

# Fixed Assets

SAP Business One  
Version 9.0



- Welcome to the fixed assets topic.

## Objectives

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After completing this topic, you will be able to:

- Explain the process of managing fixed asset items.
- Recognize key terms in the Fixed Assets solution.
- Identify the relevant sub-menu and windows in SAP Business One.

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## Business Example



*OEC Computers* utilizes a small fleet of delivery trucks.

Therefore, they own a few trucks.

Bryce, the accountant, wants to have the option to manage and monitor the trucks' value.

You tell him about the *Fixed Assets* solution in SAP Business One.



- *OEC Computers* utilizes a small fleet of delivery trucks.
- Therefore, they own a few trucks.
- Bryce, the accountant, wants to have the option to manage and monitor the trucks' value.
- You tell him about the *Fixed Assets* solution in SAP Business One.

## Enable the Fixed Assets Solution

**Administration → System Initialization →  
Company Details → Basic Initialization**

Check the *Enable Fixed Assets* box:

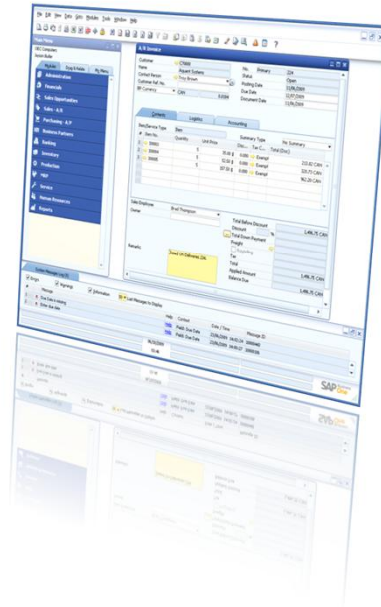
New windows and fields will be available for the user:

- **Administration → Setup → Financials → Fixed Assets.**
- **Financials → Fixed Assets.**

