FIXED ASSET TRACKER USER GUIDE

V1.22

Fixed Asset Tracker Users Guide

This guide is the second document you want to read. Make sure you have installed Fixed Asset Tracker and followed the procedures described in "**Fixed Asset Tracker Install and Setup**". The procedures described in the Install and Setup guide need to be complete prior to running the software and setting up your assets.

Access to documentation is gained by using the About Us tab in the software. Throughout this guide we refer to other documentation, to ensure you have the latest documentation use the links provided on the About Us tab.

Contents

Adding a New Fixed Asset

To start adding your Fixed Assets click on the Fixed Asset tab and then click the new button. Information about each asset is divided into sections.

- General Information
- Current Asset Holder
- Supplier Information
- Service Contract
- Warranty Information
- Finance Information
- Current Depreciation

The documentation will follow the same sections and describe the type of information to be recorded in each section.

General Information

Fixed Asset Name	This Field is a mandatory entry that should uniquely identify the asset. All mandatory fields are marked with the mandatory bar
Asset Tag	Use this field to record a unique bar code tag assigned to this asset. In order to conduct Asset Counts a unique Asset Tag must be assigned to each asset.
Description	Record the detailed description about the asset. This area is expandable by dragging the handle in the lower right corner of the widget.
Manufacturer	Record the manufacturer of this Asset
Model	Record the model information about this Asset
Serial Number	Use this to record the serial number of this asset if available
Depreciation Schedule	Select a depreciation schedule by using the lookup button. If you do not want Fixed Asset Tracker to calculate depreciation for this asset, leave this field blank.
Fixed Asset Type	Select a Fixed Asset type to classifiy this asset. Reports and dashboards are driven by the Fixed Asset Type. Only the current type setting is used. If you move an asset from one type to another the reporting and grouping of assets changes instantly. You can also view all the assets associated with a Fixed Asset Type by going to the Fixed Asset Types tab and selecting a single type record. A listing of all assets of that type is available.
Status	This is a pick-list of the asset status. You can edit or add values to this picklist if desired.

Use Quantity on Hand	This checkbox allow syou to have this record account for multiple copies of a single item. This is useful for items such as cables.
Quantity on Hand	Enter the quantity of items to track if you have checked the Use Quantity on Hand check-box.
Owner	This is a field populated by SalesForce and is the record owner. It does not represent the Asset Owner.
Company	This is a lookup field into the Company value as defined in the Configuration record. Select the Company that owns this asset. Depreciation Jounral Entries are prepared for each company independantly.
Cost Center	This is a reporting only field and is not used for any accounting. This is an optional field.
Active	This is a check-box field. If the box is checked the asset is considered to be active. If an asset has been retired or is no longer in use you can change the Active flag to be unchecked and the records will be maintained for historical purposes. No depreciation calculations are perfromed on assets that are "Inactive"
Life in Months	This field is critical to the depreciation calculations. Enter the expected life of this asset in Months.
Condition	This is an optional drop-down list. Select and entry from the list that applies to this asset.
Location Info	This is another large field that can record details about the location of this asset. It may be building/room type information or in the case of a remote employee may be a vehicle number or home office address.
IMEI	This is the IMEI value if this asset is a cell phone.
Insurance Policy	Select an Insurance Policy that is covering this asset.
QR Code	This is a URL that when clicked generates a unique QR Code that identifes this asset record.
QR Code Asset ID	This field is the exact value that needs to be encoded into a QR Code. You use this field when generating QR Codes in label production software. See "*QR Codes Doumentation*".
Quantity on Loan	This is calculated by the system by adding up all loans.

Current Asset Assignment/Loan

The group of fields under the current asset assignment/loan section are set by the software during the assignment of an asset or the loan of an asset. These fields should be read-only for all users. If you can edit these fields please contact your system adminstrator to change the field permisssions to read-only.

These fields display the current assigned asset holder. They could be a user, contact, account, opportunity or asset holder.

