

## Asset Management:

### Types of Asset

**Non-current Assets**, also known as long-term assets, are investments that are expected to be realized after one year. They are capitalized rather than being expensed and appear on the company's balance sheet. Depending on their nature, they may undergo depreciation.

**Fixed Assets** are a type of Non-current Assets and include the properties bought for their productive aspects, such as buildings, vehicles, equipment, land, and software.

For example, let's say we buy a car for \$ 27,000. We plan to amortize it over five years, and we will sell it for \$ 7,000 afterward. Using the linear, or straight-line, depreciation method, \$ 4,000 are expensed each year as depreciation expenses. After five years, the Accumulated Depreciation amount reported on the balance sheet equals \$ 20,000, leaving us with \$ 7,000 of Not Depreciable Value, or Salvage value.

Odoo Accounting handles depreciation by creating all depreciation entries automatically in draft mode. They are then posted periodically.

**Odoo supports the following Depreciation Methods:**

- The **Linear Depreciation Method** divides the initial Depreciable Value by the number of depreciations planned. All depreciation entries have the same amount.
- The **Degrressive Depreciation Method** multiplies the Depreciable Value by the Degrressive Factor for each entry. Each depreciation entry has a lower amount than the previous entry.
- The **Accelerated Degrressive Depreciation Method** uses the Degrressive Method but with a minimum Depreciation equal to the Linear Method. This method ensures a fast depreciation at the beginning, followed by a constant one afterward.

What does "**Prorata Temporis**" mean?

The **Prorata Temporis feature** is useful to depreciate your assets the most accurately possible.

With this feature, the first entry on the Depreciation Board is computed based on the time left between the Pro Rata Date and the First Depreciation Date rather than the default amount of time between depreciations.

For example, the Depreciation Board above has its first depreciation with an amount of \$ 241.10 rather than \$ 4,000.00. Consequently, the last entry is also lower and has an amount of \$ 3758.90.

## 1. Asset creation

There are 2 ways we can create the Asset in Odoo and its pros and cons :-

### 1. Direct asset Creation in Accounting module :

#### **Pros**

- Asset creation will be quick
- Need to only create an Asset, sales bill and fixed asset account.

#### **Cons**

- No proper stock/asset valuation
- No journal entries for purchase
- Won't be able to track the sales order
- Won't be able to manage different quantity wise asset creation

### 2. Product creation for asset management

#### **Pros**

- Will be able to manage stock valuation
- Journal entries will be created for sales or purchase and can be easily reconciled
- We can easily track the delivery of sales order
- We can manage asset creation based on different quantity

#### **Cons**

- Will be a time consuming processes
- Will need to execute the full flow from purchase to sales