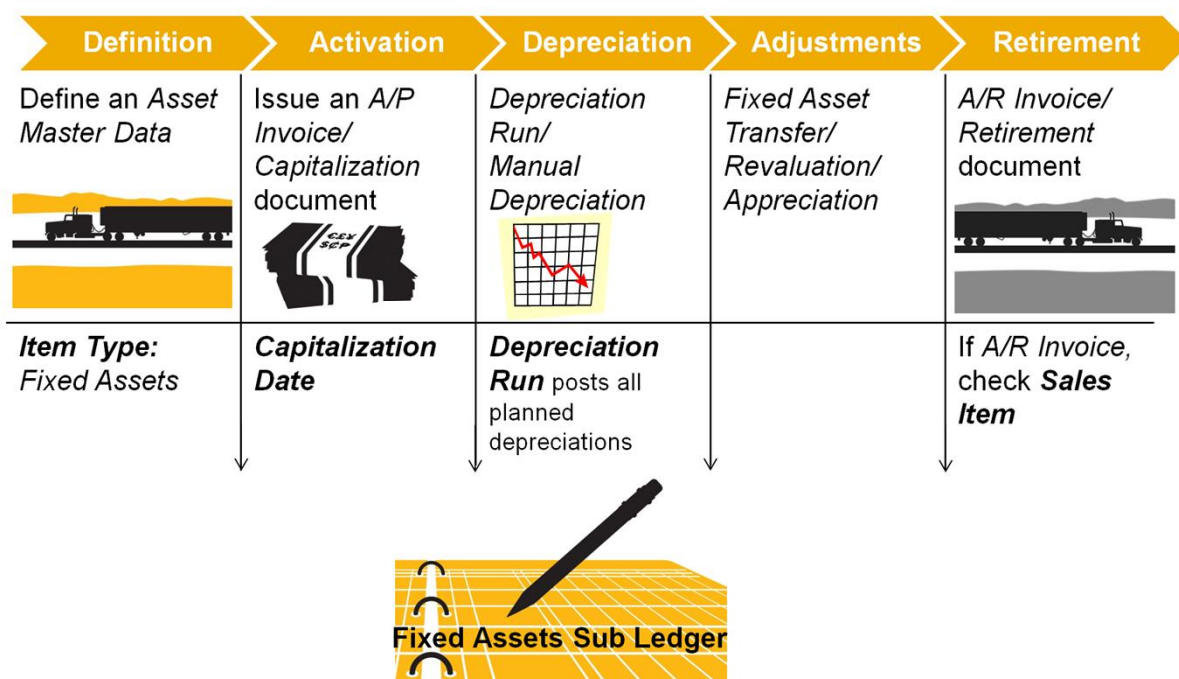


- Let us start by reviewing the sub-menu and windows in SAP Business One.
- To enable the fixed asset solution go to the *Basic Initialization* tab in *Company Details* window.
- Select the *Enable Fixed Assets* checkbox.
- Once the user checks the box, the Fixed Assets functionality will be activated and new windows and fields will be available under **Administration → Setup → Financials → Fixed Assets.**
- And under **Financials → Fixed Assets.**
- In this *Fixed Assets* sub-menu you can find the *Asset Master Data* window.
- This window is very similar to the *Item Master Data* window, but with the addition of the *Fixed Assets Item Type* and the *Fixed Assets* tab.
- Once the solution is activated, you cannot deactivate it.
- Note that you need to make decisions about legal and industry requirements together with the client accountant.
- Prior to version 9.0, the fixed assets solution was available as an add-on.
- Starting with 9.0, the solution is merged into the core of SAP Business one.

## Demo – Fixed Assets' Windows and Fields



## The Life Cycle of an Asset Master Data in SAP Business One



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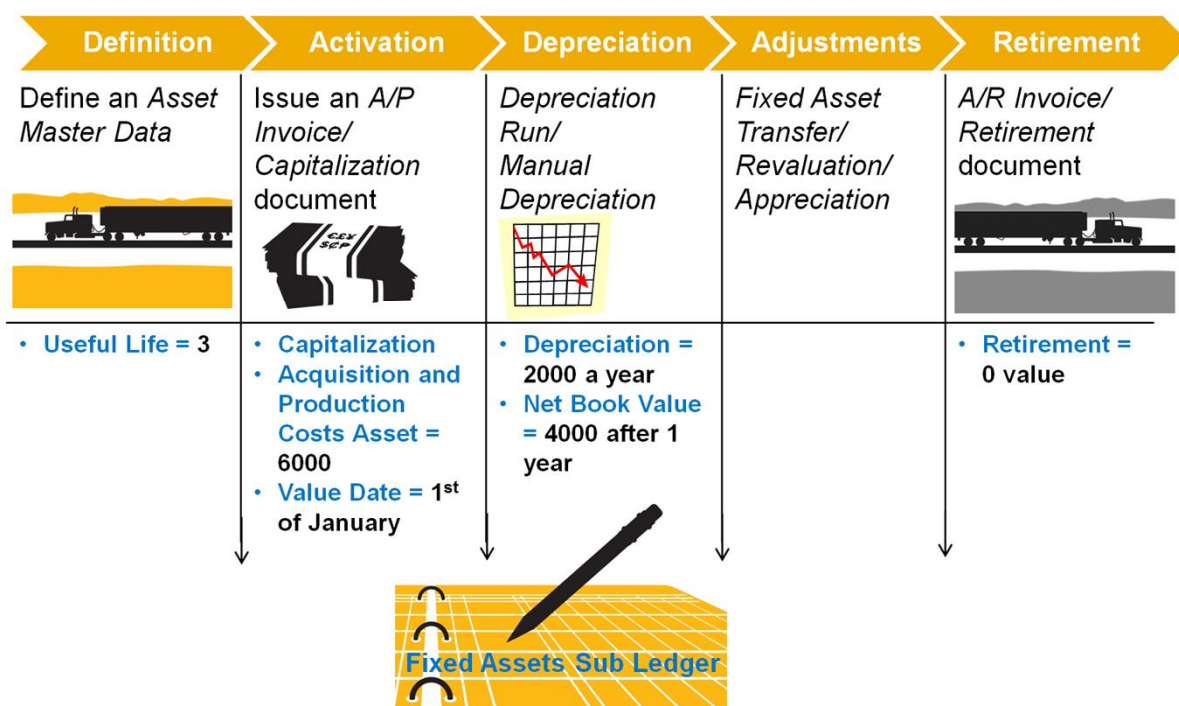
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- Let us review the life cycle of a fixed asset item in SAP Business One from purchasing through capitalization, then depreciation and until zero net book value.
- This is the process at a glance. In the next slides, we will talk more about the different steps.
- The first step is set up a fixed asset in the *Fixed Assets Master Data* window. This window allows you to **define** and **manage** all Fixed Assets item types. In our example, we will set up a fixed asset record for a new truck that *OEC Computers* purchased at the beginning of the fiscal year.
- 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.
- The **Asset Value Date** sets the *Capitalization Date* in the *Asset Master Data* record.
- When a user executes a **depreciation** run, the system carries out the depreciation planned up to the specified date.
- 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.
- In order to decide which of the adjustment documents to use, you need to verify, together with the client accountant, what the legal and industry requirements are.
- And finally, the user 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*.

