Fixed Assets

Document #:	3024	Product:	CenterPoint® Accounting for Agriculture

A fixed asset is a long-term tangible piece of property that a farm owns and uses in the production of its income and is not expected to be consumed or converted into cash any sooner than at least one year's time. In CenterPoint, fixed assets are setup separately from accounts, but are associated with a general ledger account. A benefit of fixed assets is the ability to view a detailed Balance Sheet without including the long list of individual assets. The fixed assets are summarized in their associated general ledger accounts.

There are specific asset account categories that are defined as depreciable type assets. These account categories have additional properties not included in a general ledger account. In Setup > Fixed Assets, the fixed assets display in a tree view. The tree view identifies the general ledger account that will summarize the fixed assets.

Maintaining fixed assets in CenterPoint has additional benefits as well. CenterPoint allows you to identify a specific piece of equipment that a repair expense is being recorded for by selecting that fixed asset in the **Associated Account** field on the Transaction screen. You could also record the piece of equipment in the Notation field, but the Notation field could not then be totaled up to show all expenses to a piece of equipment.

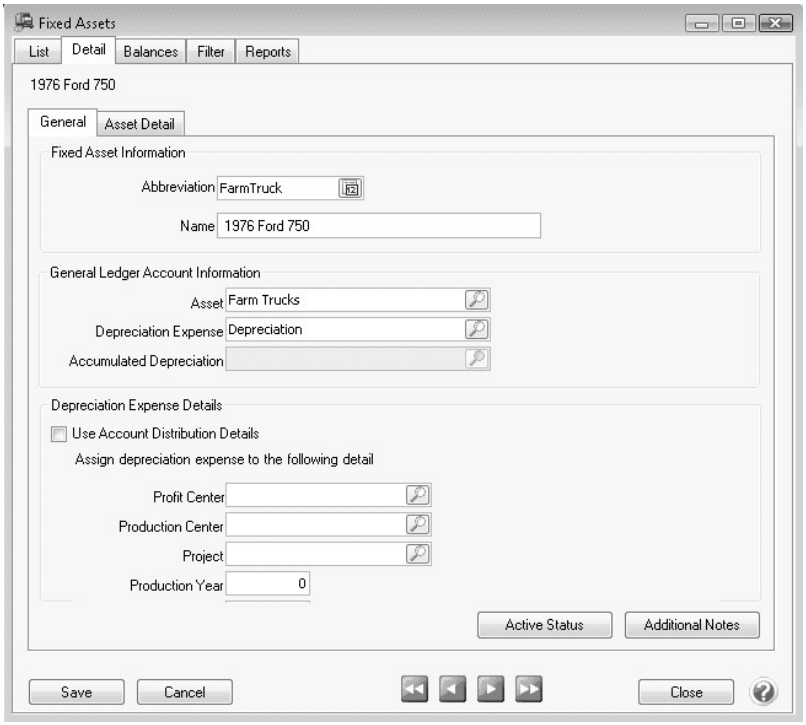
This topic explains how to:

- Purchase a New Fixed Asset
- Convert an Existing Account to a Fixed Asset
- Change/Edit a Fixed Asset
- Combine Two Fixed Assets
- Delete a Fixed Asset
- Change the Status of an Existing Fixed Asset

Purchase a New Fixed Asset

A fixed asset item can easily be created during the transaction entry that purchases the item. This would normally be a Vendor Invoice (A/P), Payment or General Journal Entry. The same instructions can be used for any transaction that purchases a new fixed asset.

1. Select **Processes > Purchases > Payments**.
2. Enter the payment information (**Pay to the Order of, Date, Check Number**, etc.) at the top of the screen as normal.
3. In the grid, right click in the **Account** field and select **New Fixed Asset Item**. A fixed asset item screen displays.



