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SouthWare Self-Study Guide: Fixed Assets

Welcome to the SouthWare Fixed Assets Self-Study Guide! This Self-Study Guide will help you to learn the most important concepts in the Fixed Assets System. This Guide is designed to be used in conjunction with reading the Fixed Assets Documentation. You will find that we refer to sections in the documentation and also require you to create a directory and load the demo files. If you do not have security to do this, you may need to get some help from your System's Administrator.

In order to effectively use this Self-Study Guide you should have the following:

- Fixed Assets Documentation
- Access to a computer with an unmodified copy of the Demo Files
- A basic knowledge of standard SouthWare functions such as using menus, help, printing, file maintenance, and security. *Please refer to the Quick Reference to the SouthWare functions.*

NOTE: If you cannot create files at the operating system level or don't know where your files are located, get help from your System's Administrator.

Before you begin, make sure you have access to a directory where no files currently exist and make sure you have an un-modified version of the demo files loaded into the DM (DEMO) data directory:

To create a data-directory:

WINDOWS: From Windows Explorer or My Computer
Click on c:\swrun (or current SouthWare run directory)
Click on FILE, NEW, FOLDER
Rename the new folder FA

UNIX: cd /usr/swrun (or current SouthWare run directory)
 mkdir FA

Copy GL files from DM directory to FA directory:

WINDOWS: From Windows Explorer or My Computer
Click on c:\swrun (or current SouthWare run directory)
Click on DM Folder
Sort by Name
Highlight all files that start with G
Right click in the highlighted area and choose Copy
Go back to c:\swrun and click on FA folder
Right click and choose Paste

```
UNIX:      cd /usr/swrun (or current SouthWare run directory)
           cd DM
           cp G*.FIL ../FA
```

To create a SouthWare Company ID to access the files in the FA directory:

NOTE: When setting up a new company and logon operator in SouthWare, you will receive messages about ODBC. This is creating the files for SQL.

At a SouthWare main menu, type XX-03-01
Create a Company ID record to access files in the FA sub-directory

WINDOWS: Company ID = FA\
UNIX: Company ID = FA/

Use the RENAME function to create a new Company ID record for this exercise:

- Type in DM and then press <F1> to bring up the DM\ company record.
- Enter 'R' for Rename and press Enter.
- Answer No to the question about deleting the current record.
- Type "FA\" in field 1 and press Enter.
- Type '2' and press Enter to access field 2.
- Type "Fixed Assets Self-Study Guide" and press Enter.
- Enter to write the record.

To create a SouthWare Logon Operator who has access to the Company ID in XX-03-01:

At a SouthWare main menu, type XX-03-02 to create an operator who has FA as the Company ID.

Use the RENAME function to create a new operator for this exercise:

- Type in DEMO <Enter> to bring up the DEMO operator record.
- Enter 'R' for Rename and press Enter.
- Answer No to the question about deleting the current record.
- Type "FA" in field 1 and press Enter.
- Type '3' and press Enter to access field 3.
- Type "FA Operator" and press Enter.
- Type '4' and press Enter to access field 4.
- Type "FA\" and press Enter.
- Answer No to the question about re-entering transaction operator records.
- Enter to write the record.

The SouthWare Excellence Series offers multiple user interfaces. As you work through the exercises your keystrokes will depend on which user interface you select. If using the "Classic" interface (UNIX), then you will use Function Keys

when suggested. If you are using one of the graphical interfaces, you will want to use buttons and mouse clicks when appropriate. The function keys work in the graphical interface if you prefer to use them.

Lesson 1: Overview of Fixed Assets

Please read the beginning of the Fixed Assets documentation "Introduction".

This part of the documentation explains:

- Basic information about how the Fixed Assets module is designed
- An overview of Accounting explaining Balance Sheet accounts and Income Statement accounts and an explanation of General Ledger Accounting
- How to convert your system to SouthWare's Fixed Assets if needed
- How Depreciation is computed and an explanation of accounting for that depreciation.

How SouthWare Menu References Work:

All SouthWare applications have a series of menu records that allow the user to follow a step by step guide for setup and processing. If you are using the Graphical Interface Menus then you will see buttons to click on to go to the different Fixed Assets Menus. If you are using the Classical interface for Unix then you will see numbered menu references. You can get to these menus by clicking the menu button or entering the menu number for each section, or you can key in the entire shortcut menu reference. For example, the Fixed Assets Records is the first option under the File Maintenance Menu. So you can enter FA0401 at the shortcut (04 being the File Maintenance and 01 being the Fixed Assets Records under the File Maintenance menu) and it will take you directly to that program, or you can click or enter the number on each level of menus to get there. The menus for Fixed Assets are broken down by:

FA-01 Inquiry

FA-02 Reports and Listings

FA-03 Periodic and Year-End Processing

FA-04 File Maintenance

FA-05 Installation and Set-up Procedures

Throughout this self study guide we will be referring to the menu references to use. To see a better understanding of what that menu reference does, refer to the Fixed Assets Documentation for that section.

In this guide as each field or file is explained, we will also be setting up a set of Fixed Asset Files. Be sure to read each field explanation and what to setup for that field. By the end of this guide you will have successfully setup Fixed Assets and updated Depreciation for those assets.