Supplier Info

Purchase Date	Use this field to record the date of purchase for this asset.
Supplier	This is optional information and does have a lookup table associated with the field to record common suppliers.
Purchase Order	Use this field to record the purchase order number used to acquire the asset.
Invoice-no	Record the invoice number from the supplier here. As a best practice you should scan the invoice and associated the scanned image as an attachment to this asset. That way a copy of the original invoice is available at all times.
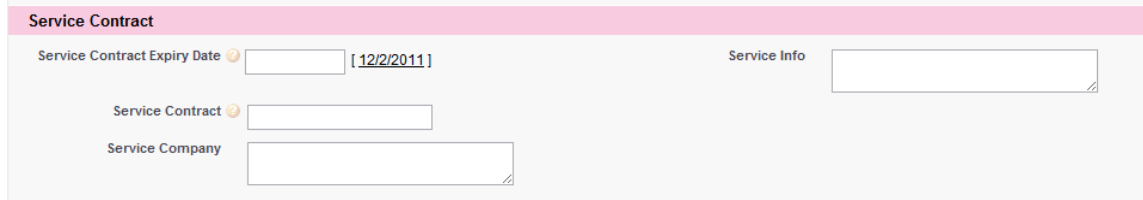
Original Cost	This is a mandatory field that is used in the depreciation calculations.
Salvage Value	Record the estimated salvage value for this asset at the end of it's life. The software uses the **Original Cost**, **Salvage Value** and **Life in Months** as the basis for depreciation calculations.

Service Contract

Service Contract			
Service Contract Expiry Date	[12/2/2011]	Service Info	
Service Contract			
Service Company			

Service Contract Expiry Date	Use this field to record the date that the service contract will expire. This field is also used to drive the Service Contract Expiry Report.
Service Contract	Enter the Service Contract number in this field.
Service Company	Enter the name and contact information of the service company.
Service Info	Enter any details about how to obtain service.

Warranty Info

Warranty Info			
Warranty Expiry Date	[12/2/2011]	Warranty Info	
Warranty Company			

Warranty Expiry Date	Use this field to record the date of warranty expiry for this asset. This field is also used to drive the Warranty Expiry Report.
Warranty Company	Record the details of the service company for this asset. This field is a large text field and can hold, addresses phone numbers etc.
Warranty Info	Use this field to record information related to obtaining warranty work. For some companies reference numbers or specific procedures must be followed to obtain warranty work. Record those details here.

Finance Info

Finance Info			
Finance Company		Finance Info	
Finance Expiry Date	[02/08/2011]		
Finance Buy Out			

Finance Company	Record the name of the company that carries the finance or lease contract on this asset.

Finance Expiry Date	Use this field to record the date of finance contract expiry for this asset. This field is also used to drive the Finance Expiry Report.
Finance Buy Out	Record the buyout if applicable for this finance contract. The buyout does need to match the Salvage Value of the asset.
Finance Info	Record the details of the finance company in this field.

Depreciation

Acquisition Date	This date is the date that the system will start to calculate depreciation records.
Current Book Value	If the asset has had previous depreciation calculations done enter the current book value. If you leave this field blank the Current Book Value will be set to the Original Cost by the software when you save the record.
Remaining Life in Months	Based on depreciation calculations to date this is the current remaining life in months.
Accumulated Depreciation	This is the life to date depreciation for this asset.

Technical Support

The fields in this section are required on the forms for technical reasons. You should not edit these fields at any time. Please leave this section collapsed.

Assign an Asset

After adding a new asset you should use the "Assign an Asset" button to tell the system the responsible party for this asset. This button is used to control the assigned or responsible party for each asset.

When you click the button the following screen is displayed.

Use the drop-down to select User, Contact, Account, Opportunity or Asset Holder. Then you may use the lookup to select the responsible party and click "Save" to assign the asset. A History record is created each time an asset is assigned. This will show you the history of an assets responsible parties.

Fixed Asset Assignments

This is a listing of all previous assignments for this asset.

If you click on the Record ID the details of this record are displayed.

Here you can see the Previous Assignment, Date of the Transfer and New Assigned Type and Key. There are a few more fields that are used for another type of movement transaction called a "Loan". These will be discussed in the Loan section.

Loan an Asset

Loan of an Asset is used to record when an asset will temporarily be assigned to another user or a non-user. This may be useful if you loan products to customers for evaluation or service loaners. The Loan system allows you to choose between selecting another Salesforce User, Contact, Account, Opportunity or entering the information about who this asset was loaned to.

Click the "Loan an Asset" button to begin a loan transaction. The following screen is displayed.

Fill in the two date fields. The loan date is the date that the loan is starting. The Estimated Return date is the date that the asset is expected to be returned. This can be useful as you can write custom reports to find all the assets currently past their expected return date but still on loan.

Now you select one of five choices; Asset being loaned to a User, Contact, Account, Asset Holder or Asset being loaned to Other.

Use the lookups provided to select the party the asset is being loaned to. If you select an Other then enter the information into the fields provided.

Return a Loaned Asset

When the asset is returned to the assigned user, you use the "Return an Asset" to record the transaction.

Just fill in the actual return date and click "Save". The asset is recorded as returned, and the actual return date is updated for the return transaction.