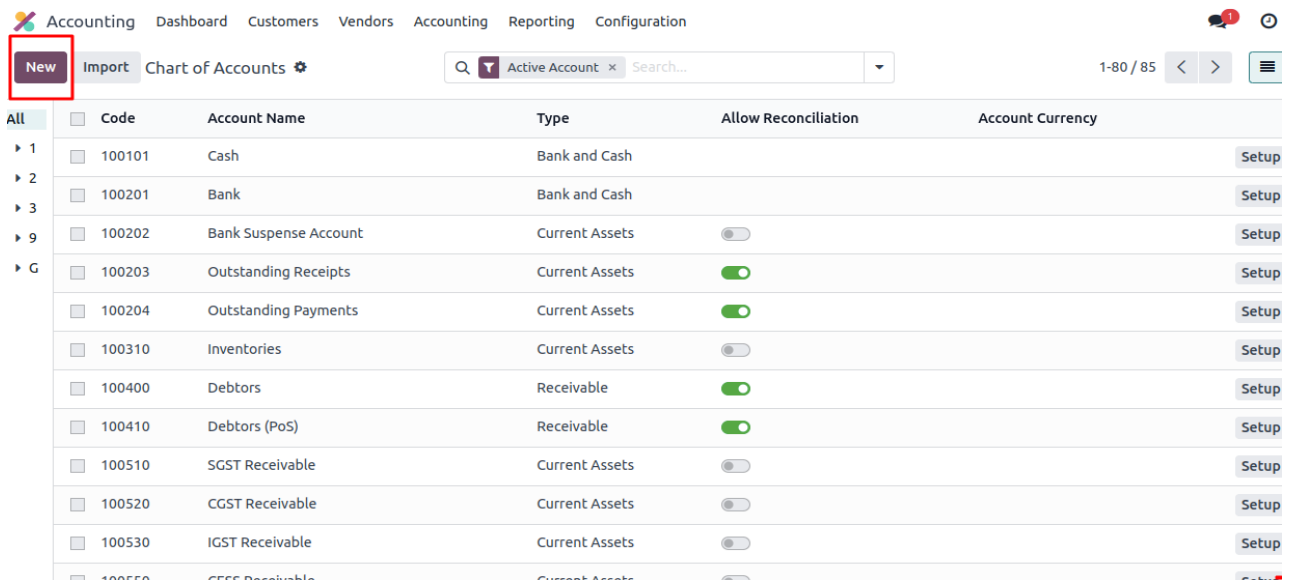
## Method 1 - Direct Asset creation

Firstly we need to create the Asset for doing the necessary configurations . Here is the path to create an Asset

Step 1: Create Fixed asset from Chart of Account

**Path** – Accounting module >> configuration >> Chart of Accounts >> New

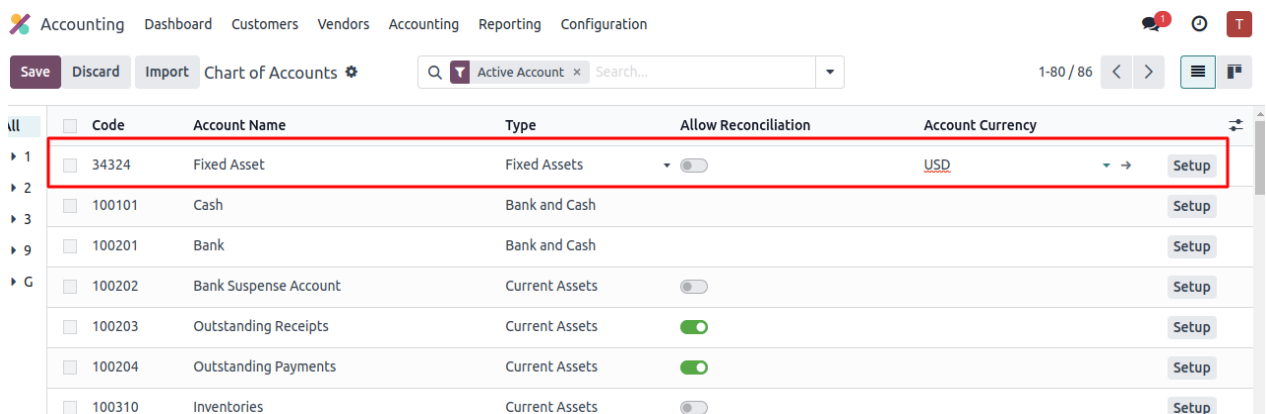
- New Fixed account



The screenshot shows the 'New' button highlighted with a red box in the top left corner of the 'Chart of Accounts' configuration page. The page header includes 'Accounting', 'Dashboard', 'Customers', 'Vendors', 'Accounting', 'Reporting', and 'Configuration'. The 'New' button is located next to the 'Import' button. The main table lists various accounts with columns for 'Code', 'Account Name', 'Type', 'Allow Reconciliation', and 'Account Currency'. The 'Allow Reconciliation' column contains toggle switches, some of which are turned on (green) and some are turned off (grey). The 'Account Currency' column shows 'USD' for some accounts. The 'Setup' button is visible at the end of each row.

