

Sage 200 Learning Pack

Session 2: Fixed Assets



AlphaLogix
the logical choice



Contents

- Depreciation Methods
- Enter, Maintain & Depreciate Assets
- Valuating, Disposing and Deleting Assets



Depreciation Methods

Before beginning to record your fixed asset in the register, you should have all your asset details to hand and think about the depreciation method you want to elect for each asset. There are three depreciation methods that are available for use;

- Reducing
- Straight Line

and these can be depreciated annually or periodically.

Depreciation Methods

Straight Line

The asset's value is reduced by a percentage value that is based on the Initial Value, the Residual Value and the Asset Life span in years or periods until the Net Book Value is reduced to the Residual Value (which may or may not be zero). The value of depreciation remains the same each time.

This is appropriate if you forecast that use of the asset is spread evenly across the time period, for example the use of a temporary prefabricated building.

Annual Straight Line: $\text{Initial Value} - \text{Residual Value} / \text{Asset Life in years}$

Period Straight Line: $\text{Initial Value} - \text{Residual Value} / \text{Asset Life in periods}$

If the calculation pushes the Net Book Value to a value that is less than the Residual Value, the depreciation amount posted is the Net Book Value – Residual Value.

For example if you enter an asset with an Initial Value of £12,000, a Residual Value of £3,000, and you want this to be depreciated over a three year period:

Year	Depreciation Calculation					Depreciation Amount	Net Book Value
	Initial Value		Residual Value		Asset Life in years		
1	£12,000	-	£3,000	/	3	£3,000	£9,000
2	£12,000	-	£3,000	/	3	£3,000	£6,000
3	£12,000	-	£3,000	/	3	£3,000	£3,000

If this was by period, the initial value would be divided by the number of periods in the three years, for example 36 if you were using 12 periods per year, in order to give a periodic depreciation amount. In this example that would be £250. Each period that passed the net book value would reduce by that amount.

Depreciation Methods

Reducing Balance

The asset's value is reduced by a percentage of the Net Book Value (which reflects the asset's current worth) every year or period until it is reduced to a realistic scrap or write off value (which may or may not be zero). The value of the depreciation reduces every time. This is appropriate if you expect the asset to wear out quickly.

This is applicable if the value of the asset needs to be reduced quickly at first and then more slowly later (e.g. vehicles).

For example, if you enter an asset with an Initial Value of £12,000, the initial Net Book Price is £12,000 and you want to depreciate this over four years, this would be a depreciation of 25% each year.

Year	Depreciation Calculation					Depreciation Amount	Net Book Value
	Net Book Value		Depreciation Percent				
1	£12,000.00	x	25	/	100	£3,000.00	£9,000.00
2	£9,000.00	x	25	/	100	£2,250.00	£6,750.00
3	£6,750.00	x	25	/	100	£1,687.50	£5,062.50

Depreciation of an asset using the Reducing Balance method is higher initially than the Straight Line method and it then reduces over the asset life. Theoretically, using the Reducing Balance method, the book value will never reach zero but for all practical purposes, the write off value of an asset is reached by using a realistic percentage.

Enter, Maintain & Depreciate Assets

Enter a New Asset

From the Nominal Ledger, select Fixed Assets > Enter New Asset

After entering a Code (mandatory) and a description (optional), you are prompted to enter an initial value, the date the asset was acquired and the date the asset was last depreciated.

After entering this initial information, you can then choose which Depreciation Method to use, the Net Book Value and which Balance Sheet and Profit & Loss Nominal accounts to post to.

Users can then use the analysis details to make accommodate reporting requirements.

Click 'Save' to save the new Asset, or 'Clear' to start again. Many of these fields cannot be amended once the asset has been saved, so review the details carefully before Saving.

The screenshot shows a software window titled "Enter Fixed Asset". It contains several sections of input fields:

- Asset Details:** Includes a "Code:" field (highlighted in green), a "Description:" text area, an "Initial value:" field (set to 0.00), "Date acquired:" and "Last depreciated:" date pickers.
- Depreciation Details:** Includes a "Depreciation method:" dropdown, a "Net book value:" field, and "Balance sheet:" and "Profit and loss:" dropdowns.
- Analysis Details:** Includes "Manager:", "Location:", "Analysis 1:", "Analysis 2:", and "Analysis 3:" dropdowns.

At the bottom of the window are three buttons: "Save", "Clear", and "Close".

Enter, Maintain & Depreciate Assets

Maintain Assets

From the Nominal Ledger menu, select Fixed Assets > Maintain Asset.
Use the drop-down list to select an existing asset.