Asset Value Adjustment

When you press Asset Value Adjustment button the following screen is displayed. The asset details including the Dimensions that will be used are displayed at the top. Then a section for you to enter new values. In the next section you select the Adjustment Reason and can enter a note. After you TAB off the Adjustment reason field the system will show you a preview of the Journal Entry that will be created.

Click Save for the system to save the transaction and generate the Journal Entry records. The system will create a new or add to an existing DJE to record the transaction. Both the depreciation lines and the capitalization lines will be added if required.

Depreciation Journal Entries

We have added a field to the DJE record to indicate what type of Journal Entry it is. DJE type will be Disposal, Depreciation or Acquisition. Previous to this release all records were equivalent to the type of Depreciation. Now we have added Disposal and Acquisition. The existing Generate DJE function will create the monthly Depreciation records. Disposal and Acquisition records will be created by Asset Value Adjustments these will include lines that adjust depreciation if required. Only DJEs of the same type and fiscal period will be added to as more Asset value Adjustments get recorded. The same clicklink rules can be used to post the Disposal and Acquisition DJEs to FinancialForce.

Quantity Adjustment

If this record has Use Quantity on Hand checked then you can use this button to process adjustments to Quantity on Hand. You enter a positive number to increase the Quantity on Hand and a negative number to decrease the Quantity on Hand.

Depreciation Calculations

The software will optionally calculate depreciation for your Fixed Assets. To configure the depreciation tables you will need to read the section on Depreciation Schedules. That section details how to setup the deprecation records and how to configure the batch job that calculated depreciation and creates the depreciation records.

Depreciation records can be created Annually or Monthly. When the batch job is configured correctly, on the last day of every month the calculation engine will run. It will do each asset that has monthly depreciation schedules assigned. If this is also the last day of your organizations year, it will do the annual calculations also. The software

determines if it is the last day of your organizations year by using the "Fiscal year start" field in the "Configuration" record.

The system creates records that you can view or export associated with each asset that has a depreciation schedule assigned.

Depreciation Calculations		New Depreciation Calculation			Depreciation Calculations Help ?

Action	Depreciation Calculation Name	Depreciated Expense	Book value	Remaining Life in Months	Created Date
Edit | Del	Depcal-00	$25,750.00	$77,250.00	84	8/11/2011

Each depreciation record shows the depreciation expense, new Book value, remaining life of the asset in months and the date of the calculation.

To permit the recording of previous depreciation calculations, you may choose to click the button "New Depreciation Calculation" and manually enter depreciation records. You may also import records from CSV files using Salesforce import facilities.

Notes & Attachments

You can use the notes and attachments facility to record text notes or attach files to each asset. You may wish to scan and attach the original invoice for an asset allowing you to keep all the "paperwork" about an asset in one asset tracking system.

If you choose to attach a file you must follow the three steps to upload an attachment. You may attach several files in one session by repeating steps 1 and 2. When you have selected and uploaded the desired files click the "Done" button to return to the previous screen.

Attach File to Fixed Asset IGM 360

1. Select the File

Type the path of the file or click the Browse button to find the file.

`C:\Documents and Settii` Browse…

2. Click the "Attach File" button.

Repeat steps 1 and 2 to attach multiple files.

(When the upload is complete the file information will appear below.)

Attach File

3. Click the Done button to return to the previous page.

(This will cancel an in-progress upload.)

Done

For each attachment or note added a new record in the Notes & Attachments section will be created. You may Edit, View or Delete attachments in this section. The Notes & Attachments section is at the very bottom of the Fixed Asset screen.

Notes & Attachments		New Note	Attach File	View All		Notes & Attachments Help ?
Action	**Type**		**Title**	**Last Modified**		**Created By**
Edit	View	Del	Attachment		Invoice.jpg	8/15/2011 11:05 AM		Admin User

Clicking View will download the attachment and launch the appropriate viewer software.

Fixed Asset Counts

Fixed Asset Count records can be created manually, by import or from the AccountAbility Mobile Scanner app after a count has been performed.

Location Info   During asset audits the user may update the location info. The newly entered information is updated on the Fixed Asset record as well as kept in this record for historical purposes.

Condition   During asset audits the user may select a new Condition for this asset. The newly entered condition is updated on the Fixed Asset record as well as kept in this record for historical purposes.

Count DateTime   The date and time are automatically recorded during an asset audit.

User/Device   Depending on the type of device used for audits either the users name or unique device ID is recorded.

Input Source   This will indicate if the user entered the asset tag or scanned the asset tag.

GPS Lat   If the portable device has GPS capabilities these are the GPS co-ordinates recorded during the asset audit.