- All transactions are registered to the fixed assets sub-ledger and can be followed in the various dedicated reports.



## The Life Cycle of an Asset Master Data – Terminology Context



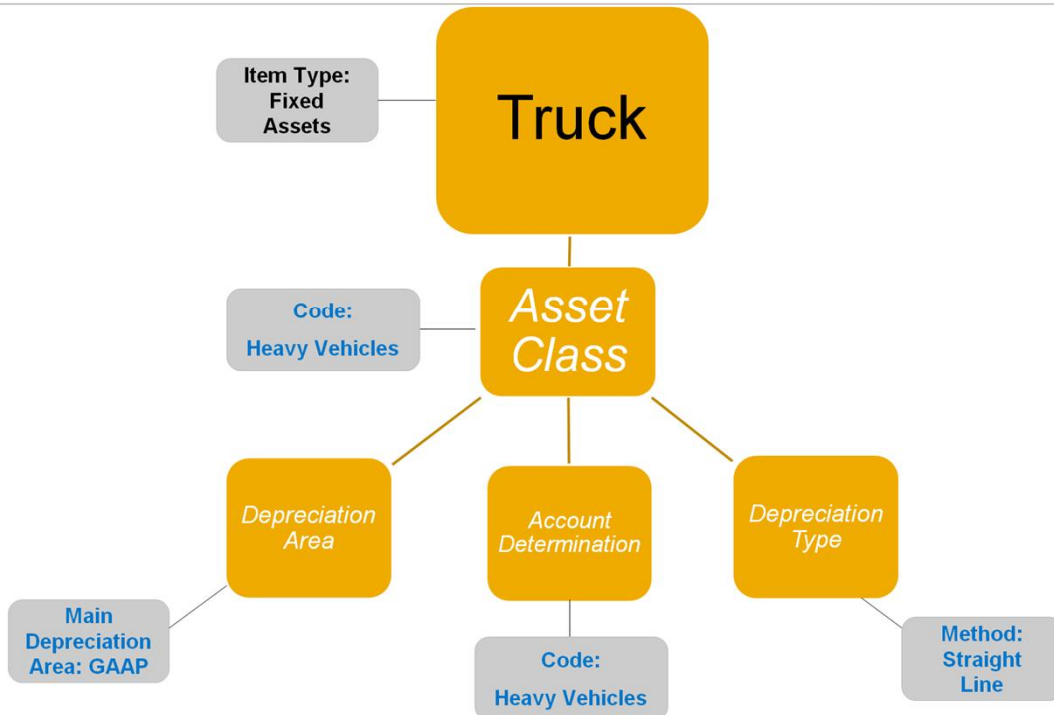
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- Let us look at the life cycle of an asset master data with reference to standard accounting terminology. The terminology is highlighted in blue in the slide.
- In our example, when we define the new truck that *OEC Computers* purchased, we define the asset's **Useful Life**. An asset's useful life is the period during which an asset is expected to be usable for the purpose for which it was acquired. Useful life may, or may not, correspond with the asset's actual physical life, or economic life. Before the end of an asset's useful life, the asset should be written off completely. We define this truck's useful life as **3 years**.
- The **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.
- Capitalization** is the process of recording an **acquisition and production cost as a fixed asset**. The acquisition value of the truck is **6000**.
- The **Asset Value Date** sets the **Capitalization Date** in the **Asset Master Data**.
- The asset value date can be different from the posting date and document date, but it must be within the same period as the posting date. For the truck we enter the **1<sup>st</sup> of January**.
- Each period the company calculates the **Depreciation** on the asset. Depreciation is the reduction in the book value of an asset over its useful life for both tax and accounting purposes. Depreciation would be included in the company expenses. The truck is planned to reduce its value by **2000** each year.
- During the asset's useful life, the system calculates the item's **Net Book Value**. The net book is the calculated value of an asset using the historical cost of the asset minus any accumulated depreciation. So in our case, after the first year the truck's value will be **4000**.
- Retirement** is the removal of an asset or part of an asset from the asset portfolio.
- There are two ways to retire a fixed asset: by **A/R invoice** if you are selling the asset or by a **Retirement** document if there is no customer involved and you need to write off the fixed asset. After the asset is retired, its value in the asset balance sheet account, in the **Fixed Assets Sub Ledger**, will be registered as **zero**.



