15 Minute Tip Talk – May 24, 2018
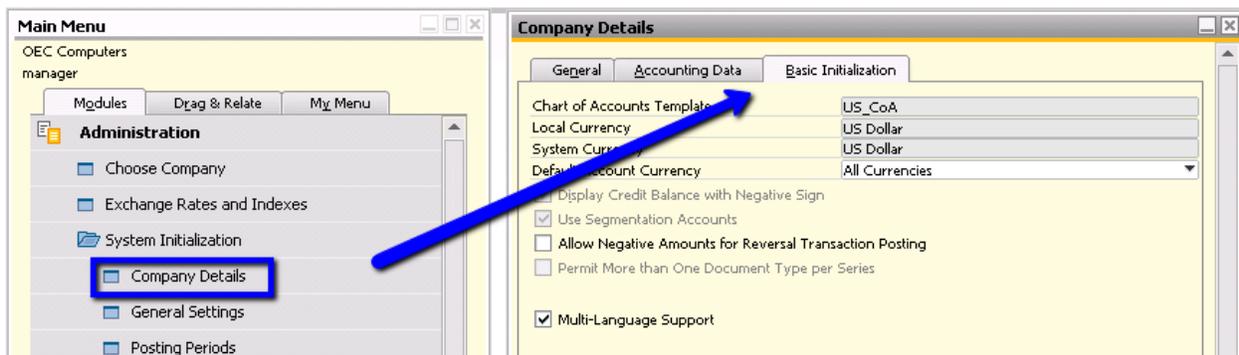## Fixed Assets 101

Background

There are few companies which do not use fixed assets in their daily operations. Managing valuable items, which are not part of core trading, is nearly as important as managing inventory. SAP Business One's fixed asset module allows users to manage and monitor the value of the fixed assets.

Prerequisites

To start working with SAP Business One's fixed assets module, we need to enable it in Administration > System Initialization > Company Details in the Basic Intialization tab.

Note that in the above setting is greyed out, as <u>once the solution is activated you cannot deactivate it.</u>

Once the solution has been activated, you will be able to see a Fixed Assets submodule under Financials.
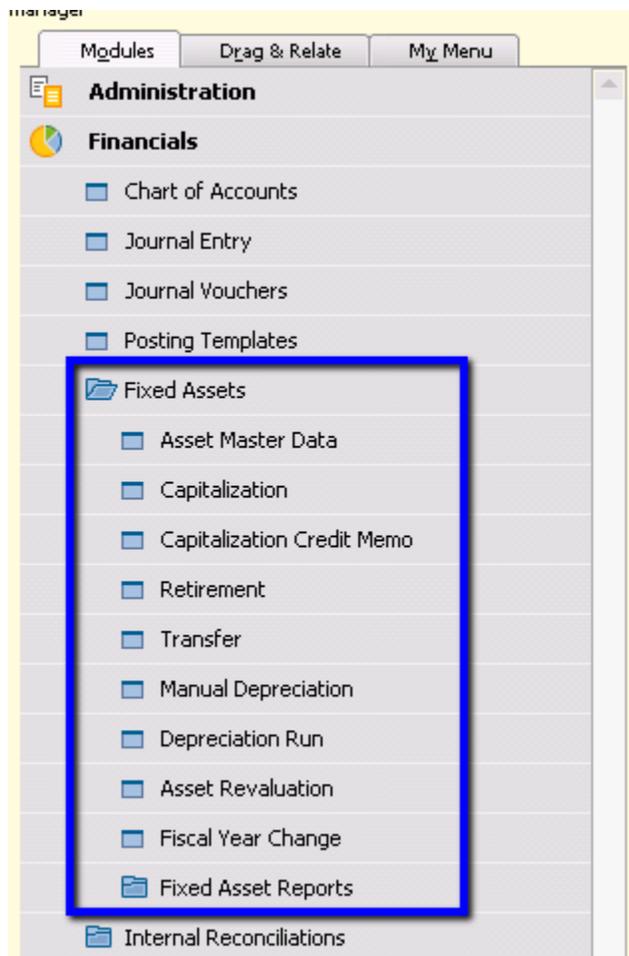
The Asset Master Data window is very similar to the Item Master Data window, with the addition of Fixed Assets Item Type and the Fixed Assets tab.

Fixed Asset Life Cycle in SAP Business One

The life cycle of a fixed asset in SAP Business One can be generalized into the following categories:

1. Definition
   You will first set up a fixed asset in the Fixed Asset Master Data window. This window allows you to define and manage all Fixed Assets item types.
2. Activation
   An Asset Master Data record is activated when the user purchases a fixed asset using an A/P Invoice. The A/P Invoice automatically generates a Capitalization document.
3. Depreciation
   When a user executes a depreciation run, the system carries out the depreciation planned up to the specified date.
4. Adjustments

Additional fixed assets documents support the need for adjustments, if necessary, during the life cycle of a Fixed Assets item type: Fixed Asset Transfers, Revaluation, or Appreciation of an asset.

