SAP FI Asset Configuration

SAP R/3 ENTERPRISE 4.7

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INTRODUCTION

Let's get started. Asset accounting module in SAP is a very important module. It manages fixed assets data of an organization by way of asset master records. Asset accounting module thus acts as a sub ledger to the FI module for managing asset records.

SAP gives us the functionality in Asset module of managing depreciation and assets parallely according to various reporting requirements i.e. Local Reporting, Parent company reporting, Tax reporting, US GAAP reporting and so on.

You must assign a chart of depreciation to each company code that is defined in Asset Accounting. SAP provides country-specific charts of depreciation with predefined depreciation areas. These charts of depreciation serve only as a reference for creating your own charts of depreciation, and are therefore not directly accessible in the SAP system. When creating a chart of depreciation, you have to copy the reference chart of depreciation.

We have configured in the SAP FI – GL configuration book a company A Ltd with the company code 9100. The currency of the company code was INR. The reporting period that was considered was Jan to December. The parent company of A Ltd is located in Germany. Therefore A Ltd is required to report figures in Euro. 3 currencies are configured for the company code INR (Local reporting), 2 currencies in EUR.

A Ltd is required to report depreciation for local reporting as per the statutory reporting requirement of India. Further it is also required to report depreciation as per the parent company located in Germany. Since 3 currencies are configured we need to configure 3 depreciation areas as per the 3 currencies.

A) Organizational Structures

For doing the configuration we use the following path on the SAP application screen:-

SAP Menu à Tools à AcceleratedSAP à Customizing à SPRO - Edit Project à

Configuration for all the modules will be done here. The above path will not refer henceforth; we will directly refer to the IMG node.

1. Copy Reference Chart of Depreciation/Depreciation areas

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Copy Reference Chart of Depreciation/Depreciation Areas

The chart of depreciation is a list of depreciation areas arranged according to business and legal requirements. The chart of depreciation enables you to manage all rules for the valuation of assets in a particular country.

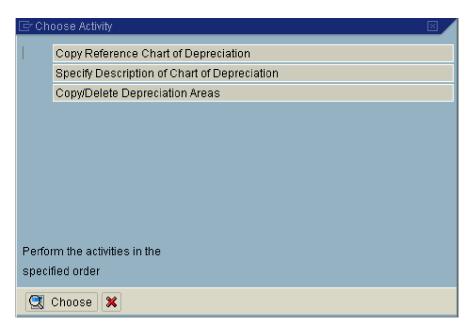
You must assign a chart of depreciation to each company code that is defined in Asset Accounting. SAP provides country-specific charts of depreciation with predefined depreciation areas. These charts of depreciation serve only as a reference for creating your own charts of depreciation, and are therefore not directly accessible in the SAP system. When creating a chart of depreciation, you have to copy the reference chart of depreciation.

When you create a chart of depreciation, the system copies **all** of the depreciation areas in the reference chart of depreciation. You have to delete any depreciation areas that you do not need in your chart of depreciation.

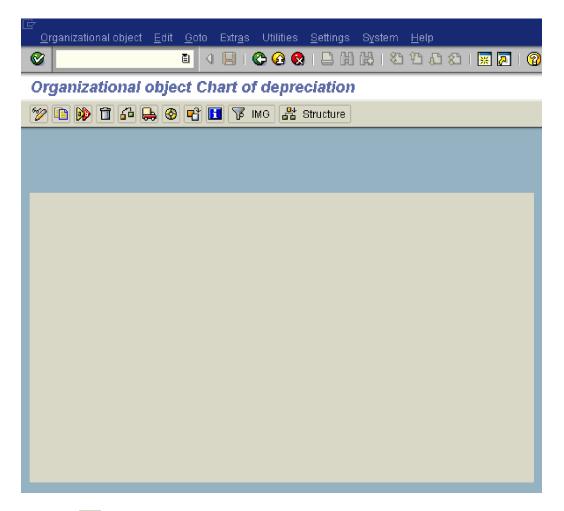
Depreciation areas that are not used can still be activated at a later point in time (after the production startup). A newly activated depreciation area can take over values from another depreciation area.

SAP has provided chart of depreciation for various countries. Unfortunately for India it has not provided any chart of depreciation. Therefore we use German chart of depreciation.

Let us copy the chart of depreciation from German chart of depreciation to create new chart of depreciation.