GPS Long   If the portable device has GPS capabilities these are the GPS co-ordinates recorded during the asset audit

Fixed Asset Maintenance

Maintenance records are used to record transactions that have a cost associated with maintenance or repair work done to an asset.

Fixed Asset Maintenance Name   This is a system generated unique record number.

Fixed Asset   This is the Fixed Asset that the maintenance record is associated with.

Description   Enter a description for this maintenance record.

Maintenance Type   Select Inspection, Maintenance or Repair.

Completed Date   Enter the date the maintenance work was completed.

Meter Reading   Enter the current meter reading if applicable.

Invoice No   Enter the Invoice Number.

Invoice Cost   Enter the cost of the Invoice.

Fixed Asset Value Adjustments
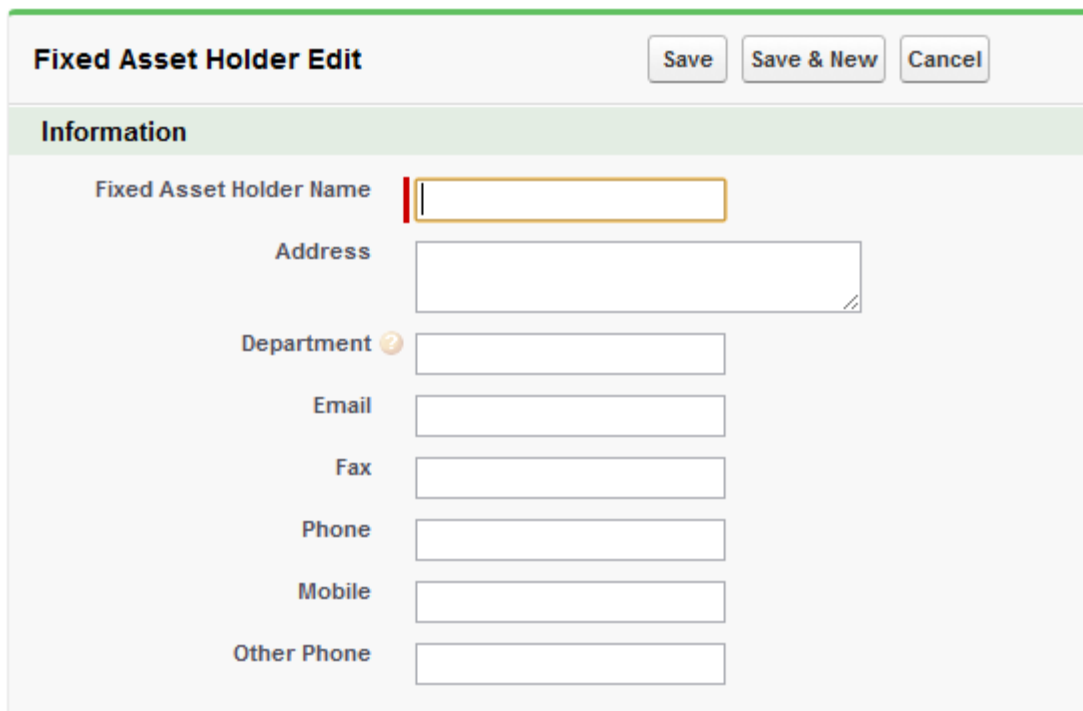
These records show all historical asset values adjustments. There is the both the previous and new values for all relevant fields.

Fixed Asset Quantity Adjustments

These records show the previous and new quantity on hand based on Quantity Adjustment transactions.

Fixed Asset Holders

The Fixed Asset Holder table is a generic table that you can use to record people or places that have asset assigned to them. If your organization uses contracted employees or volunteers or has classroom with assets assigned this table is where you would setup these types of record.

Fixed Asset Holder Name	Enter a unique value to identify this asset holder
Address	Enter the location information associated with this asset holder
Department	Enter a department value for this asset holder. Departments are used for reporting and dashboards.
Email	Enter the email address for this asset holder
Fax	Enter the fax number for this asset holder
Phone	Enter the phone number for this asset holder
Mobile	Enter the mobile phone for this asset holder
Other Phone	Enter the other phone for this asset holder

Fixed Asset Types

The use of Fixed Asset Types is very important for grouping and organizing your assets. You may setup Types in any way you choose and you may change the structure and detail of your Asset Types at any time. You may also view assets associated with a particular type from that Asset Type screen. Click on the "Fixed Asset Types" tab in the top bar. The following screen will be displayed.