5. Retirement

You can retire a fixed asset using an A/R invoice. The A/R Invoice automatically generates a Retirement document. In order to retire the asset on an A/R invoice, the user should mark the Asset Master Data record as a Sales Item.
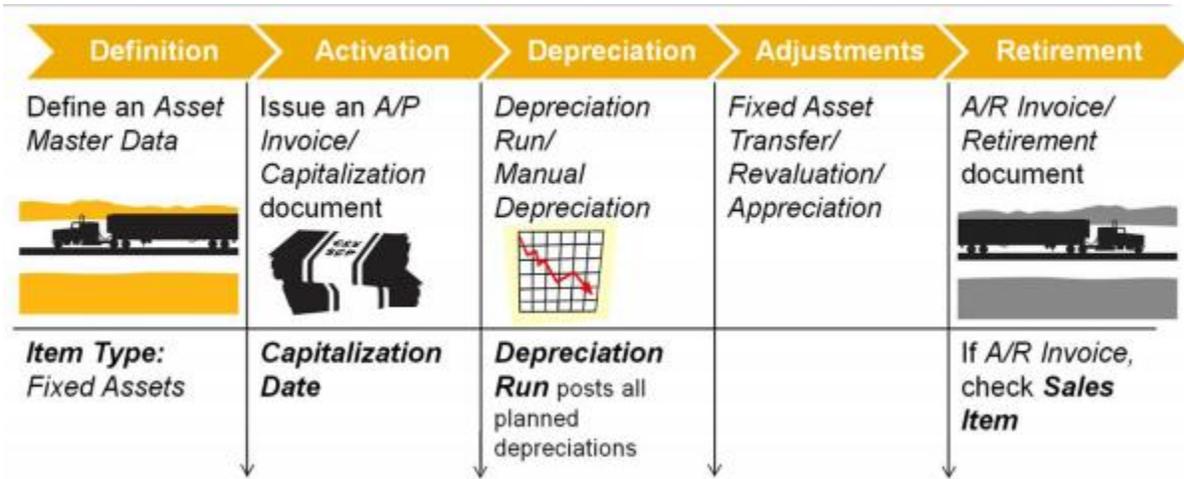

Creating and cancelling marketing documents involving fixed assets will result in the creation or cancellation of the following fixed asset documents:

Marketing Document	Fixed Asset Document
A/P Invoice	Capitalization
A/P Credit Memo	Capitalization Credit Memo
A/R Invoice	Retirement

Fixed Asset Example: Trucks

To better illustrate this module, we will use the example of purchasing a truck for OEC Computers.

Definition
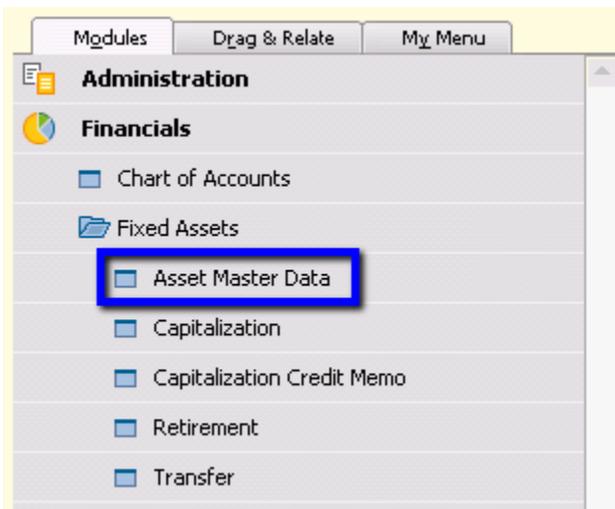
We will first define the truck as a fixed asset in Asset Master Data in Financials > Fixed Assets > Asset Master Data

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In the Overview tab of the Fixed Assets tab, you can see the Asset Class

Note that selecting the Asset Class carries over the depreciation area, depreciation type, and useful life defined in that class.

Asset Classes - Setup

Field	Value
Code	MV
Description	Motor Vehicles
Asset Type	General
Attribute Group	Default Attribute Group

Depreciation Areas

#	Depreciation Area	Active	Account Determination	Depreciation Type	Useful Life (Months)
1	GAAP	✓	FA Motors	MV_SL	72
2	Internal	✓		MV_Int	120
3		✓			

OK   Cancel

Capitalization

You can purchase a fixed asset using an A/P Invoice. Upon adding the A/P Invoice, the system will automatically generate a Capitalization document.

