# Fixed Asset Guide for Treasurers

A guide to assist you in dealing with fixed assets







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- **03** Registering an asset
- 04 Running depreciation
- 05 Ongoing fixed asset maintenance

# 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

ess	Accounting Cont	acts
	Bank accounts	ccounts
	Advanced	Categorise every transaction in Xero with our full Chart of accounts
	🚖 Reports	Financial reports draw on each account to show how your business is performing
	Balance Sheet	Learn more about customizing the chart of accounts
	Cash Summary	
	Profit and Loss	Add Bank Account Trint PDF Import Export
	* Advanced	Assets Liabilities Equity Expenses Revenue Archive
	Chart of accounts	
	Find and recode	hive: Change Tax Rate. No accounts selected Search
	Fixed assets	Name Type Tax Rate YTD
	Manual journals	ACCOUNT CLOSED Bank No GST 0.00
	manual journais	MuE ECE Funding Subsidy Revenue No GST 4,235.96
	1110	No E 20 Hours ECE Funding Revenue No GST 0.00

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.

2751	Property/Maintenance - Landscaping works
2752	Property/Maintenance - Project 2
2900	Utilities - Building Warrant of Fitness & Compliance Charges
2910	Edit the details of this account (Include ACC/Allowances/Holiday Pay/KiwiSaver)
2920	Utilities - Cleaning of Carpets / Polishing of Floors
2921	Utilities - Cleaning Contractors/Firm

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

+ Add Account	t 🛨 Ad	d Bank Accoun	t			
All Accounts	Assets	Liabilities	Equity	Expenses	Revenue	Archive

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

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

## Scroll back up to the top and click Restore

Re	Restore 1 account selected							
	Code 🔺	Name						
	1200	Membership Fees						
	1210	Membership Fees via Work and Income NZ						

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

# **O2** 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

Choose Start	Date				×
What's a start date	?				
The start date is the calculating depreciat	first day in the tion on your re	financial gistered fi	year that yo xed assets	ou want to sta	rt
You can select the fi started using Xero th	rst day of a fin prough to the r	ancial yea next financ	ir, between ial year	the time you	
Start Date					
Start Date					
1 Sep 2018	•				
1 Sep 2018 1 Sep 2016	•	]			
1 Sep 2018 1 Sep 2016 1 Sep 2017	•		Save	Cance	1
1 Sep 2018           1 Sep 2016           1 Sep 2017           1 Sep 2018	·		Save	Cance	

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 $$^{\rm Hide\ Help\ (s)}$$								
	Import your existing asset registry to Xero via CSV or manually add assets								
	See our step-by-step guide to setting up fixed a	issets							
+ New Asset Run Depreciati	Import Export Settings Last depreciation: none	1							
Draft (3) Registered (0)	Sold & Disposed (0)								
Delete Register	31	tems Asset Name, Number, 1	Type or Description Q						
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

sset Name		Asset Number		
New hot water cylinder		FA-0002		•
urchase Date Purchase Price		Warranty Expiry	Serial Nu	umber
29 Mar 2018 🔹 993.41			•	
sset Type				
	٠			
+ New Asset Type				