	Code	Account Name	Type	Allow Reconciliation	Account Currency	
1	100101	Cash	Bank and Cash			Setup
2	100201	Bank	Bank and Cash			Setup
3	100202	Bank Suspense Account	Current Assets			Setup
9	100203	Outstanding Receipts	Current Assets			Setup
G	100204	Outstanding Payments	Current Assets			Setup
	100310	Inventories	Current Assets			Setup
	100400	Debtors	Receivable			Setup
	100410	Debtors (PoS)	Receivable			Setup
	100510	SGST Receivable	Current Assets			Setup
	100520	CGST Receivable	Current Assets			Setup
	100530	IGST Receivable	Current Assets			Setup
	100550	CESS Receivable	Current Assets			Setup

- Fill all the details as shown and then click on “Setup”



The screenshot shows the 'Setup' button highlighted with a red box in the top right corner of the 'Chart of Accounts' configuration page. The page header includes 'Accounting', 'Dashboard', 'Customers', 'Vendors', 'Accounting', 'Reporting', and 'Configuration'. The 'Setup' button is located next to the 'Save', 'Discard', and 'Import' buttons. The main table lists various accounts with columns for 'Code', 'Account Name', 'Type', 'Allow Reconciliation', and 'Account Currency'. The 'Allow Reconciliation' column contains toggle switches, some of which are turned on (green) and some are turned off (grey). The 'Account Currency' column shows 'USD' for some accounts. The 'Setup' button is visible at the end of each row.

	Code	Account Name	Type	Allow Reconciliation	Account Currency	
1	34324	Fixed Asset	Fixed Assets		USD	Setup
2	100101	Cash	Bank and Cash			Setup
3	100201	Bank	Bank and Cash			Setup
9	100202	Bank Suspense Account	Current Assets			Setup
G	100203	Outstanding Receipts	Current Assets			Setup
	100204	Outstanding Payments	Current Assets			Setup
	100310	Inventories	Current Assets			Setup

- Once clicked on Setup – Click on Automation and select Automate Asset as “Create in draft” state

Accounting Dashboard Customers Vendors Accounting Reporting Configuration

New Chart of Accounts 34324 Fixed Asset Balance 0.00

Code  
34324

Account Name  
Fixed Asset

Accounting Automation

Automate Asset ☐ No ☒ Create in draft ☐ Create and validate

Manage Items ? ☐

Asset Model ?

- Click on Save to save the details of Fixed account

Accounting Dashboard Customers Vendors Accounting Reporting Configuration

New Chart of Accounts 34324 Fixed Asset Balance 0.00

Code  
34324

Account Name  
Fixed Asset

Accounting Automation

Automate Asset ☐ No ☒ Create in draft ☐ Create and validate

Manage Items ? ☐

Asset Model ?

**Path** - Accounting Module >> Accounting >> Asset >> New

- Click on New option to create a new Asset

### Step 3 : Fill all the necessary fields and then Confirm the asset creation

- | ASSET                      |                  | BILLS                   |                          |
|----------------------------|------------------|-------------------------|--------------------------|
| <b>ASSET VALUES</b>        |                  |                         |                          |
| Original Value             | ₹100.00          | <b>CURRENT VALUES</b>   |                          |
| Acquisition Date           | 06/12/2023       | Not Depreciable Value ? | ₹0.00                    |
| Asset Model                |                  | Book Value ?            | ₹ 100.00                 |
| <b>DEPRECIATION METHOD</b> |                  | <b>ACCOUNTING</b>       |                          |
| Method ?                   | Straight Line    | Depreciation Account ?  | 32432 fixed Asset        |
| Duration ?                 | 5 Years          | Expense Account ?       | 210700 Purchase Expense  |
| Computation                | Constant Periods | Journal                 | Miscellaneous Operations |
| Prorata Date               | 06/12/2023       | Analytic Distribution   |                          |