# Fixed Assets Definition



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- Let us look at our example. We have the new truck that OEC Computers purchased at the beginning of the fiscal year.
- First, we define this truck as an *Asset Master Data*.
- Then, we attach a set of definitions relevant to this kind of asset to the asset master data. In our example we use the *Heavy Vehicles* set of definitions.
- The main **definition** in the *Asset Master Data* is the *Asset Class* which includes the association to the other definitions: *Depreciation Area*, *Account Determination* and *Depreciation Type*.
- Each fixed asset will be assigned to one asset class. In our example, the **Truck** belongs to the **Heavy Vehicles** asset class.
- Each asset class includes the default definition of the other settings.
- The *Depreciation Area* is a financial dimension showing the valuation of the asset for a given purpose, for example: book depreciation, tax depreciation, or depreciation for cost accounting.
- You need to define one depreciation area as the **main area**.
- In our example, the main area is **GAAP** that is, Local **G**enerally **A**ccepted **A**ccounting **P**inciples
- The user can define an additional area if necessary. In our example, we define the **IFRS** as the additional area that is, **I**nternational **F**inancial **R**eporting **S**tandards.
- The main depreciation area (GAAP in our example) posts transactions to the system.
- The additional area (IFRS in our example) can be used for reports.
- The *Account Determination* definition enables the system to automatically select the relevant G/L accounts for assets accounting.
- The *Depreciation Type* classifies the depreciation based on the reason for the value adjustment. Including the option to define the method for the value calculation. In our example we choose the *Straight Line* method.

# Asset Master Data



Asset Master Data

Item No. Manual Van Nissan  
 Description Transit Van Nissan  
 Foreign Name  
 Item Type Fixed Assets  
 Item Group Vehicles  
 UoM Group Manual  
 Price List Price List 01

☐ Inventory Item  
☐ Sales Item  
☒ Purchase Item

Bar Code Unit Price Primary Currency

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

Overview Values Depreciation Cost Accounting Additional Information

Asset Class Heavy Vehicles

Depreciation Area GAAP  
 Fiscal Year 2012

Asset Group  
 Depreciation Group  
 Inventory No.  
 Serial Number  
 Location  
 Technician  
 Employee  
 Capitalization Date 01.01.12

☐ Statistical Asset  
☐ Cession

Depreciation Parameters

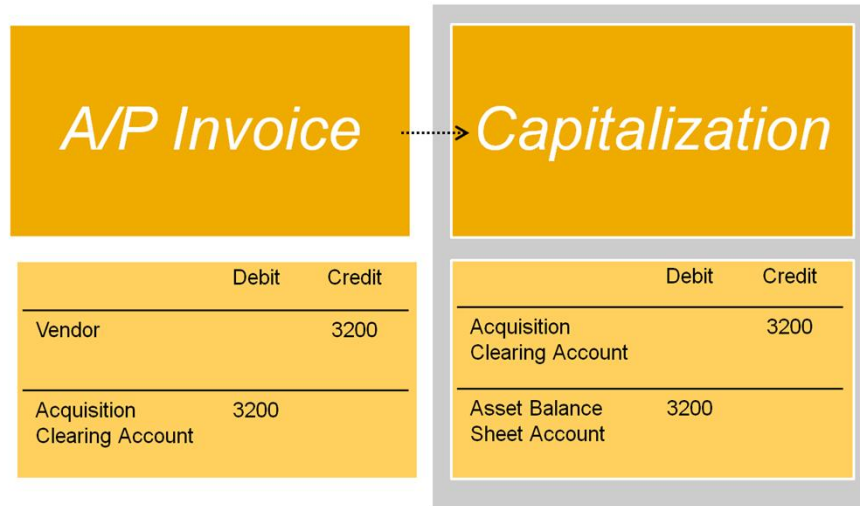
#	Depreciation Area	Depreciation Start D...	Depreciation End D...	Useful Life (Mon...	Remaining L...	Depreciation Type
1	GAAP	01.01.12	31.12.15	48	48	Vehicles
2	IFRS	01.01.12	31.12.15	48	48	Vehicle_Decline