Lesson 2: Setting up the Fixed Assets Control Record

Fixed Assets Installation and Setup is under the FA-05 Menu. Login into SouthWare using the FA operator to login to the FA company. At the main menu click on the “Fixed Assets” button and then click on the “Installation and Set-up Procedures” button (or you can type in “FA05” at the select prompt).

The menu has the list of files in the order that they need to be setup for Fixed Assets. The first menu is “Setup G/L Info (if necessary)”. This is for users that do not use SouthWare’s General Ledger. We have already copied a set of GL files from the demo company to our company so we do not need to set up General Ledger. If you would like to learn more about the setup of SouthWare’s General Ledger then use the GL Self-Study Guide.

The next menu record is “Set Up Control Record”. Please choose that option (or shortcut FA0502).

Enter thru the Copyright screen.

Choose to “Skip” the setup template so we can go thru each field manually.

1-3 The first 3 questions ask about linking Fixed Assets to the General Ledger. Do you want to create GL distributions for Depreciation, Acquisitions (purchasing an asset), or disposals (selling an asset)? For our setup we will answer “Y” to all 3 to see the GL that is generated. *Please refer to the Fixed Assets documentation under FA-05-02 after field 3. There is an “Explanation of General Ledger Accounting” that explains the accounting that takes place for an acquisition, depreciation, and disposition.*

4-6 The next 3 questions ask about linking assets to customers, SV contracts, or IS bill to and ship to addresses. These are used for information purposes only so we will answer N to these questions.

Field 7 asks about your asset ID which is the key to the asset file. We will use the default option of N for numeric and Y to assign an asset number. That way the system can assign an ID with the add of each asset. If you choose Alpha ID then you will be required to key in an asset ID manually. Then enter thru the “Last Asset# used” so the default will be 1 for the first asset we add later.

For field 8 take the default of 6. Choose <F7> to see the help for an explanation of this field.

Field 9 is the last period closed date. This is the date you have computed depreciation for your assets. Each time a period is closed in Fixed Assets and depreciation is calculated and posted, this date will be updated in the control

record. For our setup enter 12/31/xx where xx is the current prior year in your General Ledger Files. To find this out we need to go to the GL control file. If you are on a graphical system then click on the “SouthWare Menu” tab at the bottom left of your screen. If you are running in Classic Mode then press the <F9> key to use breakout. Then type in GL0801 <Enter><Enter>. Make note of the Year ID that is in field 10. Periods – Last Year. Then <Enter> to go back to a SouthWare menu (if you are running in classic mode you are now back to the Fixed Assets control file). Then click on the “Set up Control Record” tab to go back to the Fixed Assets Control File. Now enter the 12/31/xx year ID in field 9 where xx is the prior year in GL. **Write this date down because it will be used in future Lessons in our setup of Fixed Assets.**

Skip fields 10 and 11. Refer to the Fixed Assets documentation for an explanation of these fields.

Field 12 refers to how you have your General Ledger periods setup. Do you use calendar months (M), Four week periods (4), or non-standard periods (N). Enter an M in this field for Calendar Months.

Field 13 is your Ending Fiscal Period. In which calendar month does your fiscal year end. If you are on a June – May fiscal year in General Ledger then you would enter a 5 in this field since May is the 5th month of the year. For our setup we are going to use a calendar fiscal year so enter a 12 in this field.

Field 14 is a **very important field**. This field is used to create all your fiscal years in Fixed Assets which is used for calculating depreciation. So do not put the actual date that your entity started. Instead determine the oldest asset you will enter in the system and then enter the beginning date in field 14 for that fiscal year. For example, if your oldest asset was purchased on March 12, 1992 and your fiscal year is on calendar months then enter January 1, 1992 in field 14 so that the system will create a full fiscal year table that starts with 1992 plus 50 years. For our setup enter 01011995 (Jan 1, 1995).

Field 15 is a default for new assets added in the system. Do you want to set up your assets to have <S>ystem assigned depreciation where the SouthWare system calculates depreciation or do you want the default to be <U>ser defined depreciation where you can manually modify the annual depreciation taken each year for an asset. If you are entering a new system then S should be the default. If you are converting your assets from another software system then you might need the default to be user defined in case SouthWare’s calculations for depreciation are different than what has already been posted to the General Ledger for your converted assets. For our setup enter an “S” for system assigned depreciation.

Field 16. Asset Format Character. Take the default of “.” for this field. It is the character that fills in the spaces on an asset ID when displaying and printing the

asset ID. If you use numeric asset ID's and your asset is 123 then it will display as123.

Field 17. Take the default of 10 for this field. If you have more than 10 assets that need to have depreciation recalculated then instead of automatically calling the program to recompute depreciation, the program will prompt you and ask if you want to recalculate it at that time. This is useful if you do not want to take the time to have the system calculate and would prefer to do it later.

All of the fields are setup in the Control File now. When you enter again a screen will appear to let you know that the next process will now create the default fiscal year records for your files. You must enter thru this message for it to build the fiscal years. Press <Enter> or the OK button on the screen. You will need to do this for 2 messages that will appear on the screen. When you are returned to a SouthWare menu screen proceed to Lesson 3.

Lesson 3: Fiscal Periods and Schedule Information

The next items on the FA05 Menu screen are “Set up Fiscal Periods” (FA0503) and “Set up Schedule Information”.

