How to add assets to fixed asset register?

Fixed Asset

Fixed assets are company-owned, long-term tangible assets, such as forms of property or equipment.

These assets make up its day-to-day operations to generate income.

Being fixed means they can't be consumed or converted into cash within a year.

As such, they are subject to depreciation and are considered illiquid.

Use of Fixed Asset Schedule

Accurate financial reporting: The Fixed Asset Schedule provides accurate information about a company's fixed assets, including their original cost, depreciation method, accumulated depreciation, and net book value.

This information is essential for accurate financial reporting and compliance with accounting standards.

How to add assets to fixed assets register

- While doing GL scrutiny any transactions more than $300 with the nature/ description of purchase of assets (any type of fixed assets) needs to be added in fixed assets register.

- Before adding into the register request the invoice with client to check the original asset type.

- Also, if client provided any invoice or purchase document of fixed asset check if that transaction is accounted in books if not bring that transaction and add into fixed asset register.

Setting up fixed assets

- Firstly, if client wants to switch from current accounting software to other accounting software, then we need to check the fixed asset report in that software and need to set up in switching over software.

- If you have fixed assets that you want to track in accounting software, you'll need to enter the opening fixed asset balances in your general ledger, so their values show in the relevant reports.

- To get started, you must have the specific role in the software, then create a fixed asset register to record and calculate book depreciation on your assets.

- First, confirm which financial year you want to start depreciating your fixed assets in software. The start date you select must be the first day of a financial year. The dates available for you to select from will be based on your financial year end settings.

Enter Opening Balances if client wants to change their accounting software:

- If you've previously maintained a fixed assets register, enter the opening fixed asset balances in software to record their value in your balance sheet.
- The fixed assets start date is always the start of a financial year. If this is the same as your conversion date, enter the fixed asset balances as part of your conversion balances, as at this date.
- If your conversion date is different from the start of your financial year, enter your fixed asset balances separate to your conversion balances.
- Enter your general ledger fixed asset balances with your conversion balances. Make sure you click Save before exiting the conversion balances screen.

- Add or import your fixed assets into software.
- The provided example in the next page is how to import assets from previously used accounting software to XERO at the time of conversion posting opening/conversion balance.
- Register the assets in software (How to register assets will be followed)
- Run the Fixed Asset Reconciliation report with a date range ending in your conversion balance date.
- Confirm the Closing Book Values for Balance Sheet and Asset Register match and there's no Difference value.

- Import multiple fixed assets into your fixed asset register in Xero.
- Create an import file using our CSV template or import a file exported from another Xero organization.

Download and prepare the import file

To download our CSV template:

1. In the **Accounting** menu, select **Advanced**, then click **Fixed assets**.
2. Click **Import**, then click **Download template**.
3. Save the template file to your computer, then open it.
4. Complete the asset fields in the template.
5. Save the file as a CSV or TXT file type.

To import assets from another Xero organisation:

1. Export the fixed asset register from the original organisation.
2. Make any required changes to the file.
3. Save the file as a CSV or TXT file type.

Import the fixed asset file

1. In the **Accounting** menu, select **Advanced**, then click **Fixed assets**.
2. Click **Import.**
3. Check the **Asset Type list** to ensure all the asset types in the import file are set up in the organisation.
4. Select the format of the date used in the template file.
5. Click **Browse**, locate your file, then click **Open**.
6. Click **Continue**.
7. Review the **Import Summary**. If there are errors, fix them in the template file, re-upload the file, then click **Continue**.
8. Click **Import**.

Add or edit a fixed asset type
(When client buys new assets)

- Before adding any new add assets we need to create fixed asset type in the software.

- About Fixed Assets type: Every fixed asset you add to the register needs to be assigned a fixed asset type. An asset type comprises the following settings:
  - Asset account
  - Accumulated depreciation account
  - Depreciation expense account
  - Depreciation method
  - Averaging method
  - Depreciation rate or effective life (All fields are mandatory)

- When you create a fixed asset and select the asset type, all the default settings of the asset type are applied to the asset.

- You can edit the depreciation settings for a particular asset, but you can't change the accounts. To change the account codes for a particular asset, you need to change the Asset Type assigned to the asset.

- Before creating an asset type, make sure your chart of accounts contains the fixed asset, accumulated depreciation, and depreciation expense accounts you want to assign.

- When you create the fixed asset type, the Asset Account and Accumulated Depreciation accounts need to be fixed asset type accounts.

- Add accounts to the chart of accounts if you need to. Those steps may vary based on the client accounting software.

- For how to add asset type in XERO use the below screenshot for reference.

Add a fixed asset type

Before creating an asset type, make sure your chart of accounts contains the fixed asset, accumulated depreciation, and depreciation expense accounts you want to assign. When you create the fixed asset type, the Asset Account and Accumulated Depreciation accounts need to be fixed asset type accounts.

Add accounts to the chart of accounts if you need to.

1. In the **Accounting** menu, select **Advanced**.
2. Under **Advanced settings**, select **Fixed assets settings**.
3. On the **Asset types** tab, click **+ Asset Type**.
4. In the **Asset Type** field, enter a name for the asset type. This must be unique.
5. Under **Asset Account,** select the fixed asset account in your chart of accounts that you want to assign to your new asset type.
6. Select the **Accumulated Depreciation Account.**
7. Select the **Depreciation Expense Account** and (optional) **Private Use Account.**
8. Select the **Depreciation Method** Method and then select either **Rate** or **Effective Life (Yrs)**. Enter the specific rate or number of years accordingly.
9. Click **Save**.

- Check with the client if any assets were bought, if yes, they will provide document/invoice like the below and we will use these values to arrive asset costs and register the same in fixed asset register.