Fixed Asset Types
Home

View: [All ▼] [Go!]   Edit | Create New View

Recent Fixed Asset Types   [New]

Fixed Asset Type Name
Computers
Automobiles
Cell Phones
Printers
Tablets
Projectors

Now select one of the Fixed Asset Type records by clicking on it. The following screen is displayed, showing all the assets associated with this type and allowing you to edit those assets or create a "New Fixed Asset" from this screen.

Fixed Asset Type
Tablets

Customize Page | Edit Layout | Printable View | He

Fixed Assets [3]

Fixed Asset Type Detail   [Edit] [Delete] [Clone] [Submit for Approval]

Fixed Asset Type Name	Tablets		Owner	Admin User [Change]
Created By	Admin User, 8/9/2011 12:43 PM		Last Modified By	Admin User, 8/9/2011 12:43 PM

[Edit] [Delete] [Clone] [Submit for Approval]

Fixed Assets   [New Fixed Asset]   Fixed

Action	Fixed Asset Name	Model	User	Description
Edit	Del	TAB 33	PTAB64G	Bill Smith	Peach Tablet 64 GB
Edit	Del	TAB 34	PTAB64G	Dave Green	Peach Tablet 64 GB
Edit	Del	TAB 35	PTAB64G	Dave Green	Peach Tablet 64 GB

⌃ Back To Top   Always show me ▼ more records per related list

Fixed Asset Value Adjustment Reasons

This table of reasons is associated with Asset Value Adjustments. You must first setup the Reasons that asset value adjustments can occur. Reasons are one of three possible types; disposal, acquisition or adjustment. Setup the reason code, select the type and then key in the GL Accounts to be used when generating Journal Entries from this type of transaction. Not all GL Accounts are used for all types of transactions.

Reason Code	Enter a description to identify this reason.
Reason Type	Select a value from the picklist; Adjustment, Disposal or Acquisition.
Description	Enter a description to assist users in selecting the correct reason
GL Accounts	Enter the GL Accounts to be used for this transaction. Both depreciation and value adjustments GL Accounts. Depending on the values of the transaction being entered some of these accounts will not be used. A preview of the resulting Journal is shown on the Asset Value Adjustment screen.

Insurance

Fixed Asset Tracker allows you to assign assets to Insurance Policies. You first setup the policies and then associate the assets that are covered by the policy. You can check both the Original Cost and the Current Book Value of all the assets assigned to a policy by selecting the policy.

Insurance Name	This is the name associated with the policy. Use something descriptive so that users can select the correct policy.
Policy	This is the unique identifier of the policy.
Expiry Date	This is the next expiry date of the policy. In order for the reminder reports to work correctly this date must be updated when a policy is renewed.
Provider	Use this area to record the Insurance Company or Broker information.
Policy Value	This is the maximum claim amount under the policy.
Annual Premium	This is the annual premium charged for the policy.
Total Asset Book Value	This is calculated by the software and shows the current book value of all assets assigned to this policy.
Total Original Cost	This is also calculated by the software and shows the total original costs of all assets assigned to the policy.

Reporting

Fixed Asset Tracker comes with several standard reports. If you select the Reports tab and scroll to the bottom you will find the following reports.

Expiry Reporting

As you can tell by each reports name they serve very specific purposes. The three "expiry" reports are designed to allow you to be alerted to important changes in an Assets status. For example when an assets warranty is near expiry it may be time to negotiate a service contract.

As with all standard Salesforce reports, you may customize the report or change the selection criteria. Very useful for the expiry reports is to use the "Schedule Future Runs…" option so that the expiry reports get run and emailed every month. If you click on the Warranty Expiry Report the following screen displays.

If you drop down the "Run Report" button you can select "Schedule Future Runs…". The following screen will be displayed. Select the options that you would like to use for a schedule and click "Save Report Schedule"

Value Reporting

The other four reports are value reports summarized in different groupings.

Current book value is available summarized by Department or Type.
Original cost is also available summarized by Department or Type.

These reports also drive the dashboards section described next. Again you may customize the report and change the selection criteria on these reports. Because they are summary reports there are some additional options available, filtering and drill downs are available for all summary reports.

Dashboards

Dashboards present a quick view of the values of your assets grouped by either Department or Asset Type. Both Book Value and Original Cost are displayed and summarized by Department or Type.

Depreciation Guide

Use this section to understand and configure the depreciation calculation system within Fixed Asset Tracker. Further this guide will assist you in understanding how depreciation journal entries are created.

Depreciation Overview

The use of depreciation calculations within Fixed Asset Tracker is completely optional. You may elect to have none; some or all of your assets associated with depreciation schedules and therefore have the system generate depreciation calculation records.