Choose “Set up Fiscal Periods” (FA0503) to review the Fiscal Periods that were setup for you at the exit of the Fixed Assets Control File. If you press the <F1> key the first fiscal period table that you should see is the 1995 calendar year. This is because we entered 01011995 in FA0502 field 14 as the year our entity started. Because the Fiscal Periods are stored the same as your fiscal years are set up in your GL control file, it is always best to have all years in the Fiscal Period file to be full GL fiscal years. You can continue to press the <F1> key to review any other fiscal years setup in this file. Once you are done, press the “OK” button and then the “Exit” button (or <F8> twice) to return to the FA05 setup menu.

Now choose “Set up Schedule Information” (FA0504) to review the Schedule Information. Four schedules have already been setup for you by the system. Below we will update some information in field 4 for schedule 1. We will review what the rest of the fields mean. Press the <F1> key to bring up the first record in the file which should be schedule 1. This is the Book Depreciation schedule that generates the General Ledger Distributions each period to update Accumulated Depreciation.

Fields 2 and 3 are the long and short descriptions for each schedule. The short description is used on reports and screens when there is not room to display the long description

Field 4. “Last Year End” needs to be updated with the last year end that you have closed in Fixed Assets. Right now it is set to 00/00/00. Go to field 4 and change it to the same value you have in FA0502 field 9. Last Period closed (12/31/xx) and then press <Enter> to set the value. This is because we set our last period closed to last year’s Fiscal year in the General Ledger. At the end of each year in Fixed Assets you will run the Year End Processing program. This program will update the Last Year End field for you.

Field 5. Annual Weight. You can choose <A>nnual or <D>aily. All of the preset schedules are set to an <A>nnual weight. This is used when calculating depreciation for an asset. Annual means that it will weight each year equally when calculating depreciation. Daily will weight leap years more than a non-leap years.

Field 6. Annual Rounding. The preset schedules are set to -2 or to the nearest penny (no rounding). If you would like a schedule to round the values computed at the annual level then set that value here. Rounding to the nearest dollar is 0

and rounding to the nearest thousand dollars is 3.

Field 7. Period Weight. The preset schedules are set to <P>eriod. Your choices are <P>eriod or <D>aily. Periodic will weight each period in your fiscal year table equally for computing depreciation. Daily will weight 31 day months more than 30 day months.

Field 8. Period Rounding. The preset schedules are set to -2 or to the nearest penny (no rounding). Please review field 6 above for an explanation of this field.

Field 9. Capitalization Floor. The preset schedules are set to 100. This is the minimum dollar amount allowed for Depreciation calculation. Any acquisitions below this amount will be expensed.

Field 10. Basis Cutoff Date. This field is only used for schedule 4 Adjusted Current Earnings. This is the date when any asset using the "Basis Adjusted Straight Line Method" should switch to the Alternative Method. Please review the Fixed Assets Documentation "Introduction" section for an explanation of the Basis Adjusted Straight Line Method.

You can press <F1> to see the other schedules 2, 3, and 4 that the system created. You can modify the descriptions on these methods or add new schedules if you like. These other schedules are for reporting information only and do not generate General Ledger Distributions for you. They are provided as a way of computing other Depreciation methods for your assets.

Once you have reviewed these schedules press the OK button and then the Exit button (or <F8> twice) to go back to the FA05 setup menu. Proceed to Lesson 4.

Lesson 4: Taxing Authorities

Choose “Set up Taxing Authorities” (FA0505). This file stores each country, state, county, and city your property resides. You must set these up in order. So we will first setup the country, then each state, then each county, then each city. You will specify the taxing authority on each asset. You can then report all the property that is in each state, county, or city.

In Field 1 Enter “US” in the Country Field. Press <Enter>.

Field 2 Description enter “United States”. Press <Enter>.

Fields 3-5 is the mailing address of each taxing authority. This is for information purposes only. For the “United States” record enter thru fields 3-5. Press <Enter> to write the record.

Your cursor should now be back to field 1. Enter “US” again and press <Enter> to go to the State Field. Enter “AL” for Alabama. Press <Enter>. At field 2 enter “Alabama”. You can then enter an address in fields 3-5.

Now set up the county “LE” for Lee County. Then set up a City record “AU” for Auburn. Enter any address you like. To enter these records you must first enter in US, then AL and at the county field enter LE and enter an address. Do the same for AU for Auburn. You can also enter your own taxing authority states, counties, and cities if you like.

Once you have setup the taxing authorities press the Exit button (or <F8>) to go back to the FA05 menu. Now proceed to Lesson 5.

Lesson 5: Locations

Choose “Set up Locations” (FA0506) to set up the Asset Location File. On each asset record you will specify where the asset is located. So this file stores the location ID and address.

Field 1. Enter a 4 digit ID to identify the location code. For our setup enter 001 in field 1 and press <Enter>.

Field 2. Description. Enter a description for the location. Enter “Auburn Office” and press <Enter>

Field 3-5. Address. Enter an address for Location 001.

Field 6. Taxing Authorities. Enter the 2 digit codes that we set up in FA0505 to specify the taxing authorities for this location. Enter US, AL, LE, and AU in these fields.

Once you have setup Location 001 you can choose to set up other locations. When you are finished press the Exit button (or <F8>) to go back to the FA05 menu. Now proceed to Lesson 6.