DEAL #	Sales Rep	Sales Department	Terms
210523	(DCM) Duncan McDonald	(112) Melville Sales - Fleet	Due On Delivery

DESCRIPTION OF VEHICLE		DETAIL	VALUE
Stock No:	9617683	**UNIT**	46,054.55
Make:	Toyota	Gold	3,500.00-
Model:	HILUX 4x4 2.8L DSL D/C/C 6AT SR 2L71010 001	Dealer Discount	1,859.97-
		Colour : Glacier White	
		Trim : Black Fabric	
Body:	Dual C/Chassis	**ACCESSORIES / OPTIONS**	
Transm.:	Automatic	SR	
Build Date:	09/2020	Steel Bull Bar - Commercial	2,136.00
Compl. Date:	10/2020	Tow Bar - Long Tongue - with Small Round Plug	887.00
Engine:	1GDA427311	Canvas seat covers front and rear	440.00
Chassis:	MR0KA3CD101251109	Steel ROPS tray	2,375.00
Key No:	48880	Pre Delivery Fleet	631.82
Colour:	Glacier White	Complementary Full Tank of Fuel	
Trim:	Black Fabric	**TOTAL PRICE (Before GST)**	47,164.40
Rego:	1HEA068	**GST Payable**	4,716.44
Rego Expiry:	05/11/21	**ON ROAD COSTS**	
Odometer:	29	12M Registration Fee	954.75
Type:	HILUX 4X4 FLEET	Stamp Duty	2,817.95
Notes:		Total GST $4,716.44	
		Balance Required For Settlement	$55,653.54

- Check (GL Scrutiny) ledger account if any asset has accounted during the year. If yes request the invoice from client to add the asset in software.

720 - Computer Equipment

Opening Balance				0.00	0.00	0.00	0.00	
08 Feb 2023	Spend Money	Accelerate		2,795.00	0.00	2,795.00	279.50	10.00% GST on Expenses
Total 720 - Computer Equipment				**2,795.00**	**0.00**	**2,795.00**	**279.50**	
Net movement				2,795.00	0.00	0.00	0.00	
Closing Balance				2,795.00	0.00	2,795.00	0.00	

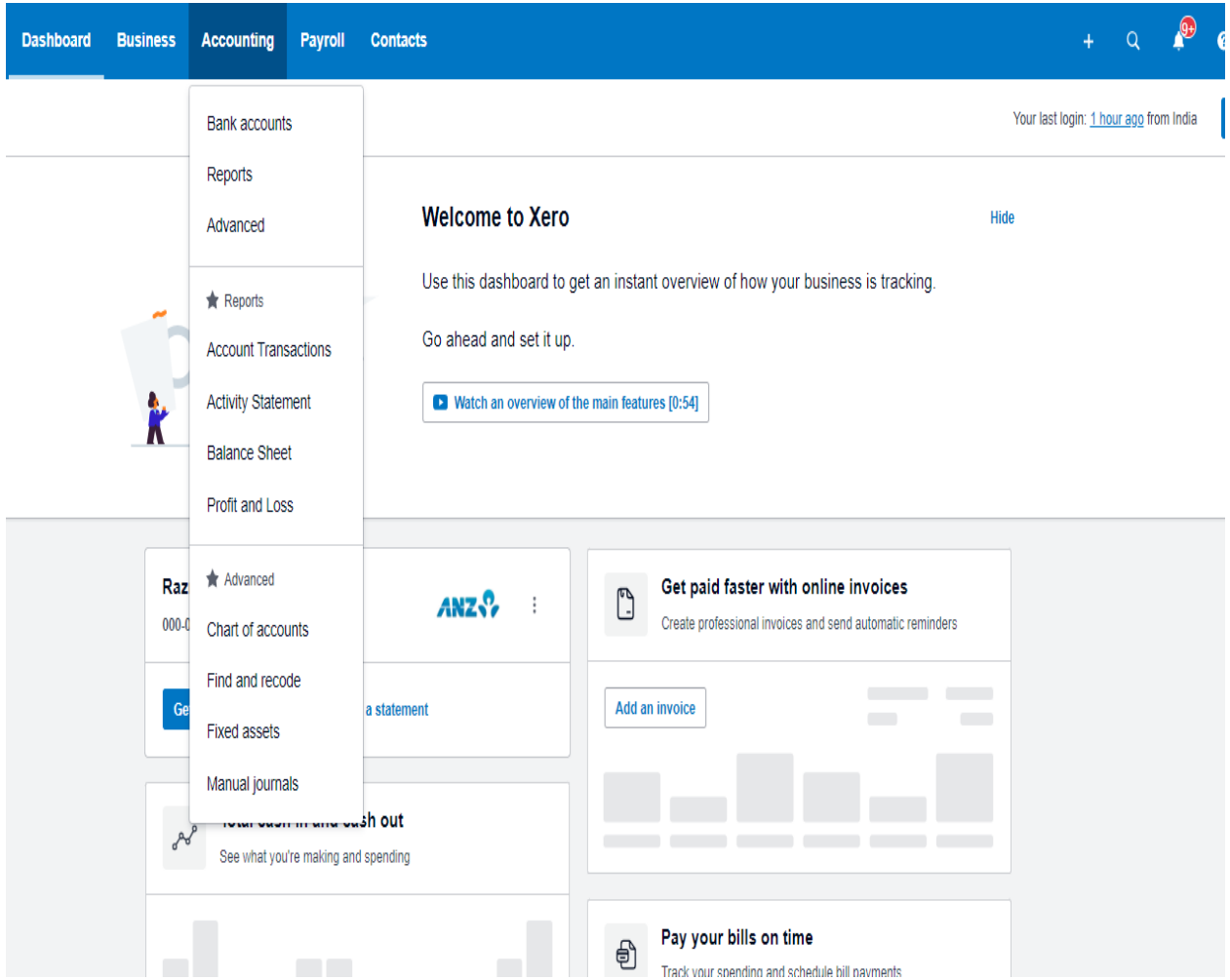
721 - Less Accumulated Depreciation on Computer Equipment

Opening Balance		0.00	0.00	0.00	0.00		
28 Feb 2023	Depreciation of FA-0001 on 28 Feb 2023.	0.00	2,795.00	(2,795.00)	0.00	0.00%	
Total 721 - Less Accumulated Depreciation on Computer Equipment		**0.00**	**2,795.00**	**(2,795.00)**	**0.00**		
Net movement		0.00	2,795.00	0.00	0.00		
Closing Balance		0.00	2,795.00	(2,795.00)	0.00		