The process of having the system generate the depreciation records and the journal entries summarizing those transactions is controlled by batch jobs. Please have your system administrator configure the required batch jobs as outlined in Fixed Asset Tracker Install and Setup guide. The system will then run the depreciation logic on the last day of every month. This process can take some time depending on the number of asset records your system has. Then a few minutes later another job will create summarized journal entries from the depreciation records created.

The process described in this document is done for each configuration record. Think of a configuration record as a Company. In fact the key field of the configuration record is the Company. Each Company can have a different Fiscal Year and own different sets of Assets. Make sure you associated assets with the correct company to get Journal Entries generated for each Company correctly.

GL Accounts for the Journal Entry Transactions are stored with the Depreciation Schedules. You enter the GL Accounts as you create the Depreciation Schedule records. If your General Ledger is running as a force.com application it will be possible to create a lookup into your GL Account object. Contact your GL provider or support@accountabilitiycorp.com for assistance.

Fixed Asset Tracker supports interfaced Depreciation Journal Entries being posted directly into FinancialForce Journals. This requires an optional interface module be installed from FinancialForce. Please contact your support representative at FinancialForce to make arrangements for the ClickLink module to be installed into your Salesforce Org.

Depreciation Data Structure

The data for depreciation and the resulting journal entries is stored in Salesforce custom objects. All of these objects are reportable in Salesforce.
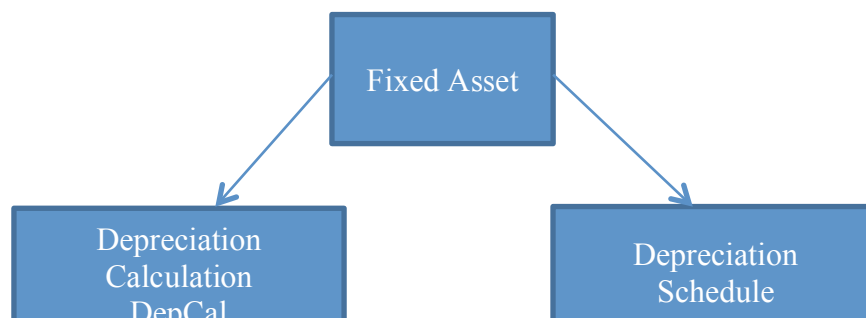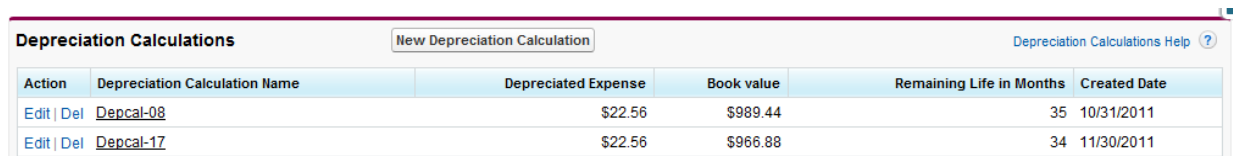
The process of creating the records illustrated above is broken into two steps.

Generate Depreciation Calculations

This is the first step and can be done by pressing a button on the Configuration screen or by a scheduled job. In summary the code looks at all assets that are both Active and have a Depreciation Schedule assigned. Then for each asset that meets those criteria it does a depreciation calculation based on the depreciation method (from the Depreciation Schedule) and the values assigned to the fixed asset considering all previous calculations. When the asset is fully depreciated no depreciation calculation record will get created.

Once the calculations above are processed if there is an amount of depreciation for the asset, the system will create a Depreciation Calculation record and assign it to the fixed asset. These records can be viewed by looking in the Depreciation Calculation section of the Fixed Asset screen.

Year-end calculations are processed when the depreciation date is the day before the fiscal year start for your company.

Depreciation Calculations	New Depreciation Calculation			Depreciation Calculations Help ?
Action **Depreciation Calculation Name**	**Depreciated Expense**	**Book value**	**Remaining Life in Months**	**Created Date**
Edit | Del Depcal-08	$22.56	$989.44	35	10/31/2011
Edit | Del Depcal-17	$22.56	$966.88	34	11/30/2011

Generate Depreciation Journal Entries

The process for creating Depreciation Journal Entries is also controlled by a batch job or a button. Scheduled APEX jobs are only allowed in Enterprise and Unlimited editions of

Salesforce. Group and Professional editions will need to use the buttons on the Configuration screen to run these jobs. Make sure that this job is configured to run well after the depreciation calculation job as all calculation records need to have been created to get an accurate journal entry.