Lesson 6: Asset Categories

Choose “Set up Asset Categories” (FA0507). This file is used to group your assets. It stores the GL Account Numbers used for reporting depreciation, acquisitions, and disposals. It also stores the default depreciation methods used for this category of assets.

Field 1. Category. Enter a 5 character ID to identify this asset category. For our setup enter “EQUIP” and press <Enter>.

Field 2. Description. Enter a description of the asset category. Enter “Equipment” and press <Enter>.

Field 3. Usage Units. This field stores a description of how this asset category defines units for Usage Method types of depreciation. An example would be “miles” for a “TRUCK” category. For our setup press <Enter> to leave this field blank since Equipment does not need usage units.

Field 4. Asset Type. There are three types used: Real, Personal Property, and Intangible Assets. This type is used for property tax reporting. Enter “R” for Real and press <Enter>.

Field 5. Class/Lives. This field is for information purposes only and is not used by the system. It allows you to specify an asset class for this category and the class lives for this category. You can choose the search button to the left of the field or press <F3> to see the standard asset classes that are automatically setup in the system. Choose the search option now and from the search list pick the first class “Office Furniture, Fixtures, and Equipment”. A question will then ask: “Set all lives to this class?” Choose Yes. Then press <Enter> to go to the second part of the screen to setup the account numbers for each location.

Field 6. Location. This field uses the locations that were setup in Lesson 5. Enter 001 and then press <Enter>.

Field 7-12. These fields store the account numbers used for creating GL distributions each period for depreciation expense, acquisitions, and disposals. When setting up this information in your live company data, it is best to consult with your accountant to setup the GL account numbers used.

- Asset Account: This account number is debited for acquisitions and credited for dispositions. Enter account number 1720-000 for Equipment. To do that enter 1720<Enter>000<Enter>.
- Accumulated Depreciation: This account number is credited for depreciation computations and debited for dispositions. Enter account

number 1729-000 for Accumulated Depreciation.

- Depreciation Expense: This account number is debited for depreciation computations. Enter account number 6310-000 for Depreciation.
- Gain on Disposition: This account is credited for dispositions. It is the difference in what the asset was sold for and the value that the asset still had on the books (asset purchase - accumulated depreciation). This account is used when the asset was sold for more than it was valued at on the books. If you want gains and losses recorded in the same account then make field 10 and 11 the same account number. Enter account number 7030-000 for Gain (Losses) on Disposals.
- Loss on Disposition: This account is debited for dispositions due to a loss on the disposal of an asset. See explanation of the accounting above for Gain on Disposition. Enter account number 7030-000 for Gain (Losses) on Disposals.
- Asset Clearing Account: This account is credited for an acquisition and debited for a disposal. When an asset is purchased or sold, the information is normally entered in another SouthWare module like Accounts Payable, Accounts Receivable, or General Ledger. For example, when you purchase an asset you might enter an AP invoice that would debit the asset account and credit AP and ultimately the Cash account when that invoice was paid. If you do not want your employees to make decisions on what account number is best to use for purchasing or selling an asset then setup one Fixed Assets clearing account that is credited or debited for the purchase or sale. Then when the asset is entered in Fixed Assets or marked as disposed, this clearing account would be offset. Therefore, this account number should always carry a \$0 balance. Enter account number 1363-000 for General Clearing Account.

Please review the Introduction section in the Fixed Assets documentation for an explanation of General Ledger Accounting for acquisitions, depreciation, and dispositions.

The next part of the setup in the Category File is the default depreciation methods. Once you enter the asset clearing account press <Enter> one more time to write the record for location 1. Then press <F8> to exit and the program will take you to the second screen to enter the depreciation information. The first schedule number that automatically comes up is schedule 1 – General Ledger. Press <Enter> to begin adding the depreciation information in field 3.

Field 3. Default Method – New. This is the default depreciation method to use for assets that are setup as new purchases. A pop up box will appear with the different depreciation options (*Please review the Introduction section in the Fixed*

Assets documentation for an explanation of each type of depreciation). For our setup choose “S” for Straight Line depreciation. You must then enter the years and months that this asset should be depreciated. Enter 10 years and 0 months. For convention enter FM for full month.

Field 4. Default Method – Used. This is the default depreciation method to use for assets that are setup as used purchases. For our setup enter the same information that was entered in field 3 above.

Once you <Enter> to write the schedule 1 record, schedule 2 will come up automatically for entry. Schedule 2 is the Federal Tax schedule. For some assets, users keep a separate depreciation schedule for taxing purposes than they do for the General Ledger/Book depreciation method. If you do not need to keep a separate schedule then you can choose N – None for no depreciation or you can enter the same method entered for schedule 1. If you want to create reports just for tax reporting then always enter a method for schedule 2 even if it is the same method used for schedule 1 depreciation. This is because there are Fixed Asset Reports that allow you to print out depreciation just for Schedule 2. Therefore, you would need a schedule 2 method setup for every asset for it to show on the report. For our setup enter “S” Straight Line, 8 years 0 months, MY for Mid year. Enter the same for Used Assets.

