

# Fixed Asset Guide for Treasurers

A guide to assist you in dealing with fixed assets

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# 01 Restoring an archived account

Before starting to add fixed assets please check you have the following accounts: If not, chances are these have been accidentally “archived” at an earlier date as we were not using them.

You will need to check you have the following codes:

**2790 Depreciation**

**9200 Computer Equipment**

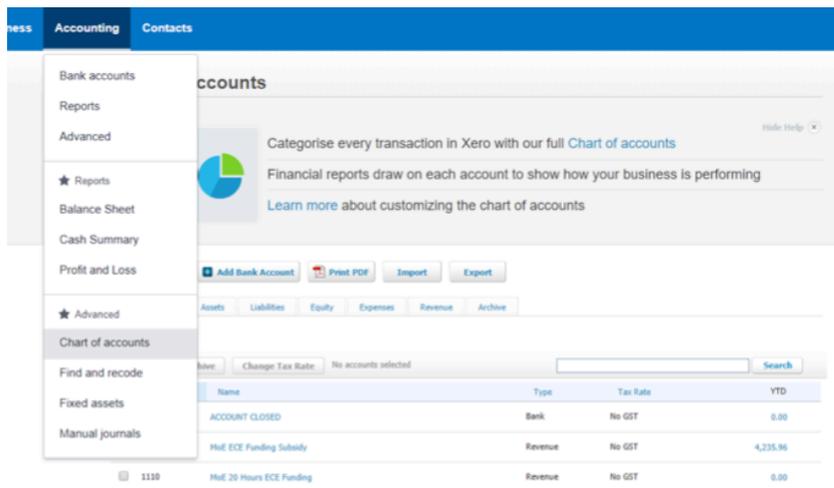
**9201 Less Accumulated Depreciation on Computer Equipment**

**9210 Furniture & Fittings**

**9211 Less Accumulated Depreciation on Furniture & Fittings**

*Note – although we are not using the other assets codes e.g. 9200 - Office Equipment and any your centre may have set up, please do not recode. Simply apply them to the appropriate category when you register the asset.*

To check, go to – **Accounting – Chart of accounts**



Then either search the name or code number in the search bar or scroll down to the number, e.g. “2790 – depreciation” here is an example of a centre without this account.

<input type="checkbox"/>	2751	Property/Maintenance - Landscaping works
<input type="checkbox"/>	2752	Property/Maintenance - Project 2
<input type="checkbox"/>	2900	Utilities - Building Warrant of Fitness & Compliance Charges
<input type="checkbox"/>	2910	Utilities - Cleaning of Carpets / Polishing of Floors
<input type="checkbox"/>	2920	Utilities - Cleaning Contractors/Firm
<input type="checkbox"/>	2921	Utilities - Cleaning Contractors/Firm

If you have them all – move to Part 2, if not click on the **Archive** tab

What's this?

Scroll down until you find the account to restore – e.g. 2790 below – and click to tick the box

<input type="checkbox"/>	2385	Centre Admin - Xero subscription extras	Direct Costs
<input type="checkbox"/>	2710	Property/Maintenance - Carpet/Mats/Safety Surfacing	Direct Costs
<input type="checkbox"/>	2753	Property/Maintenance - Project 3	Direct Costs
<input type="checkbox"/>	2754	Property/Maintenance - Project 4	Direct Costs
<input type="checkbox"/>	2780	Rent / Lease / MoE Occupancy Fee	Direct Costs
<input checked="" type="checkbox"/>	2790	Depreciation The amount of the asset's cost (based on the useful life) that was consumed during the period	Depreciation
<input type="checkbox"/>	2800	Supervision - Travel Expenses for General Sessions (mileage/petrol)	Direct Costs
<input type="checkbox"/>	2810	Supervision - Wages for General Sessions (Includes ACC/Allowances/Holiday Pay/KiwiSaver)	Direct Costs
<input type="checkbox"/>	2820	Supervision - Travel Expenses for Other Sessions (mileage/petrol)	Direct Costs
<input type="checkbox"/>	2820	Supervision - Wages for Other Sessions	Direct Costs

