERAL		Dirt Shovel	27.00	80900-000	48.00	60.00
3.00	3.00	GENERAL		Garden Rake	48.00	80900-000	111.00	33.00
2.00	2.00	GENERAL		Tool Set	257.14	80900-000	395.58	118.70
1.00	1.00	GENERAL		6'' Phillip's	4.99	80900-000	3.90	-2.81

Tax Table: Tax: Freight: Discount: Finance Chg: Costs: \$554.58 S.O. Total: \$812.26 Subtotal: \$766.28
PA \$45.98 Paid: \$0.00 Balance: \$812.26

Sale of Assets Unprocessed

Enter a sales order in the same manner as any other sale with the following exceptions:

- Do not enter an inventory item when selling a depreciable asset but enter a brief **Description** in the invoice detail line.
- Enter the sale price of the asset that is being sold.
- Enter a **G/L Account** that is classified as "Sale of Asset". This will activate the depreciation wizard at the time the sales invoice is processed.
- A separate sales invoice line should be entered for each depreciable asset. Process the sales invoice to activate the **Selling a Depreciable Asset** wizard as shown below:

Selling a Depreciable Asset

You are disposing or selling a depreciable asset, Dirt Shovel.

Depreciable asset: 96FORD

Select this option if you do not want to dispose an item at this time.

< Back Next > Cancel

1. Choose the **Depreciable Asset** that is being sold. Click on the lookup button to select an asset from the asset list.

The **Select this option if you do not want to dispose an item at this time** option should be turned OFF. No assets will be disposed if this option is turned ON.

Click the **Next** button to continue.

This screen will only appear in the depreciable item is not fully depreciated.

2. Enter any **Additional Depreciation** that is to be expensed before the asset is disposed. This value would be in addition to any depreciation that has been processed in the current year or prior year. Click on the **View Accumulated** button to list the total amount of depreciation that has already been accumulated as well as the scheduled annual amounts.

The **Date** and the **Depreciation Expense Account** are necessary only if **Additional Depreciation** is entered which creates general ledger transactions. Otherwise ignore the values of these two fields.

Click **Next** to continue.

3. Select the method of disposal and the date it is to be disposed. The contents of the invoice will be copied into the fields on this page. These copied values should equal the correct disposal information. Click the **Finish** button to complete the disposal process.

Standard sales General Ledger transactions will be created based on the information entered into the sales invoice. Additional depreciation transactions will be created to dispose of the asset as listed below:

Debit

Accumulated Depreciation (Asset G/L)

Asset Disposal (Expense G/L)

Credit

Asset Value (Asset G/L)

Depreciation Disposal (Expense G/L)