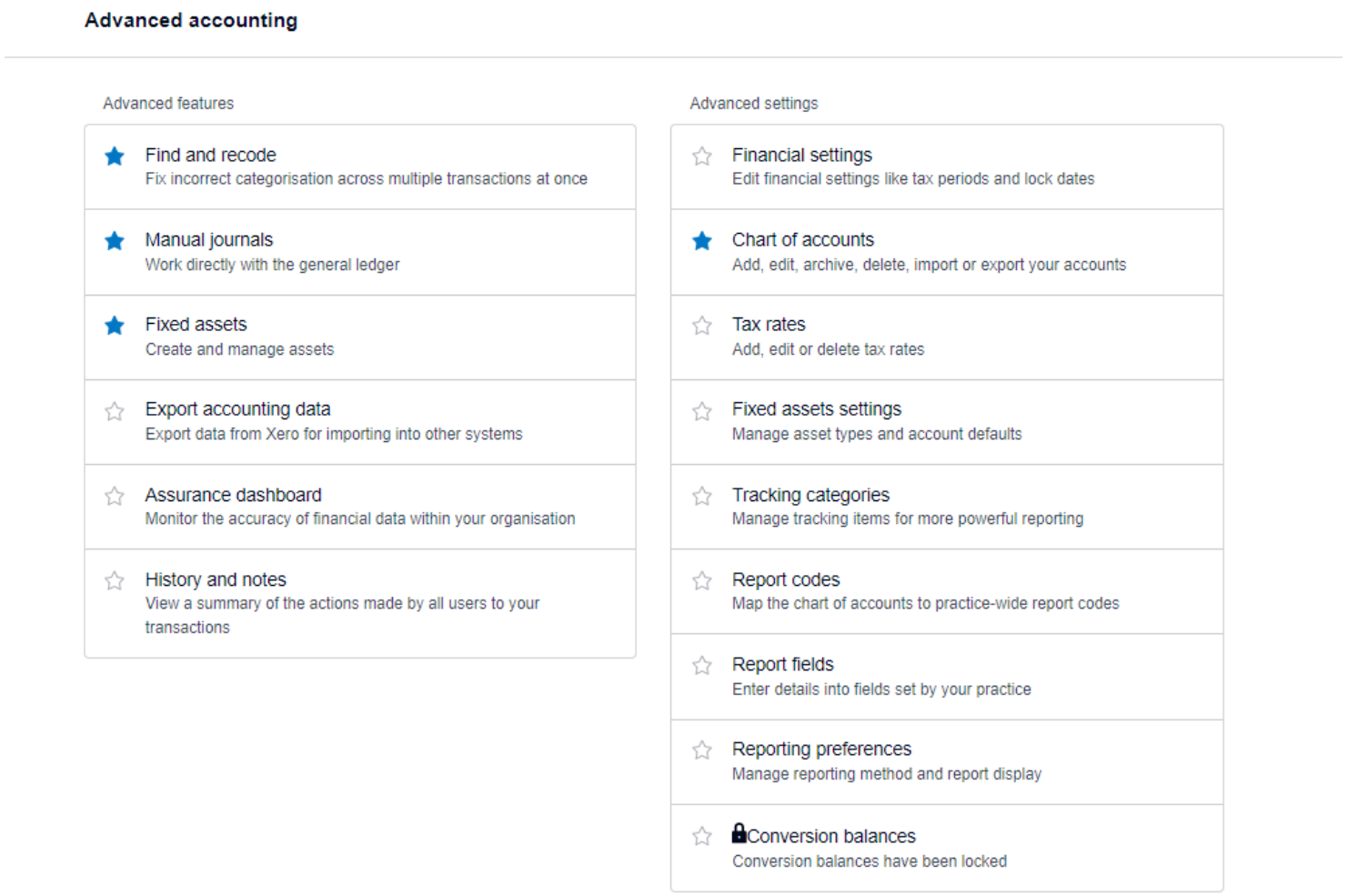
- After ascertaining the asset nature and asset value based on the transaction accounted and invoice provided, we can add/register the asset to the respective software used.

- The below is the example from XERO software:

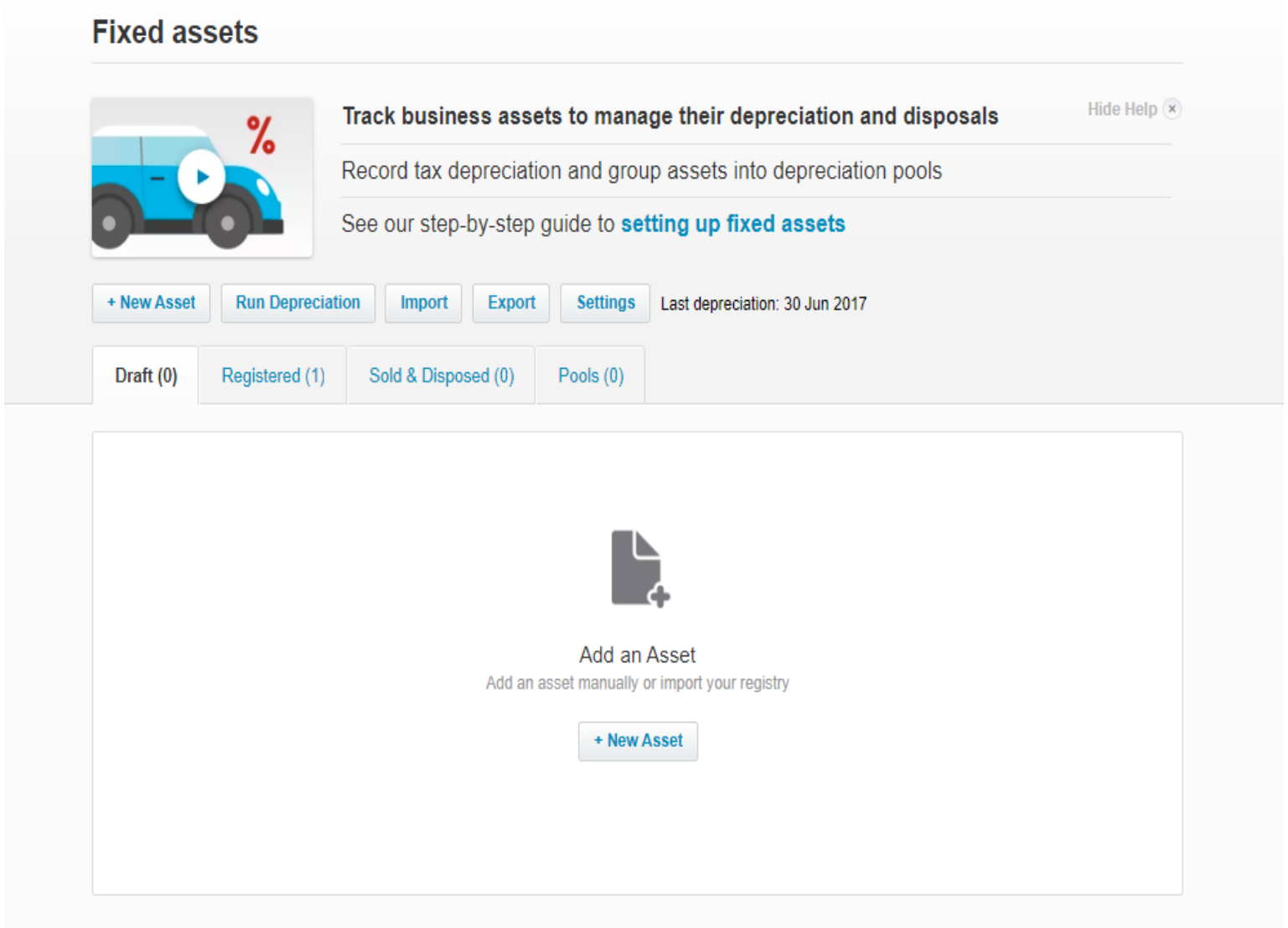
- Go to Accounting tab and click on advanced