Scroll back up to the top and click **Restore**

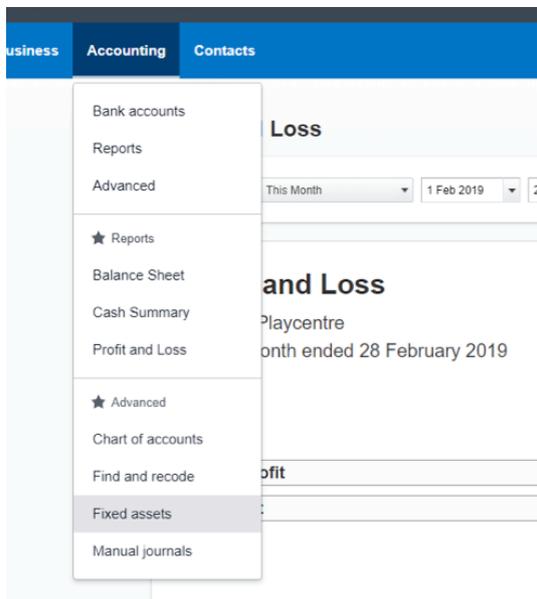
1 account selected

<input type="checkbox"/>	Code ▲	Name
<input type="checkbox"/>	1200	Membership Fees
<input type="checkbox"/>	1210	Membership Fees via Work and Income NZ

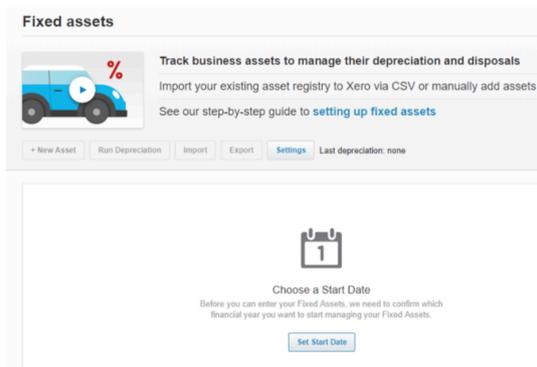
All done! You are ready to start setting up your fixed asset register.

## 02 Setting up a fixed asset register in Xero

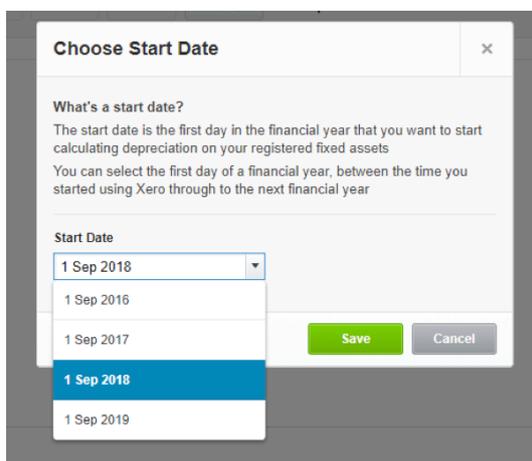
Under **Accounting** click on **Fixed Assets**



This will take you to the Fixed assets page, click on **Set Start Date**



Choose **1 Sept 2018** and click **Save**



This is where Xero is excellent, it will automatically populate and bring in all assets that have been coded to a fixed asset code. Federation only require assets over \$2,500 to be added to this code, however if you do have assets below that are under \$2,500 (such as the example below) don't worry, your centre obviously felt they met the definition of an asset, so it's up to you to decide if you want to register or you can delete to keep your asset register nice and simple. On the other hand, if you had Fixed Assets that were expensed previously but included in the 2016/17 or 2017/18 finance pack we have a central record of these and there is no need to add them back.

**Fixed assets** ✔ Start date has been set to 1 Sep 2018

Track business assets to manage their depreciation and disposals Hide Help (x)

Import your existing asset registry to Xero via CSV or manually [add assets](#)

See our step-by-step guide to [setting up fixed assets](#)

+ New Asset Run Depreciation Import Export Settings Last depreciation: none

Draft (3) Registered (0) Sold & Disposed (0)

Asset Name	Asset Number	Asset Type	Purchase Date	Purchase Price
New Oven inv 591576	FA-0003		28 Jun 2018	844.00
New hot water cylinder	FA-0002		29 Mar 2018	993.41
Vacuum cleaner	FA-0001		30 Mar 2017	269.00

These assets are all sitting in draft and need to be registered, to do this click on the asset number – in this example I have clicked on “FA-002”

Xero will self-populate much of the information based on what you entered when you coded the asset such as purchase date and price.