The third record that comes up is schedule 3 and then schedule 4 after that. For our setup we will skip the setup of schedule 3 and 4. To do that click on the “<F5> skip all” button at the bottom of the screen (or press the <F5> function key). This will setup N for Non-Depreciation for schedule 3 and 4. You will then <Enter> until your cursor is back at the top in field 2. Then press “Exit” button of <F8> to go back to the first screen of the Category File. Then Press <Enter> and <F8> to go back to the FA05 Setup menu. Proceed to Lesson 7.

Lesson 7: Asset Records

Choose “Set up Fixed Asset Records” (FA0508). This file stores the assets and keeps up with the Accumulated Depreciation and Depreciation Expense for the year.

Field 1. Since we chose to allow the system to assign asset IDs you can either enter a 15 digit ID number or press “<F4> assign next asset number” at the bottom of the screen (or press <F4> function key). Choose <F4> now to assign our first asset.

Field 2. Description. Enter “Canon Color Copier” <Enter> and then <F8> to move to the next field.

Field 3. General Location. This field stores the locations that we set up in Lesson 5. This is where the asset is located. The category and location that you specify on an asset determines the GL accounts that are used. You can choose the search button to see the locations that are available. For our setup we only have 1 location for “Auburn Office” so enter “1” now.

Field 4. Specific Location. This is a more detailed description of where the asset can be located. Enter “Main Copier Room” <Enter>

Field 5. Category. This field stores the categories we setup in Lesson 6. This field determines the GL accounts to be used for depreciation and the defaults for the depreciation methods used for this asset. Enter “EQUIP” <Enter>.

Field 6. Serial Number. Enter the serial number of the asset. You can search for assets via this field. Enter “THY0123” <Enter>.

Field 7. Date in Service. This is the date the asset was purchased. For our setup enter 03/05/05.

Field 8. Cost/Basis. Enter the cost of the asset. For our setup enter \$18,000.00.

Once you enter the cost of the asset a question will ask if you “Want to Default Remaining Fields?” You can answer Y here and it will bring in the defaults based on the Category/Location that you entered on this asset. Choose “Yes” or press the “Y” key to fill in the remaining fields.

For an explanation of the remaining fields on screen 1 of the Asset File please review the “FA-04-01 Fixed Asset Records” section of the Fixed Assets Documentation.

Once you answer Yes to default the values and press <Enter>, a second

question will ask if you want to “Maintain Second Screen?”. Choose “Yes” or press the “Y” key and you will be taken to the schedule information of the asset file.

Press the <F1> function key and schedule 1 will display on the screen. It should be set to Straight Line Depreciation, 10 year life, FM – Full Month Convention, controlled by the System. This information defaulted from the EQUIP category we setup in Lesson 6. When an asset is first entered changes can be made to the schedule information. For our setup we will leave it as straight line/10 years/FM.

Fields 4-7 are used for expensing and tax credit situations. For an explanation of these fields please review the “FA-04-01 Fixed Asset Records” section in the Fixed Assets Documentation.

Press <Enter> to clear schedule 1 and then press the “Exit” button (or <F8>) to return to the main asset screen.

Click on field “25. Indicators” or key in “25” <Enter> and a pop up box will appear. One of the fields in this plus box is called “Asset Status”. An asset can have 3 statuses:

- 3: indicates that the asset has been entered in the system but no updates have been made by the Fixed Assets monthly update process. This means that an asset can have changes made to it since no General Ledger distributions have been updated for this asset.
- 5: indicates that the asset is active and has been thru at least one monthly update process. Changes cannot be made to this asset’s depreciation method or GL amounts that are stored on the asset.
- 7: indicates that the asset has been disposed and is no longer active. When you dispose of an asset you update the disposal date and amount in field 22 and 23 and the next month end update process will change the asset status from a 5 to a 7. If the Fixed Assets Control File is set to Interface Dispositions to GL then the month end close will generate the proper GL for the disposal (*See the Introduction section at the front of the Fixed Assets Documentation for an explanation of the GL that takes place on a disposition*).

Click on “OK” or press <Enter> to come out of field 25.

Now Click on field “26. G/L Amounts” or key in 26<Enter>. A pop up box will appear that shows the Accumulated Depreciation for the beginning of the current fiscal year, the YTD Depreciation expense that has been updated for the current fiscal year, and the Accumulated Depreciation value for the current period of the current fiscal year.

When adding a brand new asset that was purchased in the current fiscal year,

field 26 can be left as 0 when adding the asset. This is because the first monthly update in Fixed Assets will create the necessary GL for the first month's depreciation and the acquisition (if the Fixed Assets control file is set to interface the GL for acquisitions). When setting up Fixed Assets for the first time, you will be adding assets that were purchased in prior fiscal years. In that case when the asset is added, you need to update field 26 with the proper Accumulated Depreciation for the current fiscal year. If you do not, the first monthly update in Fixed Assets will create a GL distribution for Depreciation Expense for the entire amount to bring the Accumulated Depreciation up to what it should be for the current period. This is because the monthly update process will always check to see what the Accumulated Depreciation should be for each asset for that current period. It will then create GL distributions to increase the accumulated depreciation (or decrease it if there is too much accumulated depreciation) amount to where it should be for that time period.

For our setup we need to update the correct amounts in field 26 since our asset was purchased on March 5, 2005.