Period Control

OK Cancel

- Once you attach the Asset Class to the *Asset Master Data* window all related definitions will apply to the selected asset.
- In the example shown, you can see that the *Depreciation Areas* and the *Depreciation Types* defined for the **Heavy Vehicles** Asset Class apply to the *Asset Master Data* record displayed.
- You can follow the process of managing an asset by using the different sub-tabs in the *Asset Master Data*. Besides the *Overview* tab, there are tabs for values, depreciation, cost accounting and additional information.

## Fixed Assets Activation



- The user can purchase a fixed asset using an *A/P Invoice*. The *A/P Invoice* automatically generates the *Capitalization* document.
- The user can choose whether to generate the *Capitalization* document directly, or to automatically generate it from the *A/P Invoice*.
- In both options the *Asset Master Data* is **activated**.
- The graphic shows the automatic journal entries created during the process with the associated accounts.
- If a vendor is not involved, then the user can generate a *Capitalization* document directly. In this case, only the *Capitalization* journal entry will be created and therefore the clearing account will appear as an obligation in the *Balance Sheet*.
- Remember that the accounts are derived from the definition in the *Asset Master Data*.
- Note that the *Asset Value Date* is set by default to be the same as the *A/P Invoice Posting Date*. This date can be changed before adding the *A/P Invoice* to update the *Capitalization Asset Value Date*.

**Asset Master Data**

Item No.  Van Nissan ☐ Inventory Item  
 Description  ☐ Sales Item  
 Foreign Name  ☒ Purchase Item  
 Item Type   
 Item Group   
 UoM Group  Bar Code    
 Price List  Unit Price

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

**Overview** **Values** **Depreciation** **Cost Accounting** **Additional Information**

Depreciation Area   
 Fiscal Year

#	Period	Planned Depreciation	Posted Depreciation	Automatic Depreciation	Manual Depreciation
1	1	GBP 71.75	GBP 71.75	GBP 71.75	GBP 0.00
2	2	GBP 71.75	GBP 71.75	GBP 71.75	GBP 0.00
3	3	GBP 71.75	GBP 0.00	GBP 0.00	GBP 0.00
4	4	GBP 71.75	GBP 0.00	GBP 0.00	GBP 0.00
		GBP 287.00	GBP 143.50	GBP 143.50	GBP 0.00

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# Depreciation Run



**Depreciation Run - Preview**

Depreciation Area: GAAP Status:   
 Depreciate To: 30.06.12   
 Posting Date: 30.06.12   
 Remarks:   
☐ Consolidate Journal Entry Rows by Projects   
☐ Consolidate Journal Entry Rows by Distribution Rules

#	Asset Class	Journal Entry	Asset No.	Asset Description	Ordinary Depreciation	Special Depreciation
	Heavy Vehicles				GBP 581.00	GBP 0.00
			Mini Bus	Diesel Mercedes	GBP 215.50	GBP 0.00
			Semi Trailer	Tri Axle Mac	GBP 93.75	GBP 0.00
			Truck	Drawbar Trailer DAF	GBP 200.00	GBP 0.00
			Van Nissan	Transit Van Nissan	GBP 71.75	GBP 0.00