The job uses the following steps to create a Depreciation Journal Entry and it associated records. The process looks for each depreciation calculation record that is not currently associated with a depreciation journal entry line detail record.

The following records are created or added to by the process.
- Depreciation Journal Entry (DJE) is created for each Configuration record (company)
- Depreciation Journal Entry Line (DJEL) is created for each unique Depreciation Schedule found that has Depreciation Calculation records
- Depreciation Journal Entry Line Detail (DJED) record is created assigning each Depreciation Calculation to a record.

As you can see from the images above, the Depreciation Journal Entry contains Depreciation Journal Entry Lines which are summaries by Depreciation Schedule. Then each Depreciation Journal Entry Line contains Depreciation Journal Entry Line Details which are a link to the actual Depreciation Calculation record.

This implies that if a company were to want different assets to have their depreciation assigned to different GL accounts it could do so by adding multiple Depreciation Schedules. It is possible to have multiple Depreciation Schedules setup in Fixed Asset Tracker with the same formula for depreciation calculations. It is for the purpose of facilitating different GL accounts that this is supported.

DJE Type

DJE type can be Disposal, Depreciation or Acquisition. The Generate Depreciation Journal Entry button will create the monthly Depreciation records. Disposal and Acquisition records will be created by Asset Value Adjustments these will include lines that adjust depreciation if required. Only DJEs of the same type and fiscal period will be added to as more Asset Value Adjustments get recorded. The same clicklink rules can be used to post the Disposal and Acquisition DJEs to FinancialForce.

Configuration Record

The Configuration record is essentially the company that owns the assets. Each configuration record gets its own set of Depreciation Journal Entries created.

Fiscal Year Start

Set this field to tell the system which month of the year is the fiscal year start. This information is used to determine when annual depreciation calculations are performed. The value in this field is assigned as follows; 1 = January, 2 = February, 3 = March, etc. The batch job configured to run on the last day of the month before the Fiscal Year Start month will calculate the annual depreciation calculations.

Month End Processes

There are some steps to be completed at months end. Conceptually the system; first generates and records depreciation calculation records for each Fixed Asset that requires a calculation, second creates a Depreciation Journal Entry to summarize the calculations into Journals and, third optionally you may export these journals to Quickbooks or Post to FinancialForce if configured.

Run Depreciation Calculation

Navigate to the Configuration record and select the company you wish to run depreciation calculations for. Each company must run depreciation calculations separately. Press the Run Depreciation Calculation button. Select the month that you are running calculations for. You may pick any date in the month but the system will run the calculations for the last day of that month.

You will be requested to confirm your date selection and after confirming the date the Depreciate button will become active. A dialog will ask you to confirm the action. This process can take considerable time and you cannot proceed to Run Journal Entry Creation until the depreciation calculation job has been completed.

You can monitor the job by going to Your Name > Setup > Adminstration Setup > Monitoring > Apex Jobs. Ensure the job has completed prior to proceeding to the next step.

Run Journal Entry Creation

This button will allow you to have the system generate depreciation journal entry records. All depreciation records that are not currently associated with a Journal Entry will be assigned to a Journal Entry record. This process will summarize the depreciation calculations and create a Journal Entry. Again this must be done for each company individually. Confirm the date selection and click the Create Journal Entries. Journal entries will be created that summarize the depreciation calculations for the month selected.

Create FF Journal or Export to Quickbooks File

This optional step allows you to post directly to FinancialForce journals (requires customization by AccountAbility), or generate a Quickbooks IIF file, which can be imported into Quickbooks.

Depreciation Calculations Explained

The type of depreciation calculation is determined by the setup of Depreciation Schedules in Fixed Asset Tracker. This section describes in detail each of the supported depreciation methods. When setting up a Deprecation Schedule you will select with Depreciation Method is used by the Schedule.

Straight Line

Straight-line depreciation is calculated by taking the original cost of an asset minus the salvage value divided by the asset life in years.

> (Original cost – Salvage value) / Asset life

Example: An asset costs $5,500 and has a salvage value of $500 and a useful life of 5 years. Using the straight line depreciation formula:

> ($5,500 original cost - $500 salvage value) / 5 Year Asset Life = $1000 / Year

Straight-line depreciation in each of the five years of the asset's life would be $1,000 per year. Divide each year's depreciation by twelve (months) to arrive at the monthly depreciation in that year.