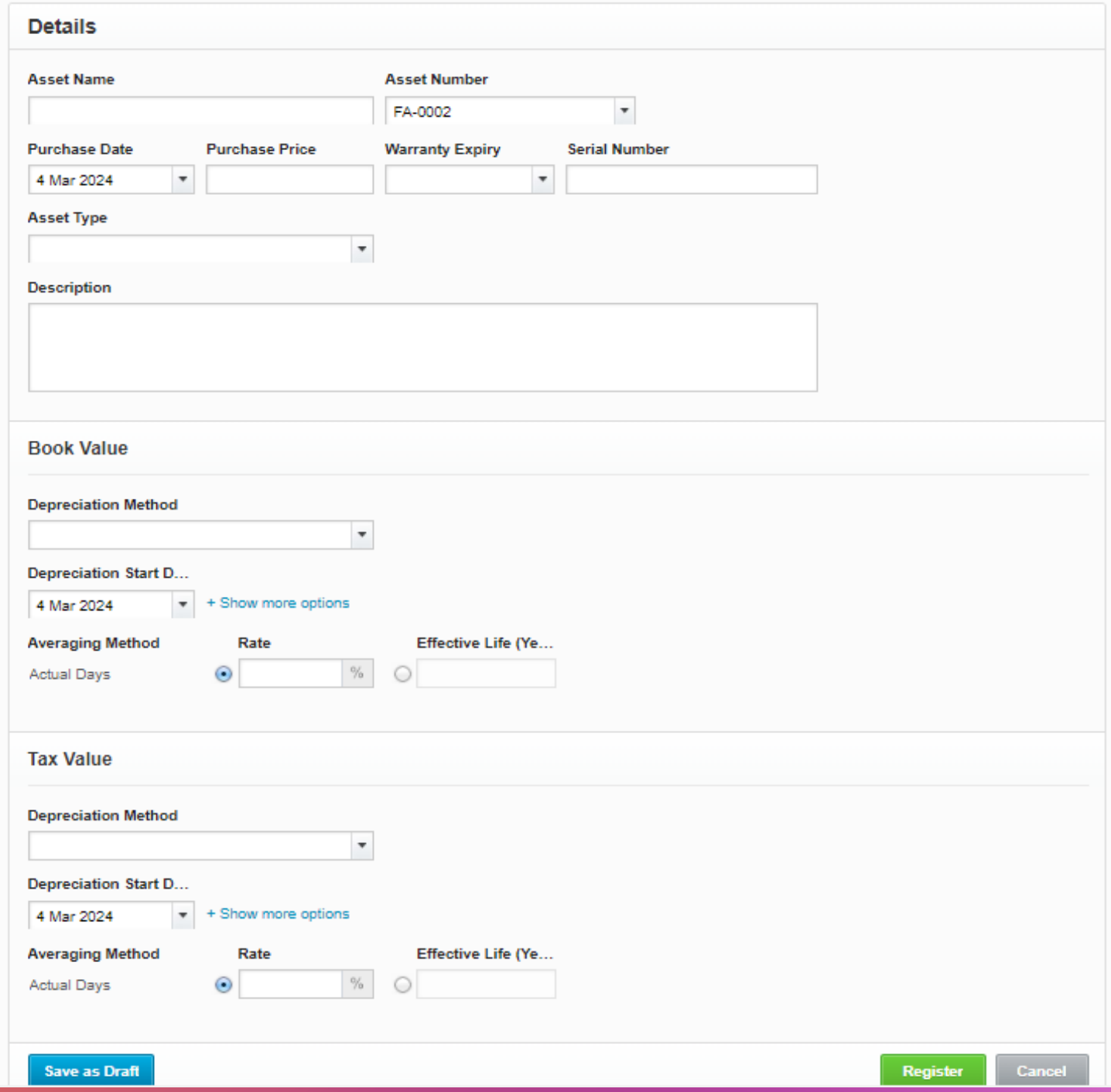
- Click On Fixed Assets



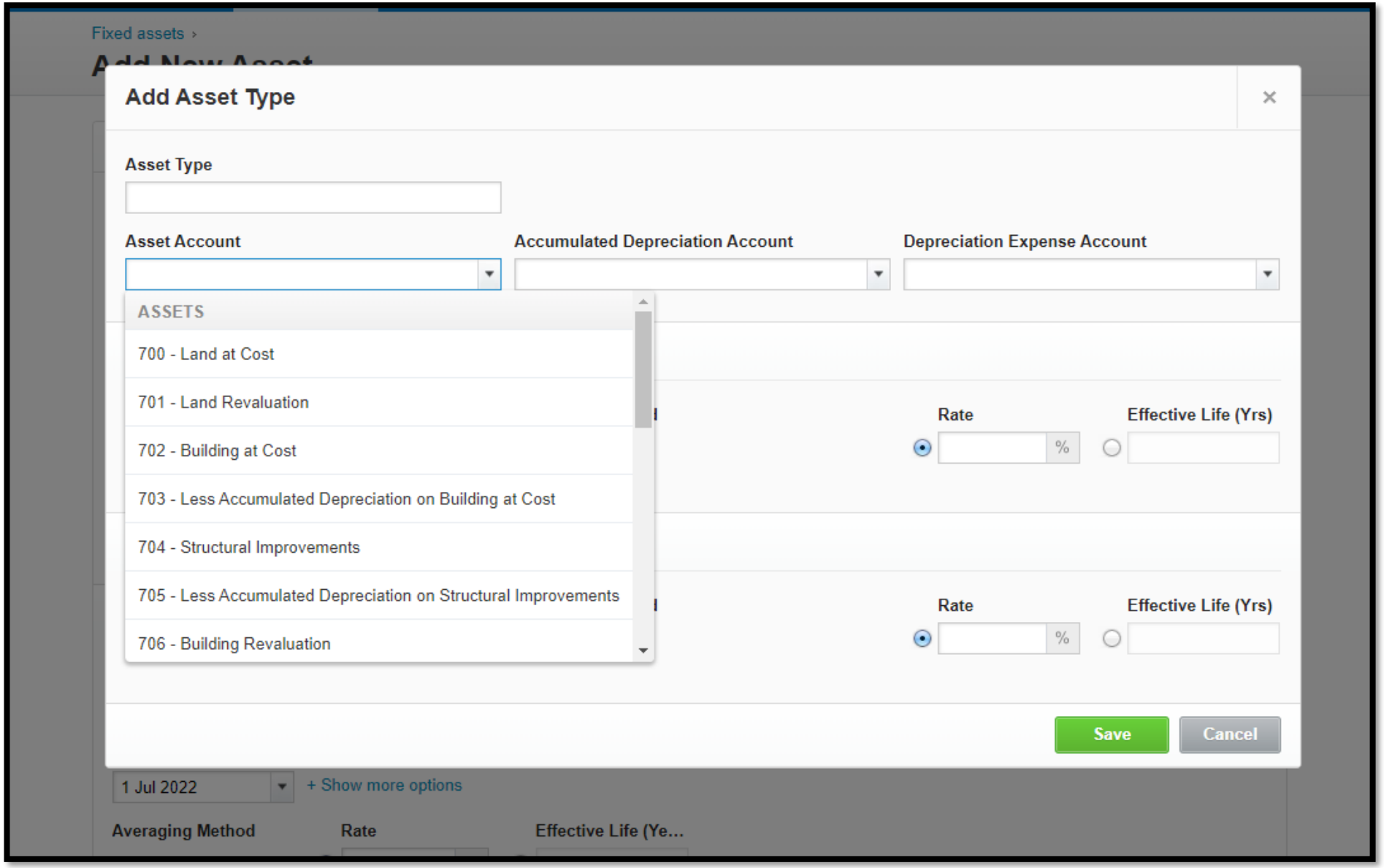
- After fixed asset as above it will lead to assets tab on the select “New asset” to add any new assets bought