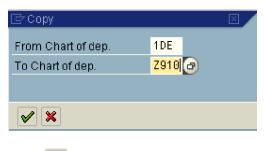


Double Click on Copy Reference Chart of Depreciation



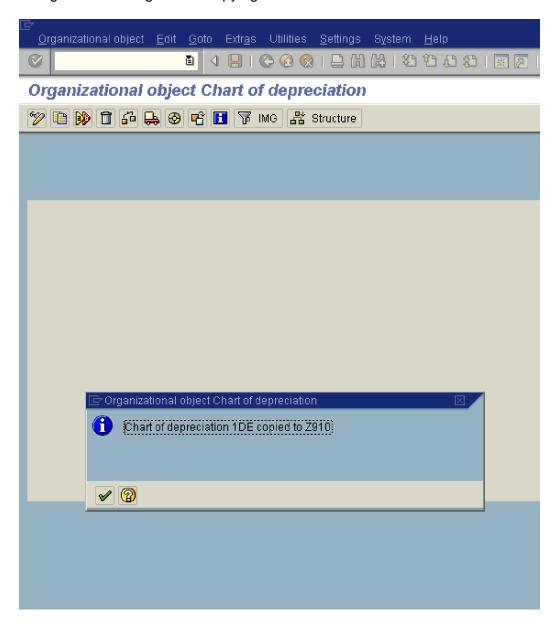
Click on and update the following: -

1DE – Sample chart of depreciation for Germany.



Click

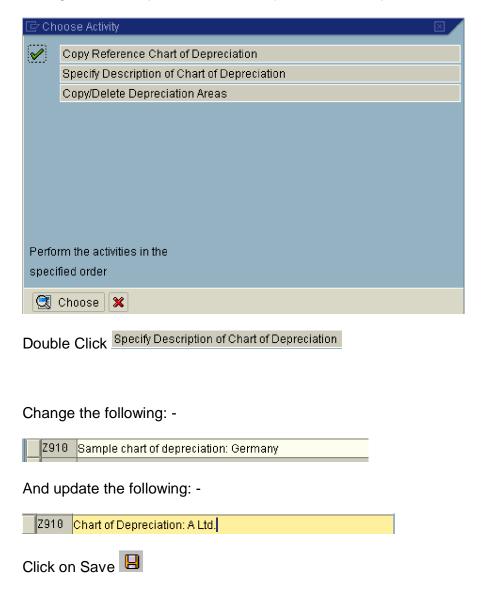
You get the message when copying is finishes as follows:-



2. Specify Description of Chart of Depreciation

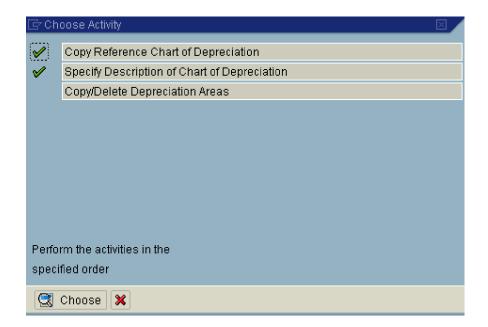
IMG à Financial Accounting à Asset Accounting à Organizational Structures à Copy Reference Chart of Depreciation/Depreciation Areas

Change the Description of chart of depreciation so copied.



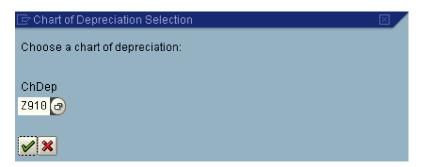
3. Copy/Delete Depreciation Areas

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Copy Reference Chart of Depreciation/Depreciation Areas



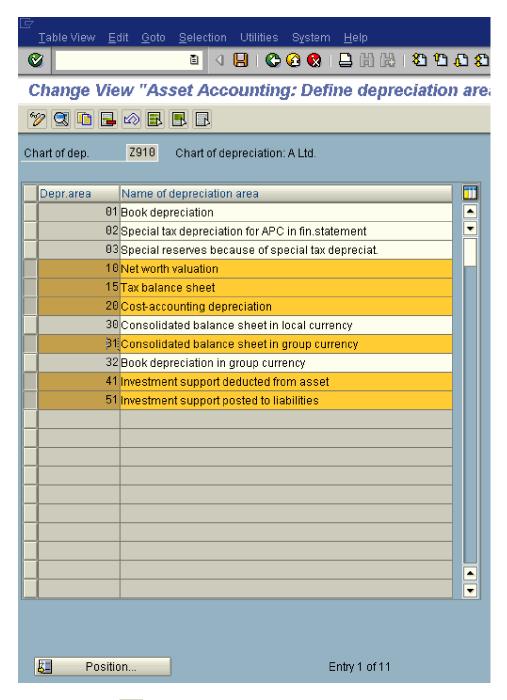
Double Click on Copy/Delete Depresciation Areas

And update the depreciation area



We will delete the unwanted depreciation areas which were copied from the reference chart of depreciation.