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.* 

		Depreciation Expense	Depreciation	Effective life	
et Account	Accumulated Depreciation Account	Account	Method	(Yrs.)	Commentary
					Includes all playground upgrades and
0 - Furniture and	9211- Less Accumulated Depreciation				equipment, including safety matting and
ings	Furniture and Fittings	2790- Depreciation	Straight Line	15	garden sheds
					Includes all furniture and small appliances -
0 - Furniture and	9211- Less Accumulated Depreciation				tables, chairs, bookshelves, stoves, washing
ings	Furniture and Fittings	2790- Depreciation	Straight Line	5	machines, shade sails etc.
0 - Furniture and	9211- Less Accumulated Depreciation				Includes all heating, including hot water
ings	Furniture and Fittings	2790- Depreciation	Straight Line	10	cylinders and heat pumps
0 - Computer	9201- Less Accumulated Computer				Includes all computer and computer related
ipment	Equipment	2790- Depreciation	Straight Line	3	equipment - laptops, iPad, printers etc.
	- Furniture and gs - Furniture and gs - Furniture and gs - Computer ment	- Furniture and      9211- Less Accumulated Depreciation Account     9211- Less Accumulated Depreciation      gs     - Furniture and Fittings     9211- Less Accumulated Depreciation     gs     Furniture and Fittings     - Computer     9201- Less Accumulated Depreciation     gs     - Computer     9201- Less Accumulated Computer     ment     Equipment	- Furniture and Percentation Account Account Account     - Furniture and Percentation Account Percentation     gs Furniture and Fittings 2790- Depreciation     - Furniture and Percentation Percentation     gs Furniture and Fittings 2790- Depreciation     gs Furniture and Fittings 2790- Depreciation     computer 9201- Less Accumulated Depreciation     gs Furniture and Fittings 2790- Depreciation	- Furniture and Participation Account Acc	Account         Account         Account         Method         (Frs.)           - Furniture and gs         9211- Less Accumulated Depreciation Furniture and Fittings         2790- Depreciation         Straight Line         15           - Furniture and gs         Furniture and Fittings         2790- Depreciation         Straight Line         5           - Furniture and gs         Furniture and Fittings         2790- Depreciation         Straight Line         5           - Furniture and gs         Furniture and Fittings         2790- Depreciation         Straight Line         10           - Computer         9201- Less Accumulated Computer         2790- Depreciation         Straight Line         10           - Computer         9201- Less Accumulated Computer         2790- Depreciation         Straight Line         3

Add Asset Type			×	
Asset Type				
Asset Account	Accumulated Depreciation Account Depreciation	n Expense Account Private Use Account		
9210 - Furniture & Fittings	▼ 9211 - Less Accumulated Depre ▼ 2790 - Dep	preciation •	*	
Book Depreciation Defaul	t			
Depreciation Method	Averaging Method	Rate Effective	e Life (Yrs)	
Straight Line	▼ Full Month	O % 0 10		IMPORIANI!
		Save	Cancel	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					As	set Number				
New ho	t water	cylinder				F	FA-0002 *			
urchas	e Date		Purch	ase Price	•	Wa	rranty Expiry	Serial Number		
29 Mar	2018	٣	993.	11			*			
T.		Septer	nber :	2018	, ,	•				
s	м	т	w	т	F	s	reciation Account	Depreciation Expense	e Account	Private Use Account
26		28	29	30	31	1	mulated Depreciat	2790 - Depreciation		
2	3	4	5	6	7	8				
9	10	11	12	13	14	15				
16	17	18	19	20	21	22				
23	24	25	26	27	28	29				
30	1	2	3	4	5	6				
1 Sep 2	2018	٣	+ Sho	v more o	ptions		-			
eprecia	tion Me	thod				Av	eraging Method	Rate	E	Effective Life (Years)
Straigh	t Line					<ul> <li>Fu</li> </ul>	II Month	0	6	10.00

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".

Draft (0) Registered (3)	Sold & Disposed (0)				
			3 items Asset Nam	ne, Number, Type or D	Description Q
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**.

Fixed assets				
%	Track business assets to manage their depreciation and disposals			
	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 Deprecia	ion Import Export Settings Last depreciation: none			
Draft (0) Registered (3	) Sold & Disposed (0)			

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.

ixed assets →			
kun Deprecia	tion		
			Rollback Depreciatio
Depreciate			
From	То		
1 Sep 2018	30 Sep 2018 🔹		
	31 Jan 2019	*	
	28 Feb 2019		
Asset Type	31 Mar 2019	on Account Depreciation Expense Account	Book Amount
Furniture and Fittings	30 Apr 2019	Depreciation on Furnit 2790 - Depreciation	18.55
Heating	31 May 2019	Depreciation on Furnit 2790 - Depreciation	8.28
	30 Jun 2019		Confirm Cancel
	31 Jul 2019	-	
	31 Aug 2019		

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 to 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