GBP 581.00

**Journal Entry**

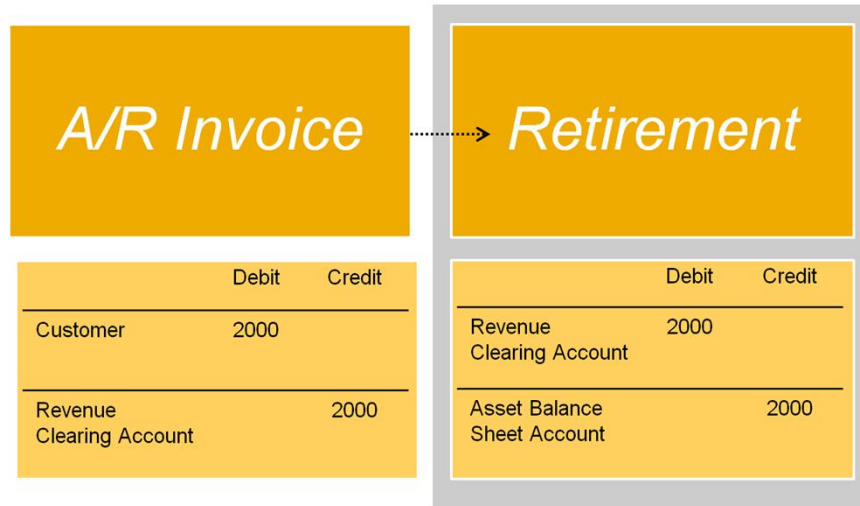
Series: Primary Number: 109 Posting Date: 30.06.12 Due Date: 30.06.12 Doc. Date: 30.06.12 Remarks: Depreciation Run - GAAP - Heavy Vehicle ☐ Fixed Exchange Rate   
 Origin: DR Origin No.: 2 Trans. No.: 10 Template Type: Template Indicator: Project: ☐ EU Report   
 Trans. Code: 2 Ref. 1: Ref. 2: Ref. 3: ☐ Automatic Tax

Expand Editing Mode

#	G/L Acct/BP Code	G/L Acct/BP Name	Debit	Credit	Tax Group	Tax Amount
1	645020	Motor Vehicles Depreciation Expense	GBP 581.00			
2	1134000	Heavy Motor Vehicles		GBP 581.00		

- The user can execute the **Depreciation Run** option to update the asset's value with the actual depreciation.
- Only when you execute a depreciation run does the system carry out all depreciation planned up to a specified date.
- In order to trigger the posting of a planned depreciation it is usually sufficient to start one depreciation run for several posting periods. However, it is possible to execute several depreciation runs for the same depreciation period.
- A depreciation run can be repeated as often as necessary, provided no depreciation run has been executed for the following periods. A repeat depreciation run may be necessary, if the asset values have changed once again after posting planned depreciation. When repeating a depreciation run, only the value differences to the postings of the last depreciation run are considered.
- Note!
- In the example shown, we use the direct posting method for depreciation. The system posts the depreciation directly to the asset balance sheet account specified for the asset.
- In indirect depreciation, the system uses the accumulated depreciation account to post the depreciation. The asset balance sheet account is affected only when the asset is purchased or retired.

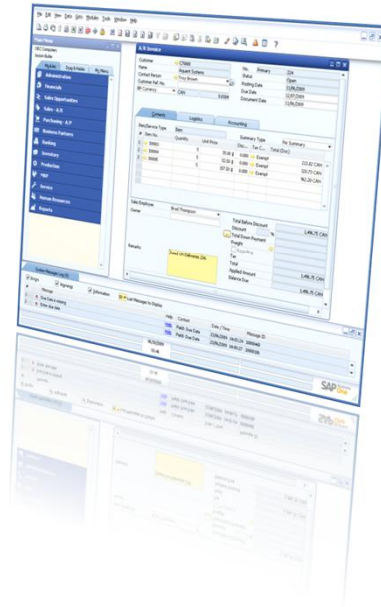
## Fixed Assets Retirement



- There are two ways to retire a fixed asset: by *A/R invoice* if you are selling the asset or by a *Retirement* document if there is no customer involved.
- In case the company sells the asset at the end of its useful life (or before), the user can retire the item using an *A/R invoice*.
- The *A/R Invoice* automatically generates a ***Retirement*** document.
- A *Retirement* document can be issued directly in case a customer is not involved and you need to write off the fixed asset.
- In this case, different accounts will be involved in the journal entry attached to the *Retirement* document.
- If you use the *A/R Invoice* option, make sure you define the *Assets Master Data* as a *Sales Item*.
- Now, the Net Book Value of the *Asset Master Data* is set to zero.