- To do that press the "Exit" button (or <F8>) to come out of field 26.
- Then press "<F4> Maintain Second Screen" to go back to the Schedule Information screen for this asset.
- Then use "<F1>" key to bring up Schedule 1.
- There should be an option at the bottom of the screen: "<F4> to Inquire Depreciation." Choose that now and you should see a list of each year's depreciation for Asset ID 1, Schedule 01.
- The first year listed should be 12/31/05 with a "System-Accum" Depreciation column of \$1,500.00. 12/31/06 should have \$3,300.00 and so on.
- For our setup choose the last fiscal year that you setup in the Fixed Assets Control file field 9. Last Period Closed. You were prompted in Lesson 2 to write this date down. For example, if you entered "12/31/07" in FA0502 field 9, then make a note of what the "System-Accum" Depreciation column has for the year 12/31/07.
- Click on the red X (or <F8>) to go back to the asset schedule screen. Then press <F8> twice to go back to the main asset screen for Asset ID 1.

Click on field 26. GL accounts again. The amounts in field 26 are stored in the file as negative amounts. So enter the amount you wrote down from the Depreciation Inquiry screen as a negative amount in the "Accum Depr – Beg of Year" field. Your cursor will then skip "YTD Depreciation" and is now at the "Accum Depr – Now" field. Enter the same negative amount in the Accum Depr

– Now field that you entered in the Accum Depr – Beg of Year field.

When we setup the Fixed Assets Control file we set field 9. Last Period Closed to be the last period of the prior fiscal year. Therefore, for the current year no depreciation has been updated for the year. That is why the Accum Depr – Beg of Year and the Accum Depr – Now fields have the same amount. If our last period closed had been 5/31/XX, the Accum Depr – Beg of Year would be the Accum Depr balance as of the beginning of the current fiscal year, and the Accum Depr – Now balance would be as of May 31. The difference in those amounts would be automatically updated to the YTD Depreciation field to reflect the Depreciation Expense that had been updated in GL for the current fiscal year.

As we go thru the monthly update in Fixed Assets the system will update field 26 on our assets to increase the YTD Depreciation and the Accum Depr – Now fields. (Remember: once an asset has gone thru a monthly update process the status changes from a 3 to a 5 and no changes can be made to field 26.)

Press <Enter> to write the Asset 1 record. Your cursor should now be back to field 1 to enter another asset.

Our second asset will be an asset purchased in the current fiscal year. Press <F4> function key to assign the next asset ID (which should be 2).

Enter your own information for Asset #2. Just make sure field 7. Date in Service is set to 1/15/XX where XX is the current fiscal year. For example, if the last period closed in the FA control file is 12/31/07, then enter 1/15/08 as the date in service in field 7. Field 26 will be left as 0 since no depreciation would be updated to this asset yet.

When you are done adding asset #2 click on the Exit button (or press <F8>) to return to the FA05 setup menu.

Lesson 8: Remaining Setup Options

The remaining menu options under the FA05 setup menu are:

- Compute Depreciation (FA0509). This menu option runs thru the asset file and sets up the annual Depreciation amounts stored in the depreciation file. This file is used for reporting and running the monthly update process of creating GL distributions for depreciation. If you do not run this process now the system will run it automatically when you access the "Depreciation Inquiry" (FA01) program or when you run the monthly update process (FA030204). A good reason to run "Compute Depreciation" during setup, is if you have a large file of assets it is best to setup the depreciation records now than when an operator is trying to inquire on an asset or close the period. Click on this menu option now and it will compute depreciation. The program will not show anything on the screen since it will quickly compute depreciation for the 2 assets that are setup in our files.
- Maintain Depreciation (FA0510). If any of your assets are set to User Controlled instead of System Controlled (FA0508, 2nd screen, field 8), then this program allows you to change the annual depreciation amounts for those user controlled assets. Each asset will still show what the system would calculate for depreciation based on the method setup for that asset, but sometimes when converting from another Fixed Assets system the depreciation amounts that have been updated to GL are different than what SouthWare's Fixed Assets calculates. You can go into this program and use the <F1> function key to review the records that are in the file. Because our assets are set to system controlled in our setup, you will only be able to review the data here and cannot make changes.
- Close First Accounting Period (FA0511) and Reset G/L Interface Flags (FA0512) are to be used if you chose to set your GL flags to N during the initial setup of the Fixed Assets Control File (FA0502 fields 1-3). Some users choose to set this to N, close the first period to create all the GL that has already been updated to their GL accounting system, and then set the flags to Y so future period closings will actually update the GL distributions to the SouthWare General Ledger files. There is no need to run these program options for our setup.

Lesson 9: Month End Processing

At a select prompt type in “FA” <Enter>. This will take you to the Fixed Assets menu listings.

Now choose “Periodic and Year-End Processing” (FA03).

The first menu option listed is “Process Asset Splits” (FA0301). This is used if you need to break an asset down into smaller pieces to dispose of one of the pieces. We will not process one in this Study Guide. You can review an asset split in the Fixed Assets Documentation.

Now choose “Month End Processing” (FA0302).

“Enter Usage Factors” (FA030201) is only used if you have assets that use a usage method of depreciation. This program allows you to enter and edit the monthly usage of these assets. We will not process one in this Study Guide. You can review how to enter usage in the Fixed Assets Documentation.