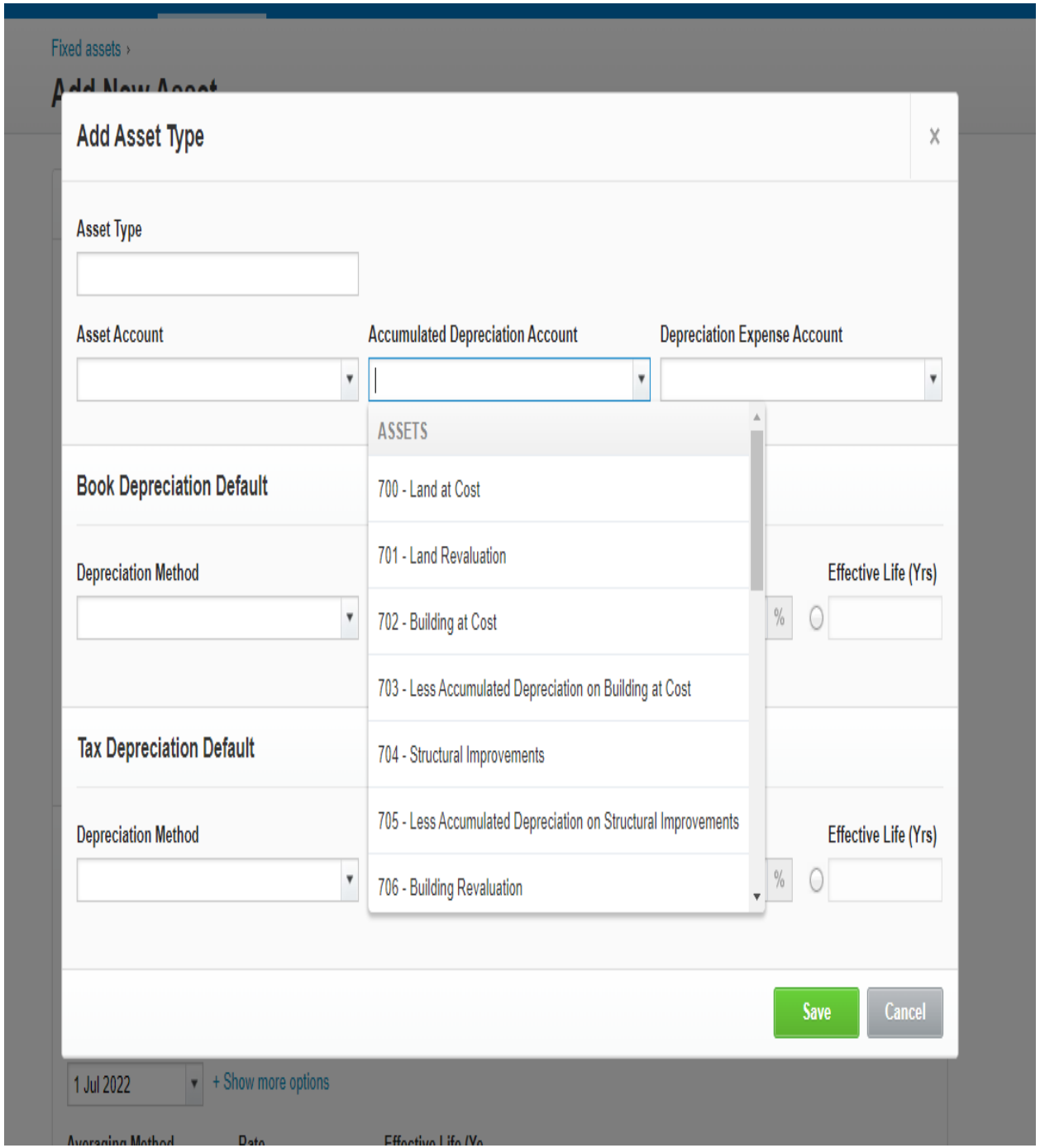


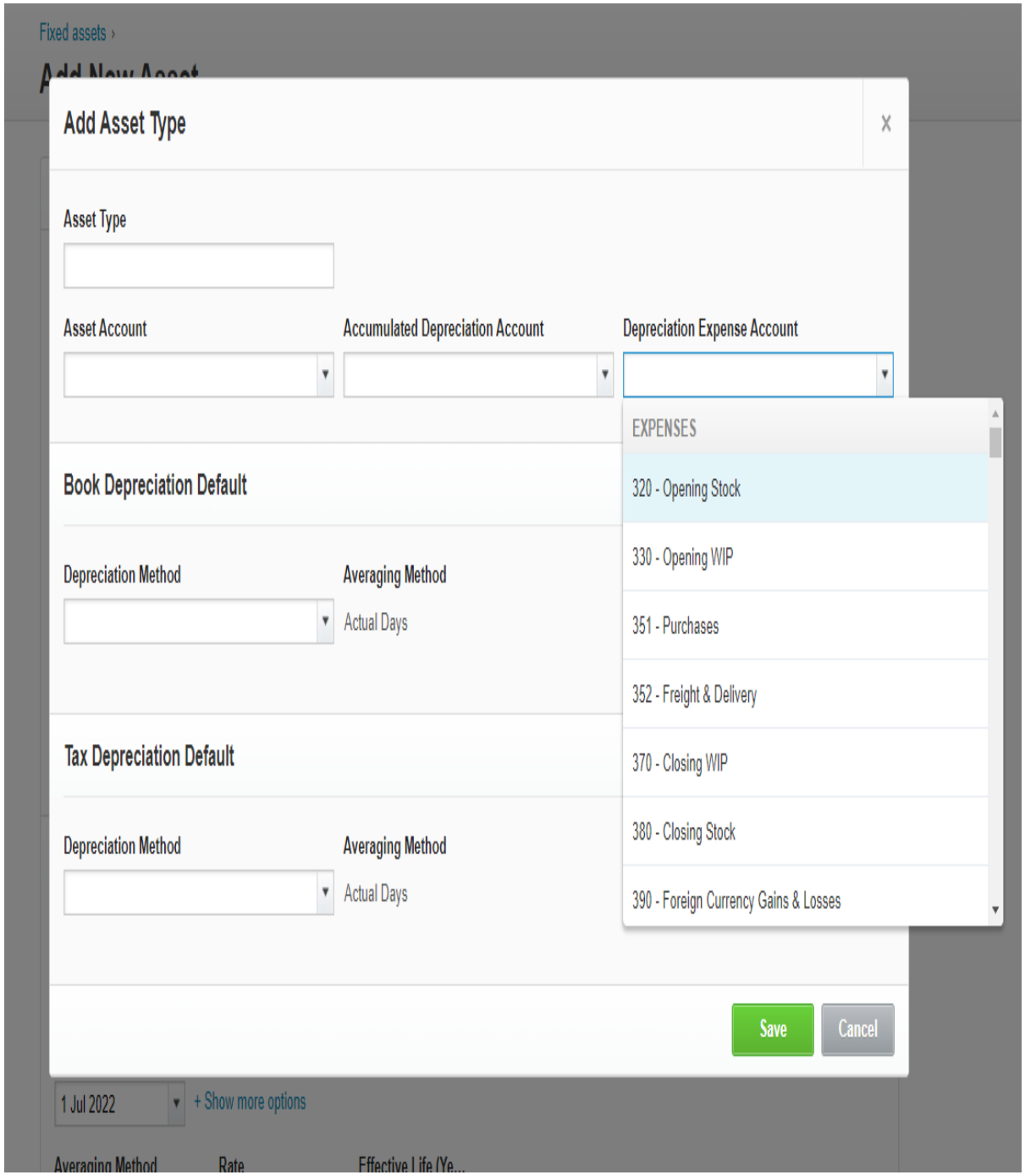
- After selecting on add new asset, it will lead to the below page. In that we need to input the details of the asset.
- As mentioned earlier we need to create asset type before adding any assets to select the asset type in this page.
- Then only it will get accounted in the respective assets account