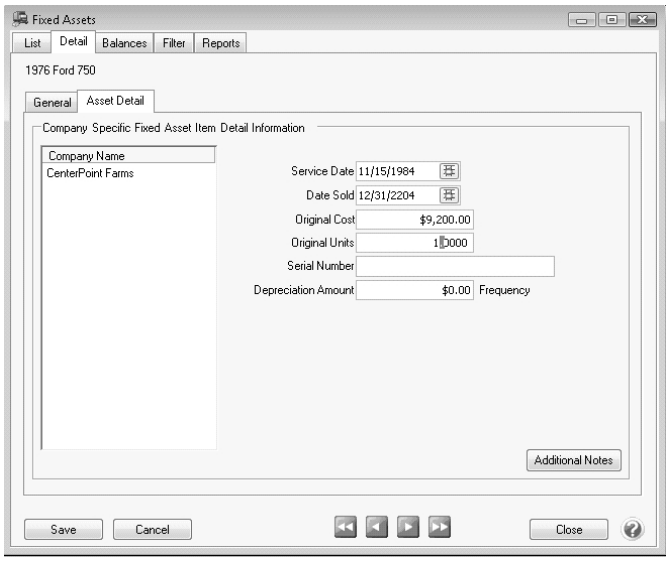
- When a new asset is created, the default sequence will be automatically selected in the **Abbreviation** field and the next available number generated. A custom abbreviation may be entered at any time overriding the default sequence value. These sequences can be created/maintained via Setup > General > Numbering Sequences.

Note: If the sequence is changed manually, the sequence will not auto-increment the value of the sequence when saved. The sequence is also only incremented when saving new assets, not when altering existing assets.

- Enter the **Name** of the new item.
- In the **Asset** field, select the required general ledger account to be associated with this fixed asset. Only those accounts assigned a depreciable asset account category will be displayed in the lookup screen.
- Enter the required appropriate **Depreciation Expense** account. When a new fixed asset is added, if you select an Asset account that was set up with an Depreciation Expense account default, it will display from the main asset account.
- Enter the required appropriate **Accumulated Depreciation Expense** account (this field is required only if the Depreciation Settings in File > Preferences > Depreciation is set to Adjust Accumulated Depreciation). When a new fixed asset is added, if you select an Asset account that was set up with an Accumulated Depreciation account default, it will display from the main asset account.
- Leave the **Use Account Distribution Details** check box selected if you want the depreciation expense transaction for the fixed asset to assign the profit or production center details.

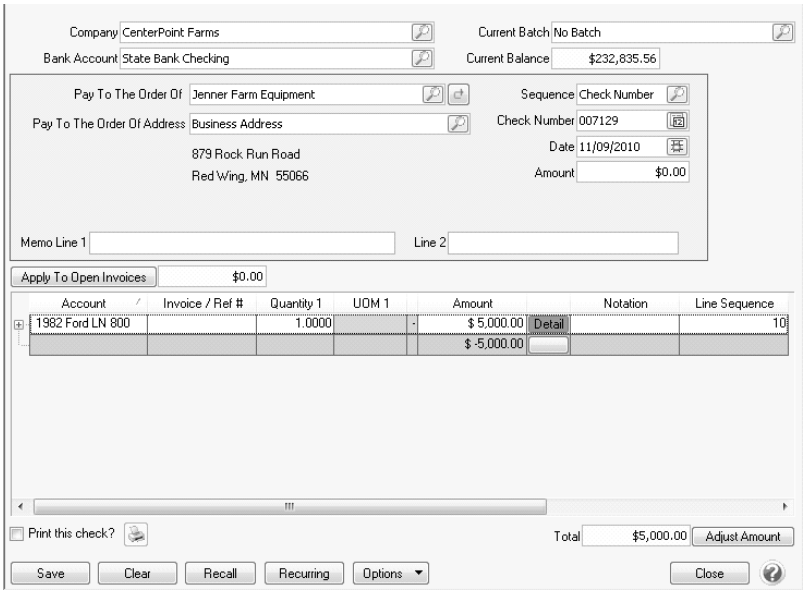
or

- Unselect the Use Account Distribution Details check box and enter the profit or production center details (profit centers, production centers, production year, production series) that the depreciation expense transaction for the fixed asset should use.
- Select the **Asset Detail** tab to complete the applicable item details (Original Cost, Serial Number, Original Units, etc.).



» Click **Save**.

4. Back on the Payment screen, enter the **Amount** for the purchase of this fixed asset.



5. Enter any additional applicable information in the payment transaction and click **Save**. The fixed asset balance will automatically be updated by the purchase of the asset.

Convert an Existing Account to a Fixed Asset Item

If you have an existing fixed asset that was created as an account rather than a fixed asset item, follow the steps below to change the account to an item.

Step A - Create a Temporary Summary Account

1. Select **Setup > Accounts > Accounts**.
2. Expand **Assets**. Select **Machinery and Equipment**.
3. Click on **New** to create a new summary account.
4. In the Name box, enter **Temporary**.