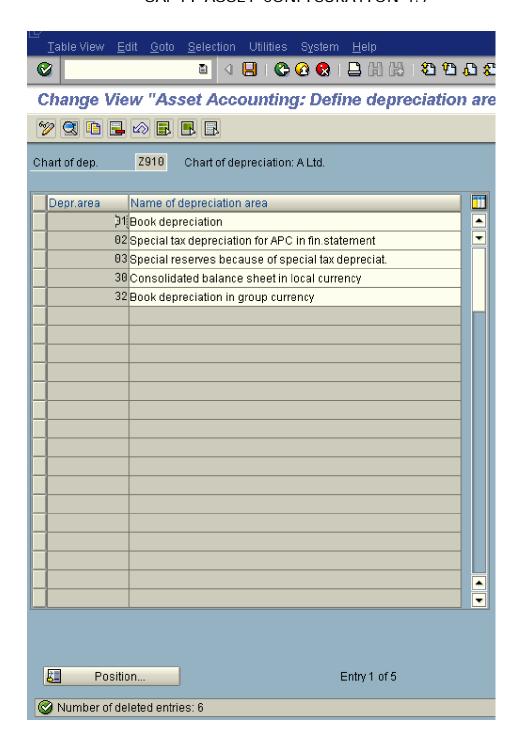
We select the areas for deletion like this



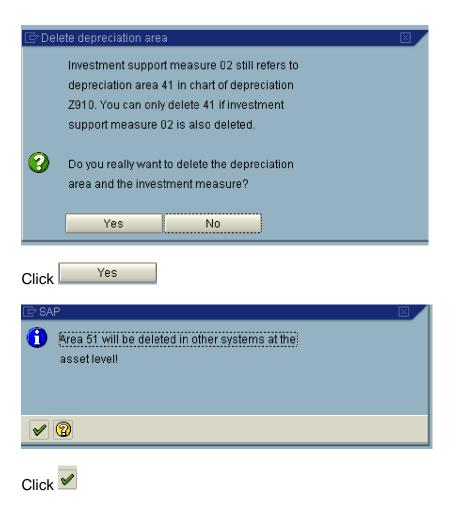
Then Click on

We will delete deprec, area 10, 15, 20, 41,51

We require depreciation area 30 (Consolidated balance sheet in local currency) and depreciation area 32 since 2 additional currencies in EUR are configured in the FI-GL module.



Click on Save



4. Assign Input Tax Indicator for Non-Taxable Acquisitions

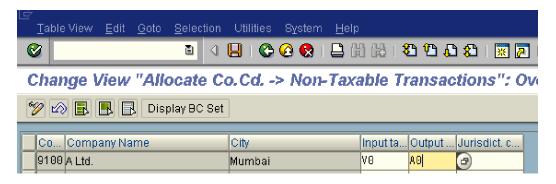
IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Assign Input Tax Indicator for Non-Taxable Acquisitions

In this step, you specify an input tax indicator per company code. The system then uses this indicator when you post acquisitions that are not subject to tax, but which are posted to accounts that are tax-relevant.

Assign input tax indicator V0 (Input tax 0%)
Assign output tax indicator A0 (output tax 0%) to company code 9100 A Ltd.



Update the following:-



Click on Save

5. Assign Chart of Depreciation to company code

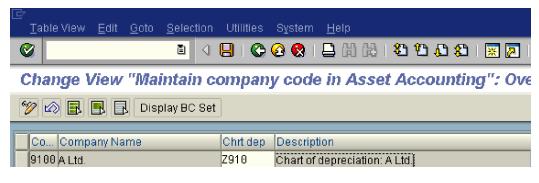
IMG à Financial Accounting à Asset Accounting à Organizational Structures à Assign Chart of Depreciation to Company Code

One of the important steps is the assignment of chart of depreciation to the company code. Here by this step, we link the asset accounting module to the FI company code.