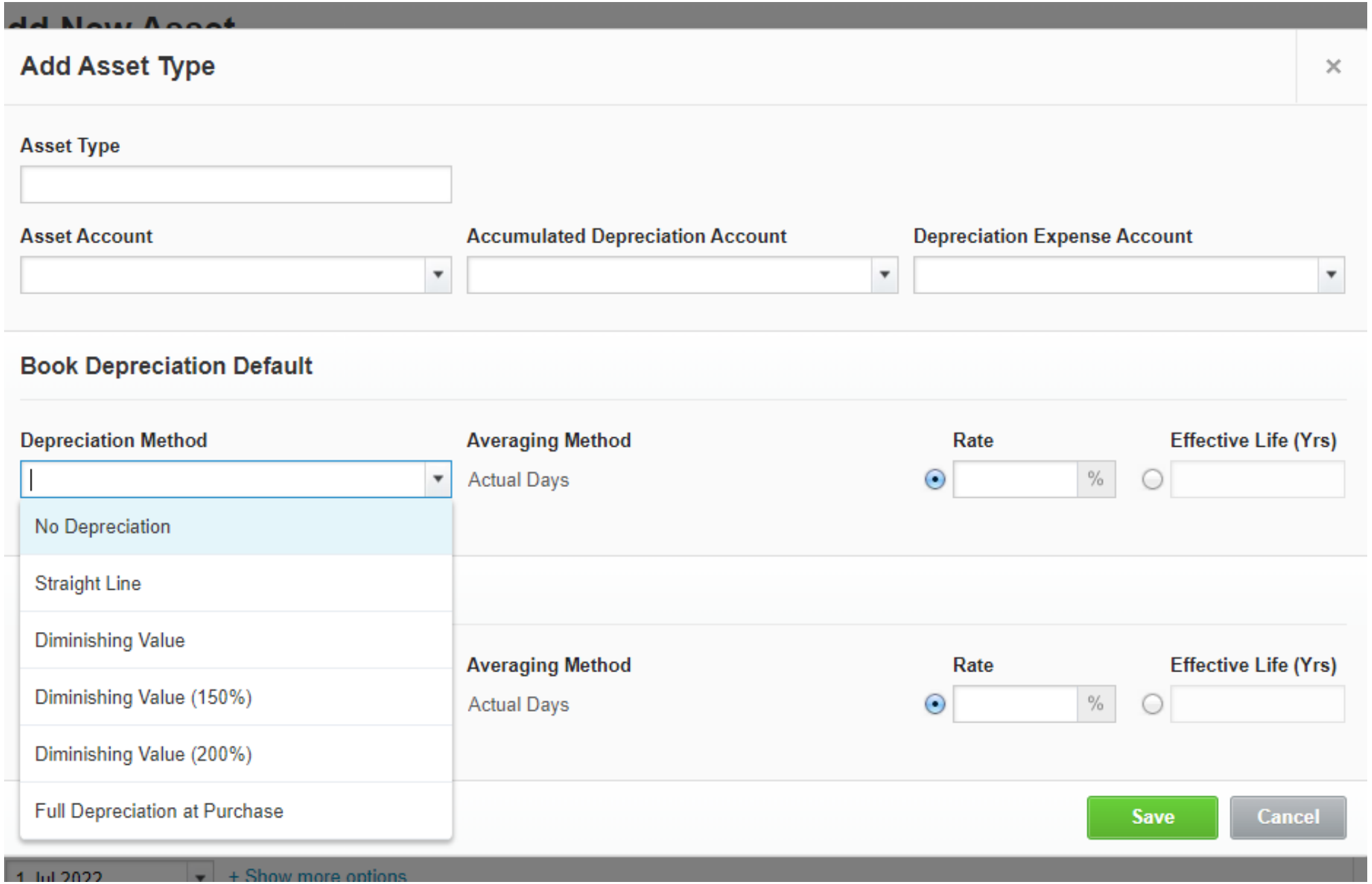


- The below example screenshots are for selecting asset type in XERO while adding assets.




Fixed assets ›
Add Asset Type
Asset Type
Asset Account
Accumulated Depreciation Account
Depreciation Expense Account
ASSETS
700 - Land at Cost
701 - Land Revaluation
702 - Building at Cost
703 - Less Accumulated Depreciation on Building at Cost
704 - Structural Improvements
705 - Less Accumulated Depreciation on Structural Improvements
706 - Building Revaluation
Book Depreciation Default
Depreciation Method
Effective Life (Yrs)
Tax Depreciation Default
Depreciation Method
Effective Life (Yrs)
Save
Cancel
1 Jul 2022
+ Show more options

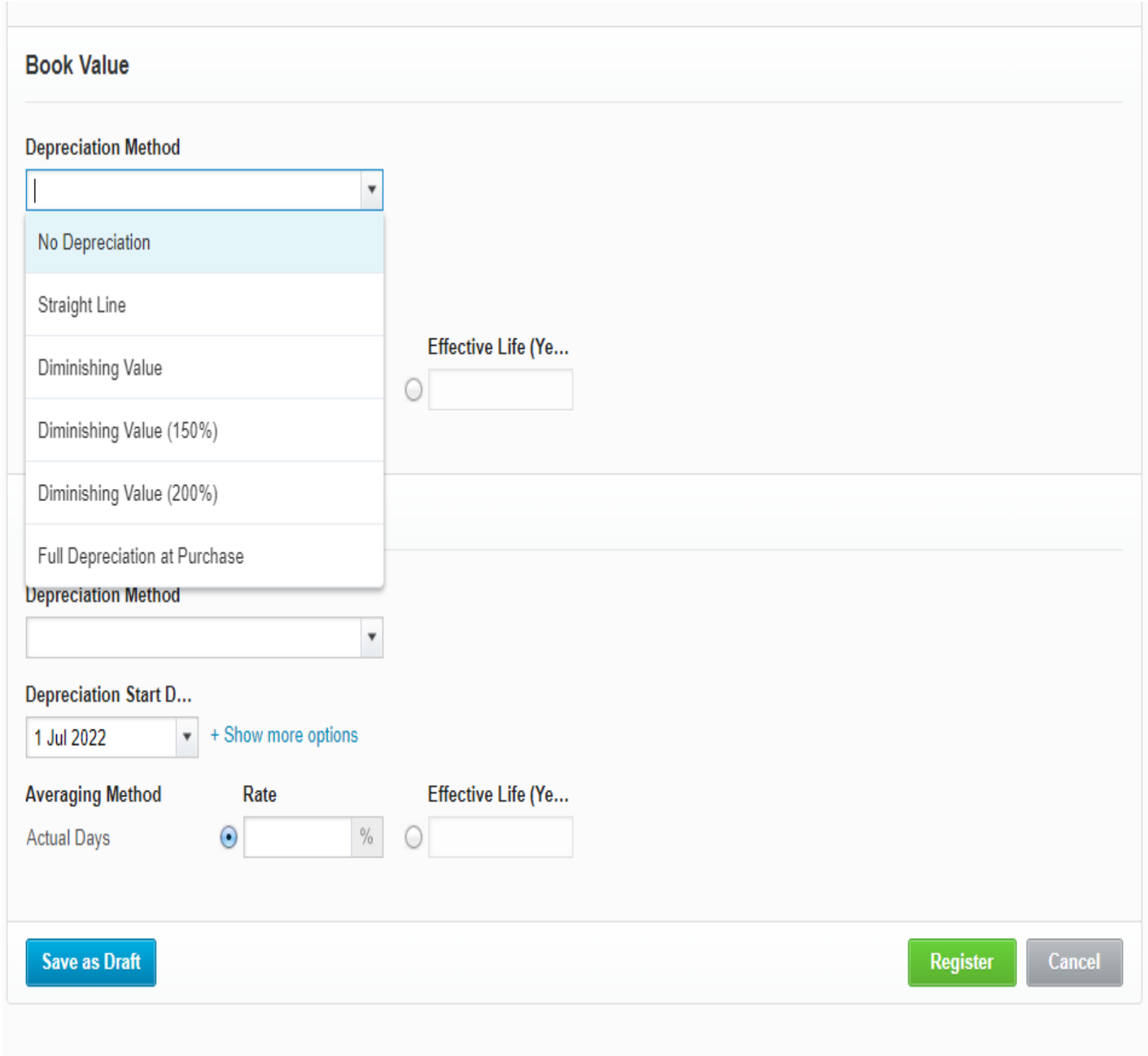

Fixed assets ›
Add Asset Type
Asset Type
Asset Account
Accumulated Depreciation Account
Depreciation Expense Account
EXPENSES
320 - Opening Stock
330 - Opening WIP
351 - Purchases
352 - Freight & Delivery
370 - Closing WIP
380 - Closing Stock
390 - Foreign Currency Gains & Losses
Book Depreciation Default
Depreciation Method
Averaging Method
Actual Days
Tax Depreciation Default
Depreciation Method
Averaging Method
Actual Days
Save
Cancel
1 Jul 2022
+ Show more options


Add Asset Type
Asset Type
Asset Account
Accumulated Depreciation Account
Depreciation Expense Account
Book Depreciation Default
Depreciation Method
Averaging Method
Rate
Effective Life (Yrs)
Actual Days
%
No Depreciation
Straight Line
Diminishing Value
Diminishing Value (150%)
Diminishing Value (200%)
Full Depreciation at Purchase
Averaging Method
Rate
Effective Life (Yrs)
Actual Days
%
Save
Cancel
1 Jul 2022
+ Show more options

- After selecting the respective asset type. Update the Depreciation method and rate of depreciation based on the nature of the asset and nature of business.

