Assets

An Asset is any valuable Item owned by a Company.

Examples of Assets include furniture, computers, mobile phones, printers, cars, etc. Assets may be leased to be used by the employees of a Company.

In GTRERP, the Asset record is the heart of fixed asset management. All the transactions related to an Asset like purchasing, sales, depreciation, scrapping, movement, or maintenance will be managed against the Asset record.

To access the Asset list, go to:

Home > FA_Master

1. Prerequisites

Before creating and using Asset, it is advised to create the following first:

- The product item under fixed asset category must be created in products table first.

Create Asset

You can create an asset along with defining its Depreciation Method, Life Span, Salvage Value and Depreciation Frequencies. You can create multiple asset at a time by clicking Add button and then Click Save Button to save added assets to the database.

 To access Create Asset, go to:

 > Home > FA_Master >New Asset icon at the right side of the Fixed Asset Management Window.

Assign Asset Items

You may have one or more Asset Item under one asset .After creating an asset you have to assign a specific asset item to a specific user or employee of a specific department of specific location. You have option to start depreciation at the time of assigning asset and also have the options to see depreciation schedules before calculation started. And

then you can save the assigning record and also the depreciation Schedules to actual database.

To access Assign Asset Item, go to:

> Home > FA_Master > Assign Asset Item [icon] icon at the right side of the Fixed Asset Management window.

1. Prerequisites

Before assigning an asset item and starting the depreciation it is advised to create the following first:

- You can assign an asset item only after completing the sequence of Purchase Requisition, Purchase Order and Goods Receive or by creating Direct Goods Receive of specific asset that to be assigned.

Assigned Asset Item List

One can see asset items list that has already assigned. From the list table one can see depreciation schedules of specific asset item which depreciation calculation has already started. And also can start depreciation for the item which depreciation calculation has not started yet. Further one can edit or delete the information of a specific assigned asset item which depreciation has not started yet.

To access Assign Asset Item List, click:

>Asset Item List Button at the upper right corner of the Assign Asset Items window.

Selling an Asset

To sell an asset, click the **Sell Asset** icon. This will take you to a Sale Invoice. In the Sales Invoice, enter details like Customer and Payment Due Date.

On submission of the Sales Invoice, following accounting entries will take place:

- "Receivable Account" (Debtors) will be debited by the sales amount.
- "Fixed Asset Account" will be credited by the purchase amount of asset.
- "Accumulated Depreciation Account" will be debited by the total depreciated amount till now.
- "Gain/Loss Account on Asset Disposal" will be credited/debited based on gain/loss amount. The Gain/Loss account can be set in Company record.

Asset Movement

Asset Movement refers to moving an Asset from one Location to another.

In GTRERP, you can track the location of an asset or to whom it is issued. For tracking, you need to create an Asset Movement transaction, whenever the asset is moved from one location to another. You can also keep a track of issuance of an asset to any employee.

To access the Asset Movement list, go to:

1. Prerequisites

Before creating and using Asset Movement, it is advised to create the following first:

- Asset Assignment
- Asset Location

2. How to create an Asset Movement

1. Go to the Asset Movement list, click on New.
2. Select the Purpose from 'Issue', 'Receipt', or 'Transfer'. Mandatory fields will be changed based on purpose.
3. Select a date.
4. Select Assets you want to move. Current Location / Custodian will be automatically fetched.
5. Select Reference Document Type (Optional).
6. Select Reference Document Name (Optional).
7. Save.
8. Submit.

To make an Asset Movement of a number of assets, it is advised to go to Asset List, select assets to be moved and click on **Make Asset Movement** from Actions menu on the top left.

There is also a **Transfer Asset** button on the top right of the Asset form to initiate Asset Movement. It auto fills available fields from Asset Form.

Asset Depreciation

The system automatically creates a schedule for depreciation based on depreciation method and other related inputs like 'LifeSpan', 'SalvageValue', 'IssueDate' in the Asset record. You need to tick the 'Calculate Depreciation' checkbox while assigning an asset for calculating its depreciation and adding entries to the depreciation table in the Asset record.

Types of depreciations in GTRERP:

- **Straight line**: The depreciation is calculate in a straight line and is *distributed evenly* over the selected frequency in months. For example, current asset value is 1000, post depreciation value is 500 after 5 years, straight line would set 100 as depreciated amount for each year. This method is useful when there is no particular pattern to how the depreciation takes place over a period of time.
- **Double Declining Balance**: This is also known as 200% declining balance. In this method, 20% is depreciated from the existing value each time. For example, if asset is worth 1000, it'll be worth 800 in the next period, then 20% of 800 would be 160 so now the asset is worth 640, and so on till the end value is reached. If you start at the middle of the year, 10% depreciation will be calculated. This method is useful when the asset depreciates fast in the beginning and slows down later.
- **Written Down Value**: A fixed depreciation percentage is set and the asset value depreciates by that percentage over lifespan of the asset. This fixed percentage is always calculated on the current existing value of the asset. For example if the value is 1000 and 'Written Down Value' is 10% over 5 years, 10% will be depreciated every year to get the expected value of 600 at the end of life. Useful for vehicles where the depreciation is higher in later years.
- **Manual**: In this method, you can define the Schedule Date and Depreciation Amount for each period.

1. Scheduled depreciation

On the scheduled date, system creates a depreciation entry by creating a Journal Entry and the same Journal Entry is shown in the depreciation table for reference. Next Depreciation Date and Current Value are also updated on submission of depreciation entry.

2. Accounting entries on depreciation

In the depreciation entry:

- "Accumulated Depreciation Account" is credited and
- "Depreciation Expense Account" is debited.

The related accounts can be set in the Asset Category or Company.