## Demo – The Life Cycle of an Asset Mater Data



# Asset History Sheet



Asset History Sheet

Balance Sheet Account	Account Name	Asset Class	Asset No.	Asset Description	Capitalization	Retired APC	Retired NBV	Transferred APC	Transferred NBV	Write-Up	Depreciation	APC on End Date	NBV on End Date	Accum. Depr. on End Date
▼ 1134000	Heavy Motor Vehicles	▼ Heavy Vehicles			GBP 19,800.00	GBP -13,950.00	GBP -13,013.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 1,162.00	GBP 5,850.00	GBP 5,625.00	GBP 1,162.00
		▼ Mini Bus		Diesel Mercedes	GBP 19,800.00	GBP -13,950.00	GBP -13,013.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 1,162.00	GBP 5,850.00	GBP 5,625.00	GBP 1,162.00
		▼ Semi Trailer		Tri Axle Mac	GBP 4,600.00	GBP -3,450.00	GBP -2,731.67	GBP -1,150.00	GBP -1,150.00	GBP 0.00	GBP 431.00	GBP 0.00	GBP 287.33	GBP 431.00
		▼ Truck		Drawbar Trailer DAF	GBP 1,500.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 187.50	GBP 1,500.00	GBP 1,312.50	GBP 187.50
		▼ Van		Transat Van Ford	GBP 3,200.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 400.00	GBP 3,200.00	GBP 2,800.00	GBP 400.00
		▼ Van Nissan		Transat Van Nissan	GBP 10,500.00	GBP -10,500.00	GBP -10,281.33	GBP 0.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 0.00	GBP 218.67	GBP 0.00
					GBP 0.00	GBP 0.00	GBP 0.00	GBP 1,150.00	GBP 1,150.00	GBP 0.00	GBP 143.50	GBP 1,150.00	GBP 1,006.50	GBP 143.50
					GBP 19,800.00	GBP -13,950.00					GBP 1,162.00	GBP 5,850.00	GBP 5,625.00	GBP 1,162.00

The *Asset History Sheet* report:

- Can be issued for all fixed assets,
- Displays all posted asset transactions in a fiscal year,
- Presents the assets for each Balance Sheet account..

- The *Asset History Sheet* is the most important supplement to the balance sheet from the fixed assets point of view.
- The report can be issued for all fixed assets.
- It displays all posted asset transactions in a fiscal year and presents the assets for each *Balance Sheet* account.

## Summary



### Here are some key points to take away:

The main definition in the *Asset Master Data* is:

- The *Asset Class* which includes the association to the other definitions: *Depreciation Area*, *Account Determination* and *Depreciation Type*.

The asset master data is activated when:

- The user purchases a fixed asset using an *A/P Invoice*.
- The *A/P Invoice* automatically generates the *Capitalization* document.
- The user can generate the *Capitalization* document directly.

Depreciation is:

- Used to write off the cost of an asset over its useful lifetime.
- Included within the company expenses.

- Here are some key points to take away:
- The main definition in the Asset Master Data is the *Asset Class* which includes the association to the other definitions for Depreciation Area, Account Determination and Depreciation Type.
- The asset master data record is activated when a user purchases a fixed asset using an A/P invoice. The A/P invoice automatically generates the Capitalization document. A user also has the option to generate the Capitalization document directly.
- Depreciation is used to write off the cost of an asset over its useful life. Depreciation is included as a company expense.

## Summary



The *Depreciation Run* option:

- Carries out all depreciation planned up to the a specified date.
- Updates the asset master data value with the actual depreciation.

A fixed asset is retired by:

- An *A/R invoice* if you are selling the asset, or
- By a *Retirement* document if there is no customer involved.
- The *A/R Invoice* automatically generates a *Retirement* document.

After retirement:

- The *Net Book Value* of the Asset Master Data is set to zero.

The *Asset History Sheet* displays:

- All posted asset transactions in a fiscal year.
- The assets for each *Balance Sheet* account.

- The Depreciation Run option carries out all depreciation planned up to a specified date and updates the asset master data value with the actual depreciation.
- A fixed asset is retired by either an A/R invoice if you are selling the asset or by a Retirement document if there is no customer involved. If an A/R invoice is created, the invoice will automatically generate a Retirement document.
- After retirement, the net book value of the asset is set to zero.
- The Asset History Sheet displays all posted asset transactions in a fiscal year and the assets for each balance sheet account.

## Thanks

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**You have completed the fixed assets topic**  
**Thank you for your time!**

- You have completed the fixed assets topic. Thank you for your time.

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