Assign Chart of depreciation Z910 to company code 9100.



Update the following:-



Click on Save

6. Specify Number Assignment Across Company codes (Optional)

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Specify Number Assignment Across Company Codes

You can assign the main asset account number across company codes. Therefore, for every company code, you can determine from which (other) company code number assignment is to be carried out. In this step, you define a cross-company code assignment of the main asset number. If you do not want a cross-company code number assignment, you do not need to define any system settings here.

We do not want across company codes number range. So we do not anything here.

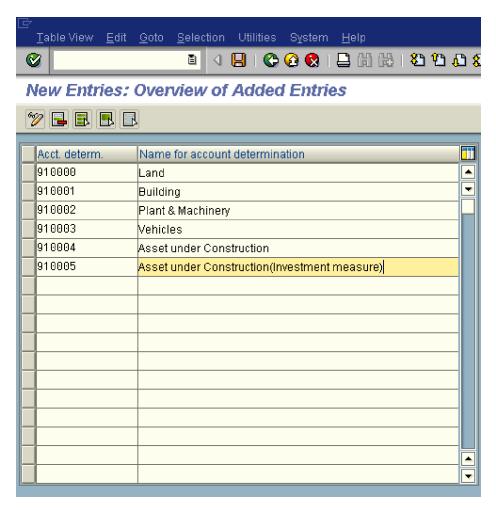


7. Specify Account Determination

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Asset Classes à Specify Account Determination

The key of an account determination must be stored in the asset class. The account determination links an asset master record to the general ledger accounts to be posted for an accounting transaction using the asset class. Usually, you need at least the same number of account determinations as you have asset balance sheet accounts in the general ledger

Click on New entries and update the following: -



Click on Save

8. Create Screen Layout Rules

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Asset Classes à Create Screen Layout Rules

The screen layout specifies the status of the fields in the asset master record. You use the screen layout to determine if fields are required entry or optional entry fields, or if they are suppressed completely, for example.

In this step, you create only the keys and descriptions of the screen layout controls. You define the field group rules for the screen layouts themselves in the step Master data.

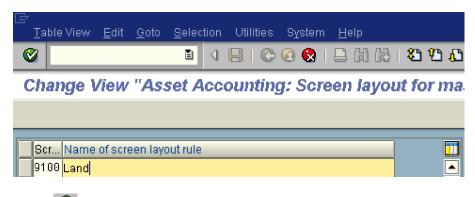
You can enter a screen layout rule in one of two places: either in the part of the asset class valid in the entire client, or in the part of the asset class valid for the chart of depreciation. The screen layout rule is then valid either for all assets in the asset class, or for all assets in the asset class/chart of depreciation.

You can use the standard screen layout or you can copy the standard screen layout to create new one.

We will copy the screen layout.



Click on and update the following: -

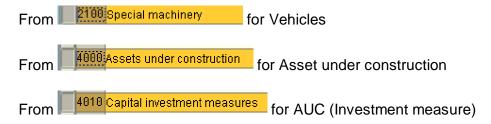




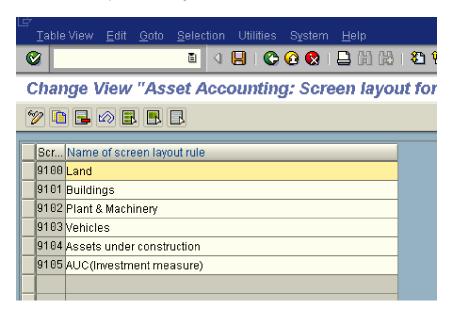
Click on Save

Similarly we will copy the screen layout for Buildings, Plant and Machinery, Vehicles and Asset under construction and Capital investment measure





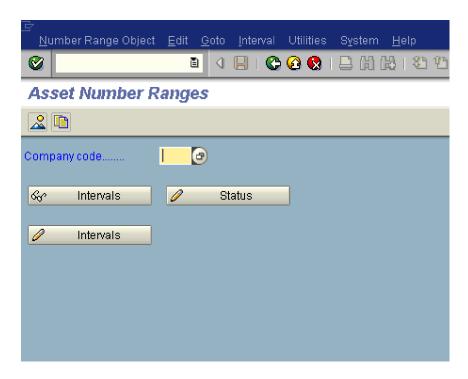
The screen layouts configure will be as follows:-