Next click **Asset Type**

To start with you will not have any asset types set up so will need to set these up. We have determined 4 Fixed Asset accounts to choose from:

- Furniture and Fittings
- Heating
- Playgrounds
- Computer Equipment

To set these up click **+ New Asset Type**

**Details**

Asset Name: New hot water cylinder Asset Number: FA-0002

Purchase Date: 29 Mar 2018 Purchase Price: 993.41 Warranty Expiry: Serial Number:

Asset Type:   
 + New Asset Type   
 Furniture and Fittings

This will take you to a screen to set up the information for depreciation.

Below is a table showing what to code where, and the effective life.

*Note: "private use" is not applicable to Playcentres so always leave blank.*

Asset type	Asset Account	Accumulated Depreciation Account	Depreciation Expense Account	Depreciation Method	Effective life (Yrs.)	Commentary
Playground Equipment	9210 - Furniture and Fittings	9211- Less Accumulated Depreciation Furniture and Fittings	2790- Depreciation	Straight Line	15	Includes all playground upgrades and equipment, including safety matting and garden sheds
Furniture and Fittings	9210 - Furniture and Fittings	9211- Less Accumulated Depreciation Furniture and Fittings	2790- Depreciation	Straight Line	5	Includes all furniture and small appliances - tables, chairs, bookshelves, stoves, washing machines, shade sails etc.
Heating	9210 - Furniture and Fittings	9211- Less Accumulated Depreciation Furniture and Fittings	2790- Depreciation	Straight Line	10	Includes all heating, including hot water cylinders and heat pumps
Computer Equipment	9200 - Computer Equipment	9201- Less Accumulated Computer Equipment	2790- Depreciation	Straight Line	3	Includes all computer and computer related equipment - laptops, iPad, printers etc.

 **IMPORTANT!**  
**Make sure you click on the Effective Life box**

Click **Save** then repeat to set up the 4 asset types. The good news is you only need to add each asset type once, so after the initial set up you won't need to do this again.

# 03 Registering an asset

Now that you have your asset types set up you can start to register your assets. To do this, just click on the asset in draft you wish to enter and all you need to do is set a start date – this is usually the “purchase date”. For our set up, if the purchase date is before 1 September 2018 (as in this example), use 1 September 2018 as your depreciation start date.

*Note: if you feel like being pedantic you can set your start date for the initial purchase date before 1 September 2018 – Xero will prompt you to enter depreciation to 31 August 2018 – this you can calculate and enter. This is an optional step and not required.*

When you have set the start date and are happy you have it in the right category click **Register**.

Asset Name: New hot water cylinder  
Asset Number: FA-0002  
Purchase Date: 29 Mar 2018  
Purchase Price: 993.41  
Warranty Expiry:   
Serial Number:   
Calendar: September 2018 (1st highlighted)  
Depreciation Account:   
Depreciation Expense Account: 2790 - Depreciation  
Private Use Account:   
Depreciation Method: Straight Line  
Averaging Method: Full Month  
Rate:   
Effective Life (Years): 10.00  
Buttons: Save as Draft, Register, Cancel

Repeat for all assets shown in Draft.

Now your asset register should look like this – with a list of assets “Registered” and 0 in “Draft”.