Maintain Fixed Asset (Active)

Asset Details

Code: FACTORY2

Description: Factory 2

Initial value: 200000.00

Date acquired: 02/01/2015

Last depreciated: 31/12/2015

Depreciation Details

Depreciation method: Annual Straight Line

Net book value: 196000.00

Residual value: 0.00

Asset life span (years): 50

Balance sheet: 02100 Freehold Property

Profit and loss: 61100 ADM ADM Depreciation Property

Analysis Details

Manager: Rachel

Location: Nottingham

Analysis 1:

Analysis 2:

Analysis 3:

Save Close

Once an asset has been saved there are many fields that cannot be amended. The only elements of an existing asset that can be amended are the Description and Analysis Details

Enter, Maintain & Depreciate Assets

Depreciate Assets

The 'Depreciation Period' drop-down list will default to the current period, however this can be changed. The list of Available Assets list will automatically populate according to the Depreciation Period that you have selected.

Select the tick box for the asset you wish to depreciate, and select Depreciate. You will be presented with another window which will prompt you to enter a transaction date for the depreciation.

From the Nominal Ledger menu, select Fixed Assets > Depreciate Asset

Code	Description	Last Depreciated	Depreciation Method	Depreciation Amount
<input type="checkbox"/> FACT0001	Factory Unit 1	31/07/2015	Period Straight Line	0.00

Confirm Depreciation

Enter The Depreciation Transaction Date

This is the date you are depreciating the assets. This defaults to today's date.

If you are depreciating by period, the nominal postings will have the end date of each period you are posting depreciation for. The Last Depreciated date on the asset will be the end date of the last of these periods.

Transaction Date: 02/09/2015

To continue, click Depreciate. To cancel, click Cancel.

Having now depreciated the asset it will no longer appear in the list, and therefore cannot accidentally be depreciated twice.

Valuating, Disposing and Deleting Assets

Valuing Fixed Asset

From the Nominal Ledger menu, select Fixed Assets > Fixed Asset Valuation. You will be presented with a criteria screen similar to those used for other reports.

Having chosen your criteria (or leave all fields on 'All' to view all Assets), select OK.

Fixed Asset Valuation List								Date	02/09/2015
								Time	14:52:33
Code	Description	Depreciation Method	Initial Value	Dep Date	Total Depreciation	Disposal Date	Total Disposal	Net Book Value	
FACTORY2	Factory 2	Annual Straight Line	200,000.00	31/12/2015	4,000.00		0.00	196,000.00	
FLEET0001	Fleet Car	Period Reducing Balance	15,000.00		0.00		0.00	0.00	
PLANT0001	Plant Machinery	Annual Straight Line	25,000.00		0.00		0.00	0.00	

Having chosen your criteria (or leave all fields on 'All' to view all Assets), select OK.

You will be presented with a valuation for each Asset in the form of a report

Valuating, Disposing and Deleting Assets

Dispose Fixed Asset

You are presented with a list of assets that are available for disposal. Select the asset you wish to dispose of and select 'Dispose'. You will be presented with a window prompting you to enter a transaction date.

From the Nominal Ledger menu, select Fixed Assets > Dispose Asset

The 'Dispose Fixed Asset' window displays a table of available assets for disposal. The table has the following columns: Code, Description, Last Depreciated, Depreciation Method, Residual Value, and Net Book Value.

Code	Description	Last Depreciated	Depreciation Method	Residual Value	Net Book Value
<input checked="" type="checkbox"/> FACT0001	Factory Unit 1	30/09/2015	Period Straight Line	0.00	100000.00
<input type="checkbox"/> FACTORY2	Factory 2	31/12/2015	Annual Straight Line	0.00	196000.00

At the bottom of the window, there are buttons for 'Dispose', 'Select All', 'Deselect All', and 'Close'.

The 'Confirm Disposal' dialog box prompts the user to enter the disposal transaction date. It includes the following text:

Enter The Disposal Transaction Date

This is the date you are disposing of the assets. This defaults to today's date.

The nominal postings and the asset transaction will have the date that is specified.

Transaction Date:

To continue, click Dispose. To cancel, click Cancel.

At the bottom, there are buttons for 'Dispose' and 'Cancel'.