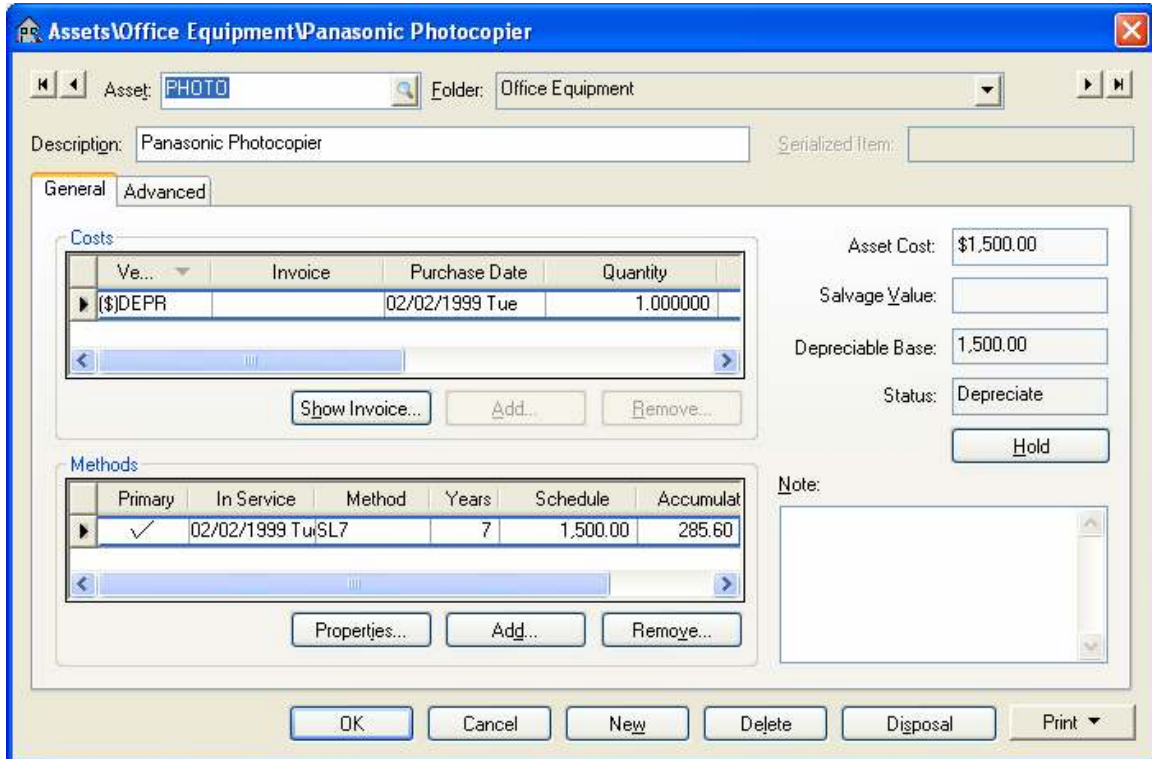
Additional depreciation transactions will be created if **Additional Depreciation** was entered on page 2 of the wizard.

Review the following section – Removing Disposed Assets to remove assets without using a sales invoice.

Removing Disposed Assets

An asset must be removed from the asset list if it is being disposed of and not being used. This process will mark the asset as disposed and will remove any asset values and accumulated depreciation from the asset General Ledger accounts. Review the previous section, Selling Assets within a Sales Invoice, if the asset is being sold. Continue with this section if the asset is being disposed or the sales invoice has been processed already.

Go to **Depreciation > Depreciable Assets** and select the asset that is to be disposed as shown below:



1. Click on the **Disposal** button located on the bottom of the asset window to start the disposal wizard.

The following wizard will not appear since it is irrelevant if the asset is completely depreciated:

Disposing a Depreciable Asset

Enter any additional depreciation for the asset, PHOTO, and the date which the transactions for this accumulation should be made.

Accumulated Depreciation: \$285.60

179 Expense: \$0.00

Additional Depreciation: \$300.00

Date: 06/15/2000 Thu

Depreciation Expense Account: 79200-000

View Accumulated...

< Back Next > Cancel

- 2. Enter any **Additional Depreciation** to create any additional depreciation expense before disposing the asset.
- 3. Enter the **Date** used to create the additional depreciation transaction. The **Date** and **Expense Account** can be ignored if the **Additional Depreciation** value is zero.
- 4. The **Depreciation Expense Account** is defaulted from the **Advanced** tab of the asset.
- 5. Click on the **View Accumulated** button to view the accumulated depreciation to date. Click the next button to continue to next page of wizard as show below:

6. Enter the **Date** the asset was disposed. This date must be within an open fiscal year period.
7. The screen options are to dispose the asset are: **Disposed** and **Sold on a customer invoice**.

Enter a **Customer ID**, **Invoice** number, and **Sale Price** if the asset has been sold. The fields should remain blank if the item has been junked. The **Sale Price** value will be credited to the **Sale of Asset** general ledger account as shown below.

<u>Debit</u>		<u>Credit</u>
Accumulated Depreciation (Asset G/L)		Asset Value (Asset G/L)
Asset Disposal (Expense G/L)		Depreciation Disposal (Expense G/L)

The asset value and accumulated depreciation amounts will be adjusted as shown above.

Clicking on the **Reverse Disposal** button of a disposed asset will reverse the disposal transactions; this button will appear only for disposed assets. All disposal transactions listed above will be reversed, allowing the user to make corrections and activate the disposal wizard again.

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