Depreciation Method	Year 5	Year 4	Year 3	Year 2	Year 1
Straight-Line	$1,000.00	$1,000.00	$1,000.00	$1,000.00	$1,000.00

Declining Balance

Depreciation methods that provide for a higher depreciation charge in the first year of an asset's life and gradually decreasing charges in subsequent years are called accelerated depreciation methods. This may be a more realistic reflection of an asset's actual expected benefit from the use of the asset: many assets are most useful when they are new. One popular accelerated method is the declining-balance method. Under this method the book value is multiplied by a fixed rate.

Annual Depreciation = Depreciation Rate * Book Value at beginning of year

In this system the rate is specified by the user while creating the depreciation schedule. The percentage is usually defined to accurately reflect the declining usefulness of the asset over its life.

In this example a rate of 40% has been entered.

Book value at beginning of year	Depreciation rate	Depreciation expense	Accumulated depreciation	Book value at end of year
$5500 (original cost)	40%	$2,200.00	$2,200.00	$3,300.00
$3,300.00	40%	$1,320.00	$3,520.00	$1,980.00
$1,980.00	40%	$792.00	$4,312.00	$1,188.00
$1,188.00	40%	$485.20	$4,797.20	$702.80
$702.80	$702.80 - $500	$202.80	**$5,000.00**	**$500 (salvage value)**

Double Declining Balance

Double declining balance depreciation is calculated by first calculating as if using the straight-line method. Dividing one year's worth of depreciation by the original cost of the asset minus the salvage value equals the total percentage of the asset depreciated using the straight-line method in a given year. Multiply this percentage times 200% to get the percentage to be used with double declining balance in the first year. Each subsequent year, that same percentage is multiplied by the remaining balance to be depreciated. When the value calculated using the 200% percentage becomes lower than the value using straight line, revert back to straight-line.

> Example: In the straight-line example, the $5,500 asset with a $500 salvage value and a 5-year recovery period had a $1,000 annual depreciation. This represents 20% of the assets useful value. $1,000 Annual Straight-Line Depreciation/($5,500 original cost - $500 salvage value) = 20%. Multiplying 20% by the 200% required by the double declining balance method equals 40%. The asset is depreciated by 40% or $2000 in the first year.
> **($5,500 original cost - $500 salvage value) (40%) = $2,000**

In the second year, the remaining asset value of $3,000 is multiplied by 40% for a total of $1,200. This amount is **greater** than the straight-line amount of $3,500 divided by the remaining 4 years of $875. As long as the double declining balance depreciation value is higher than the straight-line depreciation value, the double declining balance value is used.

> **($5,500 original cost - $500 salvage value - $2,000 1st Year's Depreciation) (40%) = $1,200**

In the third year, the remaining asset value of $1,800 is multiplied by 40% for a total of $720. This amount is **greater** than the straight-line amount of $1,800 divided by the remaining 3 years of $600. As long as the double declining balance depreciation value is higher than the straight-line depreciation value, the double declining balance value is used.

($5,500 original cost - $500 salvage value - $2,000 1st Year's Depreciation - $1,200 2nd Year's Depreciation) (40%) = $720

In the fourth year, the remaining asset value of $1,080 is multiplied by 40% for a total of $432. This amount is less than the straight-line amount of $1,080 divided by the remaining 2 years of $540. Because the double declining balance depreciation value is lower than the straight-line depreciation value, the straight-line depreciation value of $540 is used in each of the remaining 2 years of the assets life.

Depreciation Method	Year 5	Year 4	Year 3	Year 2	Year 1
Double Declining Balance	$2,000.00	$1,200.00	$720.00	$540.00	$540.00

Sum of the Years

Sum of year's digits calculates depreciation by first counting the asset life in years back to one and adding the numbers together.
Example: For an asset with a five-year life, the sum of year's digits is 15.
$$5 \text{ Year Asset Life} = 5 + 4 + 3 + 2 + 1 = 15$$

The depreciation for a given year is calculated by dividing the year by the sum of year's digits and multiplying by the original cost of the asset minus its salvage value.
Depreciation in year 5: 5/15 or 33.333% x ($5,500 original cost - $500 salvage value) = $1,666.67
Depreciation in year 4: 4/15 or 26.667% x ($5,500 original cost - $500 salvage value) = $1,333.33
Depreciation in year 3: 3/15 or 20% x ($5,500 original cost - $500 salvage value) = $1,000.00
Depreciation in year 2: 2/15 or 13.333% x ($5,500 original cost - $500 salvage value) = $666.67
Depreciation in year 1: 1/15 or 6.667% x ($5,500 original cost - $500 salvage value) = $333.33

Depreciation Method	Year 5	Year 4	Year 3	Year 2	Year 1
Sum of Year's Digits	$1,666.67	$1,333.33	$1,000.00	$666.67	$333.33