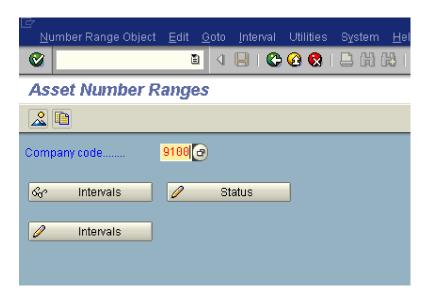
9. Define Number Range Interval

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Asset Classes à Define Number Range Interval

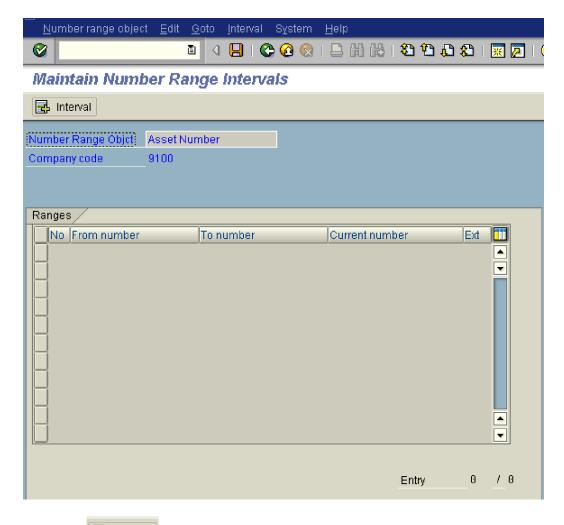
Number range interval is required for the main asset number for the company code. Normally we should specify internal number ranges for assets. The number range key is then assigned to each of the asset class.



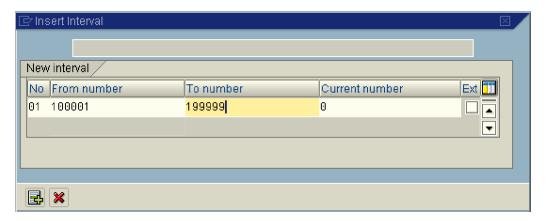
Update Company code 9100



And click on Intervals

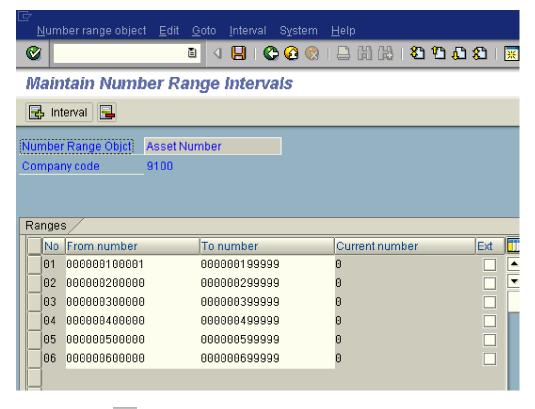


Click on and update the following: -



Click on to add further intervals

Likewise we will creates keys 02, 03, 04 and 05



Click on Save

10. Define Asset Classes

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Asset Classes à Define Asset Classes

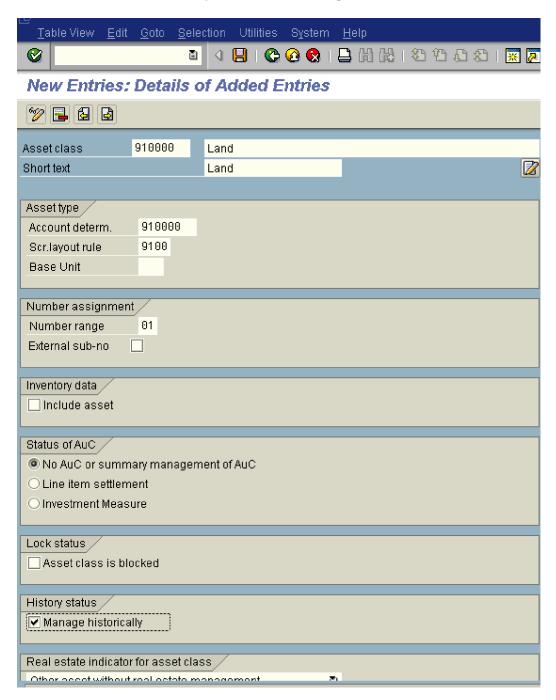
The asset class is the most important criteria for structuring fixed assets from an accounting point of view. Every asset has to be assigned to exactly one asset class. The asset class is used to assign the assets (and their business transactions) to the correct general ledger accounts. Several asset classes can use the same account assignment. You can see that it is possible to make finer distinctions at the level of the asset class than at the level of the general ledger accounts. The most important tasks of the asset classes are:

Assignment of default values when creating assets.