5. In the **Type** box, select **Assets**.
6. In the **Category** box, select
7. Click **Save**.

Step B - Assign the Temporary account to each Account that should be a Fixed Asset

1. Double Click on an account that should be a fixed asset item.
2. In the **Subaccount of** box, select the **Temporary account** created in step A.
3. Click **Save**. The fixed asset will display under the Temporary summary account.
4. Repeat Step B1-3 for each account that should be a fixed asset item.

Step C - Make an Account an Item

1. Right-click one of the fixed assets under the Temporary account. Select the option **Make Account "…." an Item**. The icon will change all accounts in this group to fixed asset items.
2. All items at that point will be assigned to the Temporary account. This can be changed by doing the following:
   - Select **Setup > Fixed Assets > Fixed Assets**.
   - Double-click one of the fixed asset and go to the **Detail** tab.
   - In the **Asset** field, select the general ledger account to be associated with this fixed asset. Only those accounts assigned a depreciable asset account category will be displayed in the lookup screen.
   - If applicable, specify additional information in regards to this fixed asset (depreciation expense account, original cost, etc.).
   - Click **Save**. Repeat these steps for each fixed asset item.

Step D - Delete the Temporary account

1. Select **Setup > Accounts > Accounts**.
2. Select the **Temporary** account and click on **Delete**.

Change/Edit a Fixed Asset

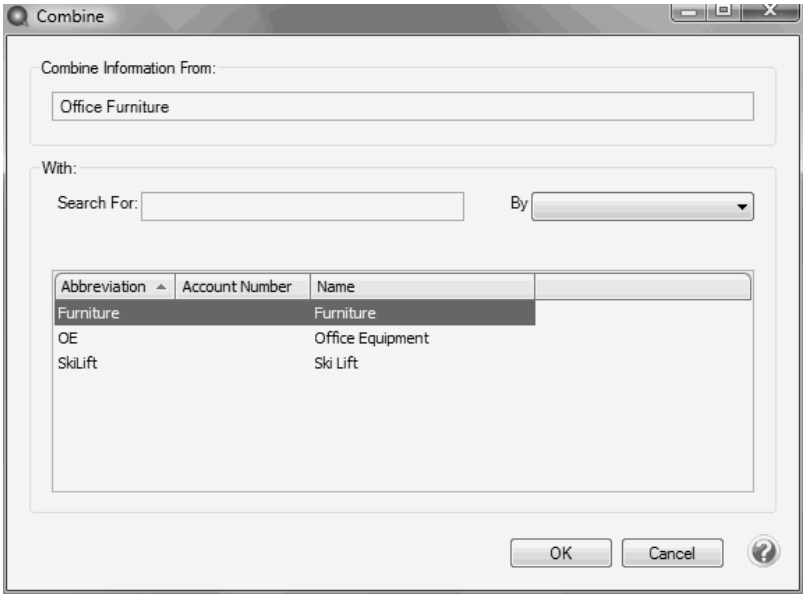
1. Select **Setup > Fixed Assets > Fixed Assets**.
2. Double click on the fixed asset and modify the details.
3. Click Save.

Combine Two Fixed Assets

If a fixed asset is accidentally set up twice, the Combine button can be used to combine the two assets into one. The first fixed asset will be removed and all history associated with it, will now be associated with the second fixed asset.

Note: It is recommended that you take a backup before combining fixed assets.

1. Select **Setup > Fixed Assets > Fixed Assets**.
2. Select the fixed asset to be combined with another and click **Combine**.



3. Select the fixed asset this item should be combined into and click **OK**.

Delete a Fixed Asset

The Delete button completely removes a fixed asset from the system.

Note: You cannot delete a record that has any type of history or other records linked to it in the system. If you have a fixed asset that is no longer being used, but does have historical activity, please see below on how to inactivate an item.

1. Select **Setup > Fixed Assets > Fixed Assets**.
2. Select the asset you want to delete, and then click **Delete**
3. At the **"Are you sure you want the item deleted?"** message, click **Yes**.

Change the Status of an Existing Fixed Asset

Fixed assets that are no longer being used, but have history, can be deactivated. Fixed assets can be active for some companies/funds and not for others. Fixed Assets cannot be activated if the higher level account is inactive

1. Select **Setup > Fixed Assets > Fixed Assets**.
    b. Select a fixed asset, right-click and select **Activate/Deactivate**, select the companies/funds the item is inactive in, and then click **OK** .
3. Click **Save** to save the name and return to the List tab, or click **Close** to save the name and close the Names screen.