“Reconcile Asset/Depr Accts (Before)” (FA030202). This is a report that compares the Accumulated Depreciation and Asset balance against the General Ledger balances for those account numbers. You can use this report to make sure that Fixed Assets is always in balance with the General Ledger. This report is on the menu options twice so that you can run this trial balance before you close the month in Fixed Assets and/or after you close the month to make sure everything is in balance. This report shows the posted balance to General Ledger as well as any unposted GL transactions that are in the GL-01-01 transaction file (which are GL distributions that have been entered or updated to GL from other applications but have not posted to the permanent ledger in GL). The report shows an “UNLOCATED DIFFERENCE” for any discrepancies that need to be resolved. We will skip this report for now and will print it after we close our first month.

“Print Depreciation Edit List” (FA030203). This program allows you to print a report that will show you the amounts that are going to update to the General Ledger for that month end closing without updating any Fixed Asset or General Ledger files. You can run this report multiple times since it does not update any files. For our setup, choose this menu option now. Since this is the first report we are running in this company a web page will appear explaining how to print in SouthWare. You can review this web page now. When you are done click on the Exit button to return to the Depreciation Edit list options.

Report parameters:

- Beginning and Ending Calculation Date: This will default to the current period in Fixed Assets. It should be 01/01/XXXX – 01/31/XXXX since we

- are closing the first period of the current fiscal period. <Enter> to accept these dates.
- Beginning and Ending Asset ID: If you are trying to check on one asset or a group of assets, you can enter the Asset ID range here. <Enter> to print for all assets.

The print button or option shown should say "Spool". This writes the report to a text file that you can review or print later thru the XX-01 menu option. We want to review the edit list immediately so if you are on a graphic system, click on the drop down arrow to the right of spool and choose "Web Page". The report will immediately display on the screen as an HTML output. If you are on a Unix or Classical system, key in "4" <Enter> which is the option to Display the report to the screen.

Because this is our first month to close in Fixed Assets, the program is going to post the asset additions to General Ledger as well as the first month of depreciation. So the General Ledger distributions on the report are to record the purchase of asset 1 and 2 and the distributions for one month of depreciation. This is why when setting up Fixed Assets, some choose to set some of the interface to GL flags (FA0502 fields 1-3) to N, close their first month which prints the report and updates the Fixed Asset files, but does not post the GL distributions to the General Ledger (as discussed in Lesson 8 FA0511 and FA0512). Then they change the GL flags to Y for the next month end closing.

For example, we set up our assets so that the first month of depreciation that we would like to record is the January period. We do not want to update the acquisition information in our setup because those GL distributions should already be reflected in the GL system we are converting from. So we could set the "Link Acquisitions to GL" flag to N (FA0502 field 2), but leave the other two flags as Y. We could close the first period and only the GL Distributions for the Depreciation Expense for the month of January would update to the General Ledger, and the other GL Distributions for the Acquisition would only print on the report but not update to the General Ledger. Then we could go back to the Fixed Assets Control file (FA0502) and set field 2 back to Y for future acquisitions (or you could choose to always leave it as N if you never want additions in Fixed Assets to update the General Ledger).

For our setup we will go ahead and allow the asset additions and depreciation to post to the General Ledger. Review the report and GL distributions on the report now. If you need an explanation of something on the report, review the FA-03-02-03 section in the Fixed Assets Documentation. When you are done you can click on the red X at the top right corner of the HTML display to return to the SouthWare menu screen. If you are on a classical system, continue to use the <Enter> key until the report is done and you will return to a SouthWare menu screen.

We will now update and close our first month in Fixed Assets. To do that choose "Post Depreciation to GL" (FA030204). When you run this program the Asset ID field will default to All because you must update all assets when closing the period. Because we are running a posting program, the only print options are to print to a printer or to send to a spool file. You can choose either one. If you want to spool the report to a text file that can be reviewed later in XX-01 click on the "Spool" button (or <Enter> on classical system). If you would like to print the report to a printer then click on the drop down arrow to the right of the Spool button and choose "Output Options Menu". You will then get a print option box to choose the SouthWare printer and Windows printer you would like to print to. If you are on a classical system and would like to print the report to a printer, key in "1" <Enter> to print to your default printer on Unix.

Once you have chosen the print option a message box will appear on the screen: "Register has completed-Posting is beginning. Type 'C' to Continue." This message appears on any SouthWare posting program. It is at this point that the program will update the Fixed Assets and General Ledger files. Press "C" <Enter> now.

"Post Depreciation to GL" does the following:

- Updates the Fixed Asset records with the current period depreciation amount. This is updated in the Fixed Asset File field 26. To review that information type in FA0401 <Enter> at a select prompt to go to the Asset File. Bring up Asset ID 1 (1<Enter>). Click on Field 26. You should now see "-150.00" in the YTD Depreciation field. The "Accum Depr – Now" field also reflects the current Accumulated Depreciation balance as of 01/31/XXXX.
- Updates the last period closed in the Fixed Assets Control File. To review that field type in FA0502 <Enter> at a select prompt. Field 9 should be 01/31/XXXX.
- Creates General Ledger Distributions in the GL transaction file. To review that information type in GL0101 <Enter> at a select prompt. Enter "GL" <Enter> at the G/L Operator Login box. Choose the search button to the left of field 1 (or press the <F3> key). This brings up a list box of the GL distributions in this file. Choose the GL distribution that has the description "FIXED ASSETS POST". This will show the GL that was created from the Fixed Assets closing. If you would like a report of this GL trx then choose to print the GL Edit List when you leave this menu (or type in GL0102 <Enter> at a select prompt). Choose "FA" for the Journal Type code to print the FA journal entry.

