

DEPRECIATE FIXED ASSETS AND PERFORM OTHER ANNUAL FIXED ASSET PROCEDURES

OVERVIEW

Annual depreciation of fixed assets and related activities for fixed assets are done using three windows. *Microsoft Dynamics GP* does all depreciation calculations based on information previously entered through maintenance. After the process for all three windows is done, the fixed assets subsidiary records are updated. A batch entry is also prepared for later posting to the general ledger, which will update the following accounts: fixed assets, depreciation expense, accumulated depreciation, and gain or loss on the sale of fixed assets.

QUICK REFERENCE TABLE

Step	Box or Other Location	Procedure
A	Navigation Pane buttons	Click <i>Financial</i> → <i>Routines</i> → <i>Depreciate</i> . Note: This is in the Fixed Assets section of Routines.
B	Depreciation Target Date	Type the fiscal year-end date.
C	Books on file list box	Click the name that corresponds to the book method of depreciation.
D	Insert button	Click the Insert button.
E	Depreciate button	Click the Depreciate button.
F	All Assets message (<i>not shown</i>)	Click OK when the message appears asking if you want to depreciate all assets.
G	Close button	Close the Depreciation Process Information window.
H	Navigation Pane buttons	Click <i>Financial</i> → <i>Routines</i> → <i>GL Posting</i> . Note: This is in the Fixed Assets section of Routines.
I	Posting Date	Type the date of the last day of the fiscal year.
J	From radio button	Click the From radio button.
K	From box	Type the beginning period of the fiscal year, using four digits for the year and three digits for the month.
L	To box	Type the ending period of the fiscal year, using four digits for the year and three digits for the month.
M	Insert button	Click the Insert button.
N	Process button	Click the Process button.
O	Post button	Click the Post button.
P	Cancel button—Report Dest. window (<i>not shown</i>)	Click Cancel to close the Report Destination window.
Q	Close button	Close the Fixed Assets General Ledger Posting window.

(table continued on the following page)

QUICK REFERENCE TABLE *(continued)*

Step	Box or Other Location	Procedure
R	Navigation Pane buttons	Click <i>Financial</i> → <i>Routines</i> → <i>Year End</i> . Note: This is in the Fixed Assets section of Routines.
S	Available Books list box	Click the name that corresponds to the current year’s book method of depreciation.
T	Insert button	Click the Insert button.
U	Continue button	Click the Continue button.
V	Year-end processing message <i>(not shown)</i>	Click Continue when the year-end processing message appears.

Depreciation Process Information Window **A** *Financial* → *Routines* → *Depreciate*

The screenshot shows the 'Depreciation Process Information' window. At the top right, there are window control icons (maximize, close) and a callout **G**. Below the title bar is a toolbar with icons for 'Depreciate' (callout **E**), 'Cancel', 'Help', and 'Add Note'. The 'Actions' section contains 'Depreciate' and 'Cancel', while the 'Help' section contains 'Help' and 'Add Note'. Below the toolbar is the 'Asset Group ID' field with a dropdown arrow and a document icon. There are two checkboxes: 'Depreciate all assets' (checked) and 'Reverse depreciation' (unchecked). The 'Depreciation Target Date' field (callout **B**) includes a calendar icon. At the bottom, there are two list boxes: 'Books on file' (callout **C**) containing 'AMT', 'FEDERAL', and 'INTERNAL'; and 'Selected Books' (callout **D**) which is currently empty. Between these list boxes are four buttons: 'Insert >>', 'All >>', 'Remove', and 'Remove All'.

DETAILED INSTRUCTIONS

A. Click *Financial* → *Routines* → *Depreciate*

- ▶ Click *Financial* → *Routines* → *Depreciate* to access the *Depreciation Process Information* window.

B. Type the fiscal year-end date

- ▶ Type the fiscal year-end date in the *Depreciation Target Date* box.

C. Click the name that corresponds to the book method of depreciation

Microsoft Dynamics GP has the capability of calculating depreciation for book (financial statement), tax, and alternative minimum tax purposes. For simplicity, only book depreciation is covered in this project.

- ▶ Click the name that corresponds to the book depreciation method in the *Books on file list* box to highlight the name.

D. Click the *Insert* button

- ▶ Click the *Insert* button to insert the name of the book depreciation method into the *Selected Books list* box.

E. Click the *Depreciate* button

- ▶ Click the *Depreciate* button to calculate depreciation for all assets.