#### Step 4 : Click on “Confirm” to confirm the asset creation

Accounting Dashboard Customers Vendors Accounting Reporting Configuration

New Assets New Posted Entries 0

**Confirm** Compute Depreciation Draft

Asset Name  
**Laptop**

Asset Bills

ASSET VALUES		CURRENT VALUES	
Original Value	₹100.00	Not Depreciable Value ?	₹0.00
Acquisition Date	06/12/2023	Book Value ?	₹100.00
Asset Model			

DEPRECIATION METHOD		ACCOUNTING	
Method ?	Straight Line	Depreciation Account ?	32432 fixed Asset
Duration ?	5 Years		

#### Step 5 : Click on “Depreciation Board” to check the annual or monthly depreciation for the asset created

Accounting Dashboard Customers Vendors Accounting Reporting Configuration

New Assets Laptop Posted Entries 0

Modify Depreciation Save as Model Cancel Asset Draft **Running**

Asset Name  
**Laptop**

Asset **Depreciation Board** Bills

Depreciation Date	Reference	Depreciation	Cumulative Depreciation	Depreciable Value	Journal Entry
03/31/2024	Laptop: Depreciation	₹16.06	₹16.06	₹83.94 /	
03/31/2025	Laptop: Depreciation	₹20.00	₹36.06	₹63.94 /	
03/31/2026	Laptop: Depreciation	₹20.00	₹56.06	₹43.94 /	
03/31/2027	Laptop: Depreciation	₹20.00	₹76.06	₹23.94 /	
03/31/2028	Laptop: Depreciation	₹20.00	₹96.06	₹3.94 /	
03/31/2029	Laptop: Depreciation	₹3.94	₹100.00	₹0.00 /	

Step 6 : Click on Modify Depreciation will have the option to :-

- Dispose – Will dispose the asset and add the asset value after depreciation in Loss account.

The screenshot shows the 'Modify Asset' dialog box in a software application. The 'Action' section has four radio buttons: 'Dispose' (selected and highlighted with a red box), 'Sell', 'Re-evaluate', and 'Pause'. The 'Date' is set to '06/12/2023'. The 'Loss Account' is '213100 Loss on Sale of Assets'. The 'Note' field contains the text 'Dispose'. To the right, a message states: 'A depreciation entry will be posted on and including the date 06/12/2023. A disposal entry will be posted on the loss account 213100 Loss on Sale of Assets.' At the bottom are 'Dispose' and 'Cancel' buttons. In the background, a table shows depreciation data for a 'Laptop' asset.

Asset	Depre
03/31/2024	
03/31/2025	
03/31/2026	
03/31/2027	
03/31/2028	Laptop: Depreciation ₹ 20.00 ₹ 96.06 ₹ 3.94 /
03/31/2029	Laptop: Depreciation ₹ 3.94 ₹ 100.00 ₹ 0.00 /

- Sell – Will close the asset and mark the sold value of asset in journal entries

The screenshot shows the 'Modify Asset' dialog box with the 'Sell' radio button selected and highlighted with a red box. The 'Date' is '06/12/2023'. The 'Customer Invoice' field is populated with 'INV/2023/00002, Thomas John,...'. The 'Invoice Line' field is populated with 'INV/2023/00002 Laptop'. The 'Note' field contains the text 'Sold'. To the right, a message states: 'A depreciation entry will be posted on and including the date 06/12/2023. A second entry will neutralize the original income and post the outcome of this sale on account.' At the bottom are 'Sell' and 'Cancel' buttons. The background table is identical to the one in the previous screenshot.