Return back to the Fixed Assets month end processing menu by typing in "FA0302" <Enter> at a select prompt.

Choose "Reconcile Asset/Depr Accts (After)" (FA030205) option. Review the

explanation of this report above in the “Reconcile Asset/Depr Accts (Before)” (FA030202) section. Send the report to a “Web Page” output (or “4” to display to screen on Classical system). This report will show the balances per Asset, Accumulated Depreciation, and Depreciation account number and compare it to the General Ledger balance. You will see “UNLOCATED DIFFERENCES” on this report because when we setup the FA company ID we copied the GL files from the Demo company. So the account numbers already have balances in the account. In a live system if you see “UNLOCATED DIFFERENCES” on this report, you would need to reconcile the differences and update any discrepancies so that the General Ledger system and Fixed Assets balance.

“Reconcile Accounts for Disposals” (FA030206). This report is the same program as the FA030202 and FA030205 menu options. This program is run with a special switch to only print reports for assets that have been marked as disposed. This option allows you to reconcile your disposals to the General Ledger. When you are ready to dispose of an asset you do that by updating field 22. Disposal Date and field 23. Disposal Amount in the Asset File (FA0401).

Lesson 10: Dispose an Asset

As stated in earlier Lessons, when you sell or dispose of an asset you can update this information in the asset file and then the next month end closing will update the General Ledger distributions for that asset (if you choose to have disposals update GL. FA0502 field 3).

Close February and March periods thru the month end process. You can do this by typing in "FA030204" <Enter> which is a direct menu call for "Post Depreciation to GL". Run this program to close February and then run it again to close March.

Once March is closed, type in "FA0401" <Enter> at a select prompt to go to the Asset maintenance. Bring up asset 1 (1 <Enter>). We are going to dispose of Asset 1 in April (our current Fixed Asset Period).

To dispose of an asset, go to field 22 to enter the Date of Disposal. Enter 04/14/XX where XX is your current fiscal year. In field 23 enter a disposal amount of \$7,500.00. Press <Enter> to write the record and Exit (<F8>) to Exit the Asset Maintenance file.

Now close the month of April and review the GL distributions for the disposal of asset 1. Remember month end closing is under the FA03 menu options. The actual closing program is FA030204. You can review the GL distributions in the Introduction section of the Fixed Assets Documentation.

Lesson 11: Reports and Inquiry

Reports and Listings:

Type in "FA02" <Enter> at a select prompt. This will take you to the "Reports and Listings" menu.

There are several reports listed here. Run each of them to see what each report offers. Remember you can choose to display the report to the screen instead of printing it. Please review the FA-02 section of the Fixed Assets Documentation for an explanation of each report.

"History of Asset Usage Report" (FA0206) will not print any records because our assets do not use a usage method type of depreciation.

Inquiry:

Type in "FA" <Enter> at a select prompt. The first option listed is "Depreciation Inquiry" (FA01). This program is an inquiry to allow you to view the Annual Depreciation amounts for each asset and each schedule for that asset. Choose "Depreciation Inquiry" now and look up the depreciation amounts for schedule 1 for Asset 1 and 2.

Lesson 12: Year End Processing

Type in “FA03” <Enter> at a select prompt to return back to the “Periodic and Year End Processing” menu screen.

The “Year End Processing” (FA0303) option should be run at the end of every fiscal year after the last period is closed. This program will take the “Accum Depr – Now” amount stored in the Asset File (FA0401 field 26) and move it to the “Accum Depr – Beg of Year” field also stored in FA0401 field 26. It also clears out the YTD Depreciation field to start over for the new year. Then it updates the “Last Year End” field (FA0407 field 4) for the Asset schedules.

NOTE: If you try to close a period in Fixed Assets and receive a message that “Year End close needs to be run for Fixed Assets”, the program is checking the schedule 1 “Last Year End” field in FA0407 field 4. If the date in that field is not the last period of the prior fiscal year then you cannot process the month end closing until the Year End closing has been done. If you are initially setting up the system and know that there is no reason to run the year end process (because the “Accum Depr – Beg of Year” and “Accum Depr – Now” fields have been setup correctly for the current fiscal year), simply go to FA0407 field 4 and update the schedule 1 date to the correct date. Do not run the Year End program to update the date because this will change the Accum Depreciation values in your asset file.

With our setup we cannot run the Year End process at this time because we have not closed all of the periods in our fiscal year. We are at the end of our Study Guide so if you would like to run the Year End program, close all the periods for the fiscal year first (FA030204), and then you can close the year in Fixed Assets. Once you have done so you can review the changes in Fixed Assets Maintenance (FA0401) field 26. GL Amounts.

Conclusion:

We hope this Study Guide has been beneficial in helping you setup Fixed Assets for your system. If you have any further questions you can refer to the Fixed Assets Documentation or the Fixed Assets Help System (by pressing <F7> at any field or Fixed Assets menu screen).