Asset Name	Asset Number	Asset Type	Purchase Date	Purchase Price	Book Value
New Oven inv 591576	FA-0003	Furniture and Fittings	28 Jun 2018	844.00	844.00
New hot water cylinder	FA-0002	Heating	29 Mar 2018	993.41	993.41
Vacuum cleaner	FA-0001	Furniture and Fittings	30 Mar 2017	269.00	269.00

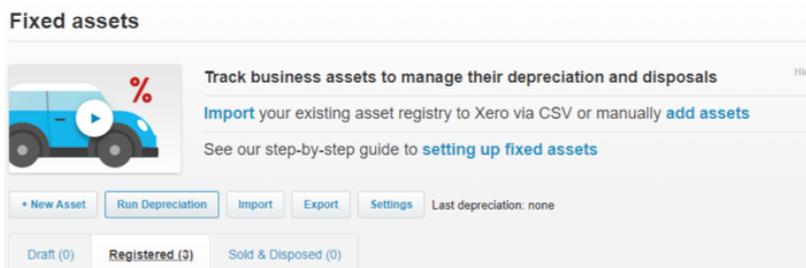
# 04 Running depreciation

Many accountants like to frighten their customers by suggesting that depreciation is the domain of chartered accountants only. As a chartered accountant myself, I'd like to question that, especially when you are using Xero.

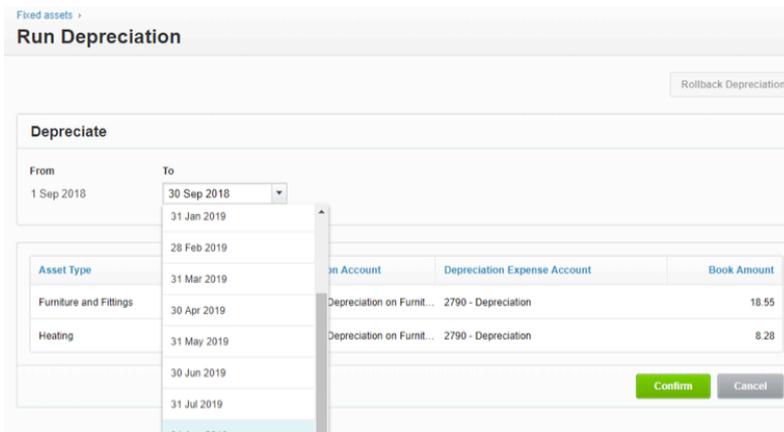
Depreciation can be run monthly for your committee reporting or just once a year at year end. Federation does not have a preference, as long as you update your register and run depreciation for the 31st of August each year. We don't mind how often you do this throughout the year.

So here's how to do it:

Once all your assets are registered, scroll to the top of the page and click **Run Depreciation**.



This will prompt you to set a "to" date. This can be done at the end of each month, or you can select 31 August 2019 if you have waited until year end.



Then click **Confirm** and you are all done!

# 05 Ongoing fixed asset maintenance

Now that you have your Fixed asset register all set up, it's very easy to keep it maintained.

Each time you purchase a fixed asset purchase over \$2,500, reconcile it to one of the following codes:

**9200 – Computer Equipment – For all laptops, iPads, printers over \$2,500**

**9210 – Furniture & Fittings – For everything else over \$2,500**

Xero will then automatically send these to “draft” in the fixed asset register and all you have to do is “register” by clicking the asset number, choosing the asset type and setting the purchase date (see part 3). At the end of each month or at a minimum each financial year (by preference of your centre) please ensure all items are registered and run depreciation (Part 4).

*Notes:*

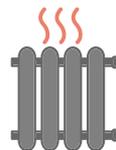
- *All purchases under \$2,500 can be expensed by reconciling to the closest expense code so your Fixed Asset Register doesn't become too big to manage long term.*
- *Property upgrades contributions towards the National Property Fund projects. If your centre has made an addition to the property and received contributions from the National Property Fund this will be included on the Fixed Asset Register of the Federation as owner of the building. As such please code all contributions to the most relevant property expense code 2700-2740.*

Here's a reminder of what to code to which asset type:



### Playground Equipment

- Playground upgrades
- Playground equipment
- Safety matting
- Garden sheds



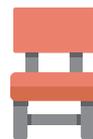
### Heating

- Heating units
- Heat pumps
- Hot water cylinders



### Computer Equipment

- Laptops
- Computers
- iPads
- Printers
- Projectors



### Furniture and Fittings

- All furniture and small appliances
- Tables
- Chairs
- Bookshelves
- Stoves
- Washing machines
- Shade sails