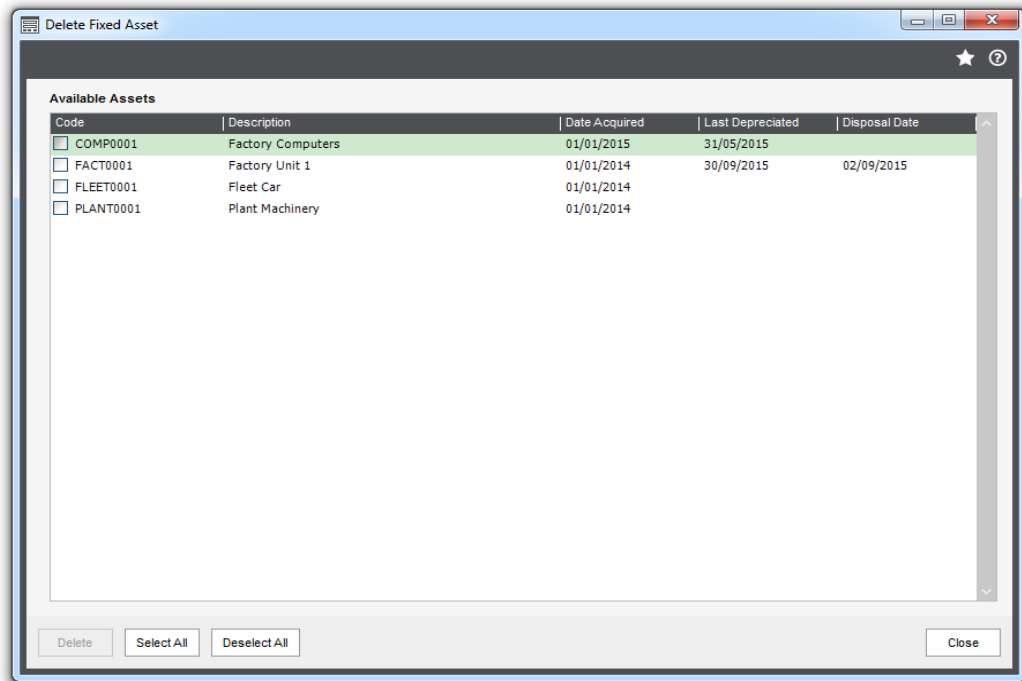
Upon the disposal of the asset, the relevant postings will be made to the associated Balance Sheet and Profit & Loss nominal accounts.

Transaction Type	Transaction Date	Code	Cost Centre	Department	Nominal Value	Narrative
Nominal Journal	02/09/2015	02100			-100000.00	Disposal of asset
Nominal Journal	02/09/2015	61000	ADM	ADM	100000.00	Disposal of asset

Valuating, Disposing and Deleting Assets

Delete Fixed Asset

From the Nominal Ledger menu, select Fixed Assets > Delete Asset



The screenshot shows a window titled "Delete Fixed Asset" with a table of available assets. The table has columns for Code, Description, Date Acquired, Last Depreciated, and Disposal Date. The assets listed are:

Code	Description	Date Acquired	Last Depreciated	Disposal Date
<input checked="" type="checkbox"/> COMP0001	Factory Computers	01/01/2015	31/05/2015	
<input type="checkbox"/> FACT0001	Factory Unit 1	01/01/2014	30/09/2015	02/09/2015
<input type="checkbox"/> FLEET0001	Fleet Car	01/01/2014		
<input type="checkbox"/> PLANT0001	Plant Machinery	01/01/2014		

At the bottom of the window, there are buttons for "Delete", "Select All", "Deselect All", and "Close".

You will be presented with a list of Fixed Assets that are available for deletion. From this form you can see the date the asset was acquired, when they were last depreciated and when/if they were disposed of.

Select the asset you wish to delete and select Delete. You will be prompted to confirm you wish to delete the asset, and once you select 'Yes' the asset will no longer appear on this or any other Asset list.

Your Business, Our Expertise, Let's Talk...

Are you getting the most from your Supplier?

For over 20 years, AlphaLogix has been one of a small group of Strategic Sage Partners in the UK

Can we beat your last quote?

Tell us your renewal date for a competitive quote



Presented by
Richard Owens
Sage 200 Product Specialist
At AlphaLogix

AlphaLogix is one of the largest Accredited Sage, Microsoft Infor, and Swiftpage Business Partners in the UK. From ERP and Accounting Solutions such as Sage 200 and Sage 50, to fully integrated CRM systems such as Infor CRM and Microsoft CRM, our range of products and services is wide.



Want to learn more?

[Contact us](#) to arrange a bespoke Sage 200 [training course](#) at your offices.