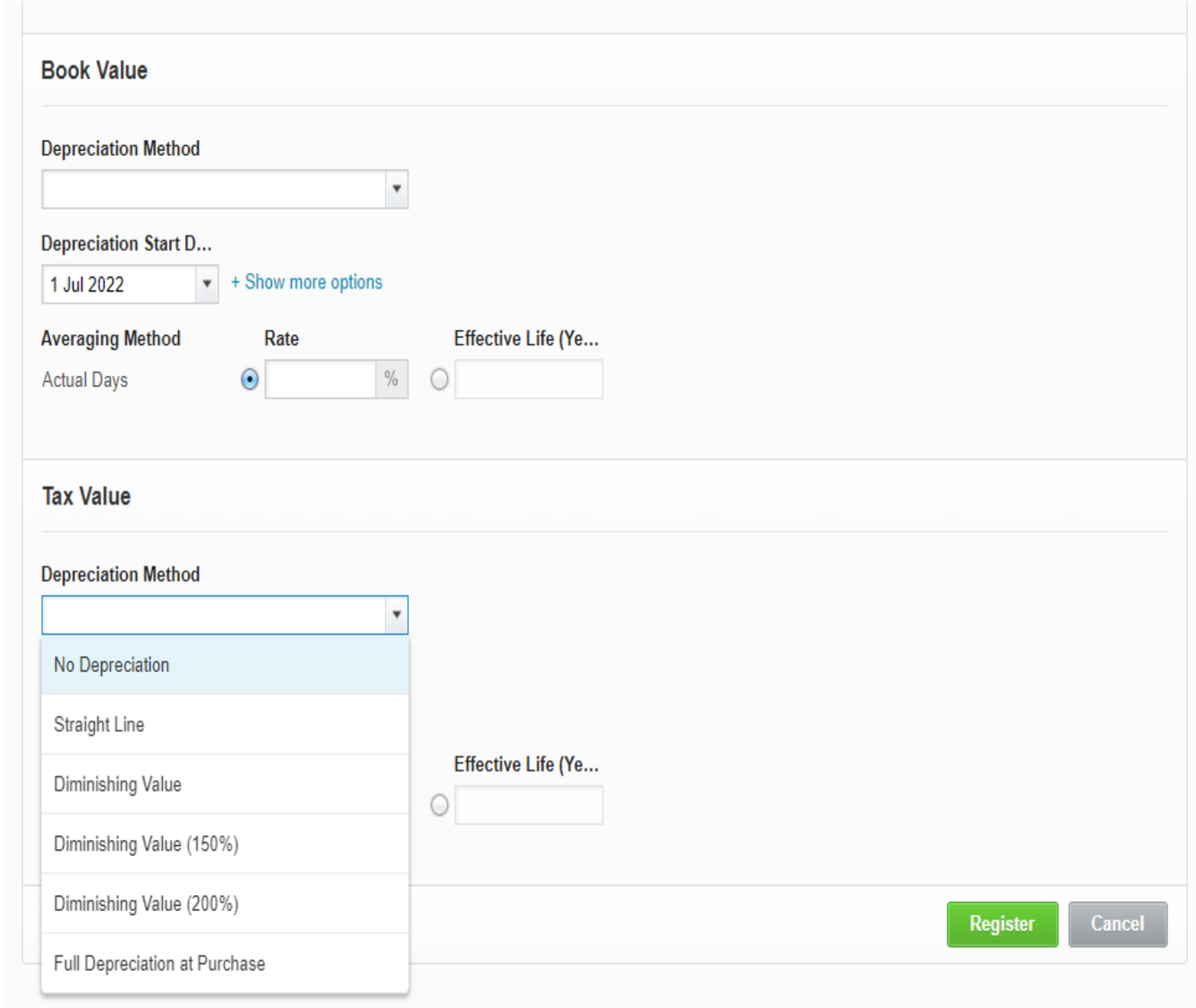
- For depreciation rates we can refer ATO website if client follows the same rate for both accounting and tax depreciation rates.

- The rates may vary based on the client accounting if they doesn’t use the ATO rates for accounting depreciation.



- Also select the tax deprecation details. Then only the deprecation report can run along with the value of tax depreciation for those registered assets.

- After adding those details click register to add/register the assets.



- After adding the assets into the schedule, we can run the fixed asset schedule to get the fixed asset reconciliation and depreciation report.

- Hence it will provide the Opening balance, Cost of the asset, Purchase date of the asset, Depreciation rate, Amount of depreciation calculated for the year, Accumulated depreciation, Disposal value (if any disposal of asset happened during the year and Closing balance of the asset based on the information provided.

- After getting the report we can reconcile the balances of fixed asset accounts as per the balance sheet and Fixed asset schedule/Depreciation report.

- The closing balance will be reconciled once we run the report as it will post the entries in books by using the same value.

- If not reconciled, we need to check both schedule and transaction in GL whether any error occurred between the values available in both schedule and GL (the error may also occur due to any new nonrelated transactions accounted).

- The below screenshot example from XERO software for how to run or roll back depreciation. The steps may vary to other accounting software's.

- Roll back can be done during the period of reversing your depreciation to fix any error or any need.

Run depreciation

1. In the **Accounting** menu, select **Advanced**, then click **Fixed assets**.
2. Click **Run Depreciation**.
3. Select the date you want to run depreciation to.
4. Review the depreciation preview, then click **Confirm**.

Roll back depreciation

1. In the **Accounting** menu, select **Advanced**, then click **Fixed assets**.
2. Click **Run Depreciation**.
3. Click **Rollback Depreciation**.
4. Select the date to roll back to.
5. Click **Save**, then click **Confirm**.

- If any assets disposed during the year we need to update the disposal values in the asset schedule to calculate and mark/remove the asset from schedule for later financial years.

- If the disposal was not updated while running report the necessary values will be calculated for those disposed assets. Due to this also the closing balance will not be reconciled with the schedule.