F. Click *OK* when the message appears asking if you want to depreciate all assets

After completing step E, a message appears asking if you want to depreciate all assets.

- ▶ Click *OK* when the message appears.

G. Close the *Depreciation Process Information* window

- ▶ Click the close button to close the *Depreciation Process Information* window.

H. Click *Financial* → *Routines* → *GL Posting*

The next step in the annual fixed assets procedures is to prepare a batch entry for all fixed assets activity for the fiscal year. The entry includes the depreciation calculations completed in steps A through G, as well as all additions and retirements of fixed assets. The batch entry is posted to the general ledger later when all other entries are also posted to the general ledger.

- ▶ Click *Financial* → *Routines* → *GL Posting* to access the *Fixed Asset General Ledger Posting* window.

I. Type the date of the last day of the fiscal year

- ▶ Type the date of the last day of the fiscal year in the *Posting Date* box (123117, for example).

J. Click the From radio button

▶ Click the From radio button.

K. Type the beginning period of the fiscal year, using four digits for the year and three digits for the month

▶ Type the beginning period of the fiscal year in the From box. For the year, type four digits (2017, for example). For the first month of the year, type three digits (001, for example).

L. Type the ending period of the fiscal year, using four digits for the year and three digits for the month

▶ Type the ending period of the fiscal year in the To box. For the year, type four digits (2017, for example). For the last month of the year, type three digits (012, for example).

M. Click the Insert button

▶ Click the Insert button to insert the chosen beginning and ending dates into the Restrictions box.

N. Click the Process button

▶ Click the Process button to begin the general ledger posting calculations.

When the calculation process is complete, you will see the calculated depreciation amounts for various items at the bottom of the window.

O. Click the Post button

▶ Click the Post button to post the depreciation to the fixed asset module and to prepare the general ledger distributions for later posting through the Series Posting Window.

P. Click Cancel to close the Report Destination window

After the general ledger posting calculations are done, a Report Destination window appears on the screen. You do not need to review this report.

▶ Click Cancel to Close the Report Destination window.

Q. Close the Fixed Assets General Ledger Posting window

▶ Use the Close button to close the Fixed Assets General Ledger Posting window.

R. Click *Financial* → *Routines* → *Year End*

The next step in the fixed asset annual procedures is to close the current fiscal year for the fixed asset subsidiary records and prepare the records for the next year.

▶ Click *Financial* → *Routines* → *Year End* to access the Asset Year End window.
Note: Be sure to select this from the Fixed Assets section of Routines, not the Financial section.

S. Click the name that corresponds to the current year's book method of depreciation

The Available Books list box contains a list of all depreciation methods for the company. As described earlier, *Microsoft Dynamics GP* has the capability to calculate depreciation for book, tax, and alternative minimum tax purposes. For this project, locate the current year's book method of depreciation in the Available Books list box.

- ▶ Review the list of depreciation books in the Available Books list box. Locate the current year's book depreciation and click once on its name to highlight it.

T. Click the Insert button

- ▶ Click the Insert button to insert the current year's book method of depreciation into the Selected Books list box.

U. Click the Continue button

- ▶ Click the Continue button to begin the year-end closing process for fixed assets.

V. Click Continue when the year-end processing message appears

After the Continue button is clicked in step U, a message appears stating that the year-end processing for fixed assets will be started.

- ▶ To complete the year-end closing process for fixed assets and prepare the subsidiary records for the next fiscal year, click Continue when the year-end processing message appears.

DEPRECIATION REVIEW

After depreciating all fixed assets, you can determine if the calculations are correct by completing the steps that follow. Recall that the depreciation and other fixed asset entries for additions and deletions have not yet been posted to the general ledger.

- ▶ Click *Financial* → *Inquiry* → *Book* to access the *Asset Book Inquiry* window.
- ▶ Select the *Asset ID* for the fixed asset record you want to review.
- ▶ Select the *Book ID* for the book method of depreciation.
- ▶ Review the amount in the *Current Run Depr.* box. If there is an error, refer to Appendix A.
- ▶ Select the *Asset ID* for the next fixed asset record you want to review. Review the amount in the *Current Run Depr.* box. Repeat this step for all other fixed assets. If there are errors, refer to Appendix A.

ERROR CORRECTION AFTER PERFORMING ANNUAL FIXED ASSET PROCEDURES

If you discover an error after depreciating fixed assets for the fiscal year or after performing other annual fixed asset procedures, refer to Appendix A.

OTHER ACTIVITIES – Depreciate Assets and Other Annual Procedures