Asset	Depre
03/31/2024	
03/31/2025	
03/31/2026	
03/31/2027	
03/31/2028	Laptop: Depreciation ₹ 20.00 ₹ 96.06 ₹ 3.94 /
03/31/2029	Laptop: Depreciation ₹ 3.94 ₹ 100.00 ₹ 0.00 /

- Re – Evaluate – Once the asset is in running state we can modify its Date, Depreciable Amount, Gross Increase Account, Depreciation Account and Expense Account

**Modify Asset**

Action: ☐ Dispose ☐ Sell ☒ Re-evaluate ☐ Pause

Date: 06/12/2023

Depreciable Amount: 100.00

Not Depreciable Amount: 0.00

Gross Increase Account: 32432 Fixed Asset

Asset Counterpart Account:

Depreciation Account: 32432 fixed Asset

Expense Account: 210700 Purchase Expense

Note: Sold

A depreciation entry will be posted on and including the date 06/12/2023. Future entries will be recomputed to depreciate the asset following the changes.

Buttons: Modify, Cancel

- When entered depreciable amount more than the current it will create a “Gross Increase”

**Configuration**

Buttons: Posted Entries (2), Gross Increase (2)

**Modify Depreciation** | Save as Model | Cancel Asset | Draft

Asset Name: Laptop

Asset | Depreciation Board | Bills

ASSET VALUES		CURRENT VALUES	
Original Value	₹ 100.00	Not Depreciable Value	₹ 0.00
Gross Increase Value	₹ 41.11	Book Value	₹ 136.67
Acquisition Date	06/09/2023		
Asset Model			



- Pause : Will pause the current depreciation which is in running state and we can “resume” it by adding the notes

Accounting Dashboard Customers Vendors Accounting Reporting Configuration

New Assets Laptop

Posted Entries 2 Gross Increase 2

Modify Depreciation Save as Model Cancel Asset

Asset Name Laptop

Modify Asset

Action ☐ Dispose ☐ Sell ☐ Re-evaluate ☒ Pause

Date 06/12/2023 A depreciation entry will be posted on and including the date 06/12/2023.

Note Add an internal note

Pause Cancel

ASSET VALUES

Original Value

Gross Increase Value

Acquisition Date

Asset Model

DEPRECIATION METHOD ACCOUNTING

Step 7 : Click on Sales or Dispose – the System will automatically create the Journal entries on the basis of sales or dispose

Accounting Dashboard Customers Vendors Accounting Reporting Configuration

New Assets Laptop

Posted Entries 2 Gross Increase 2

Modify Depreciation Save as Model Cancel Asset

Asset Name Laptop

Modify Asset

Action ☒ Dispose ☐ Sell ☐ Re-evaluate ☐ Pause

Date 06/12/2023 A depreciation entry will be posted on and including the date 06/12/2023.

Loss Account ? 213100 Loss on Sale of Assets A disposal entry will be posted on the loss account 213100 Loss on Sale of Assets.

Note Add an internal note

Dispose Cancel

ASSET VALUES

Original Value

Gross Increase Value

Acquisition Date

Asset Model

DEPRECIATION METHOD ACCOUNTING

Step 8 : Post - Once posted this journal entries will show in Balance sheet and P&L

- We can make changes in the account or ammount and before posting the Entry as per our need

Accounting

Dashboard

Customers

Vendors

Accounting

Reporting

Configuration

New

Draft Entry (\* 67) (Laptop: Sale)

Asset

1 / 1

Post

Cancel Entry

Draft

Posted

Draft

Reference Laptop: Sale

Accounting Date 06/12/2023

Journal Miscellaneous Operations

Journal Items

Other Info

Account	Partner	Label	Analytic Distribution	Debit	Credit	Tax Grids	
32432 fixed Asset		Laptop		₹ 0.00	₹ 100.00		
32432 fixed Asset		Laptop		₹ 0.06	₹ 0.00		
100202 Bank Suspense Account		Laptop		₹ 100.00	₹ 0.00		
100310 Inventories		Laptop		₹ 0.00	₹ 0.06		
Add a line							
				₹ 100.06	₹ 100.06		