A/P Invoice

Vendor	V10000
Name	Acme Associates
Contact Person	Sarah Kierl
Vendor Ref. No.	
Local Currency	

No. Primary	432
Status	Open
Posting Date	05/23/2018
Due Date	06/22/2018
Document Date	05/23/2018

Contents | Logistics | Accounting | Attachments

Item/Service Type: Item   Summary Type: No Summary

#	Item No.	Item Description	Quantity	Unit Price	Discount %	Tax Code	Total (LC)
1	Truck	Shipping Truck	1	32,000.00 $	0.000	NY	32,000.00 $

Buyer	James Chan
Owner	

☐ Payment Order Run

Remarks

Total Before Discount	32,000.00 $
Discount %	
Total Down Payment	
Freight	
☐ Rounding	
Tax	2,640.00 $
Total Payment Due	34,640.00 $
Applied Amount	
Balance Due	34,640.00 $

OK   Cancel   Copy From   Copy To

Alternatively, you may also generate the Capitalization document directly (without creating an A/P Invoice) if no vendor is involved.

Note in the first example, the Asset Value Date will be set by default to be the same as the A/P Invoice posting date.

Depreciation

After capitalizing an asset, you will want to depreciate the asset to write off its cost over its useful lifetime. Depreciating the asset will increase your depreciation expense as well as reduce your fixed asset's book value. Factors that will predict your depreciation expense in the fiscal year are asset class, depreciation area, account determination, and depreciation type. You can see the planned and posted depreciation for the fiscal year by going to the Depreciation subtab in the Fixed Assets tab.

Asset Master Data

Item No.   Manual   Truck   ☐ Inventory Item
Description   Shipping Truck   ☐ Sales Item
Foreign Name   ☑ Purchase Item
Item Type   Fixed Assets   ☐ Virtual Item
Item Group   ⇨   Items
UoM Group   Manual   Bar Code   [...]
Price List   Base Price   Unit Price   Primary Curre▼   [...]

General | Purchasing Data | Sales Data | Inventory Data | **Fixed Assets** | Planning Data | Production Data | Properties | Remarks | Attachments

Overview | Values | **Depreciation** | Cost Accounting | Attributes

Depreciation Area   GAAP ▼
Fiscal Year   2018 ▼

#	Period	Planned Depreciation	Posted Depreciation
1	1	0.00 $	0.00 $
2	2	0.00 $	0.00 $
3	3	0.00 $	0.00 $
4	4	0.00 $	0.00 $
5	5	444.00 $	0.00 $
6	6	444.00 $	0.00 $
7	7	444.00 $	0.00 $
8	8	444.00 $	0.00 $
9	9	444.00 $	0.00 $
10	10	444.00 $	0.00 $
11	11	444.00 $	0.00 $
		3,552.00 $	0.00 $

OK   Cancel

In order to post the depreciation, you can execute a depreciation run. You can find this under Financials > Fixed Assets > Depreciation Run.

Adjustments

If there are necessary adjustments to your fixed assets, you can use Fixed Asset Transfers or Revaluation.
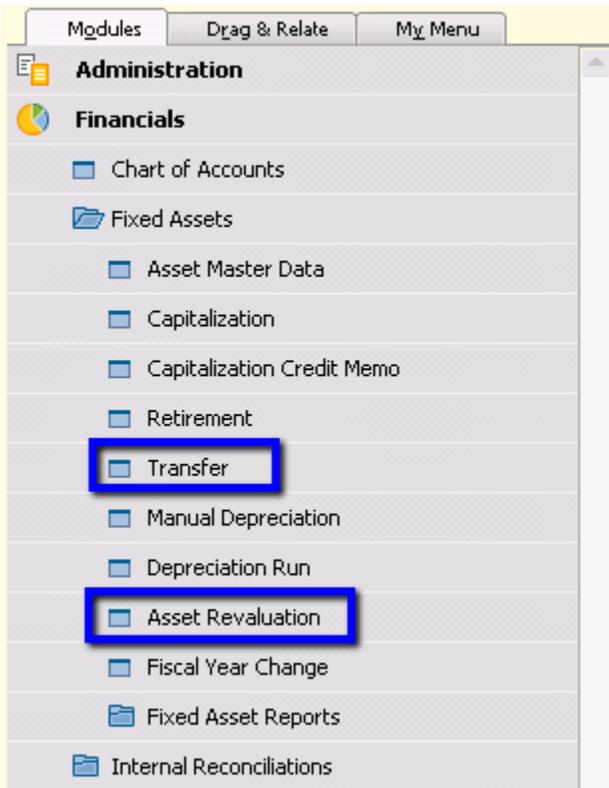
Retirement

Retirement is the removal of an asset or part of an asset from the asset portfolio.   Similarly to capitalizing a fixed asset, there are two ways to retire a fixed asset: by A/R Invoice if you are selling the asset or Retirement document if there is no customer involved.