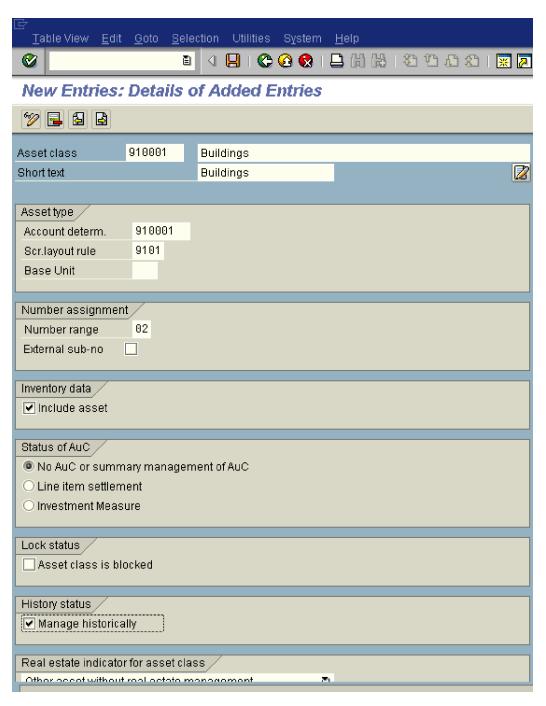
Grouping of assets for reporting purpose

You should group together assets with the same depreciation terms into an asset class.

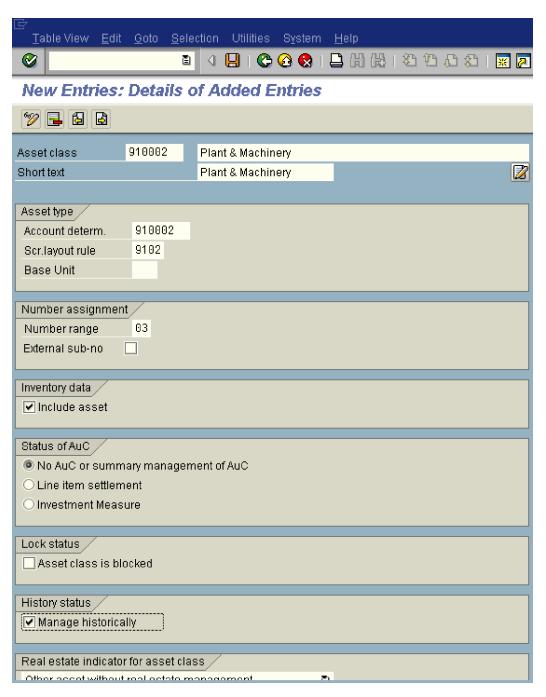
Click on New entries and update the following: -



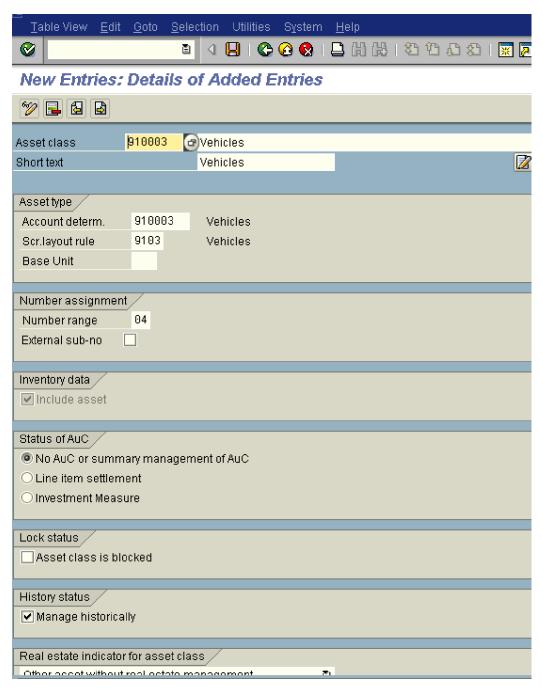
Click on Save



Click on

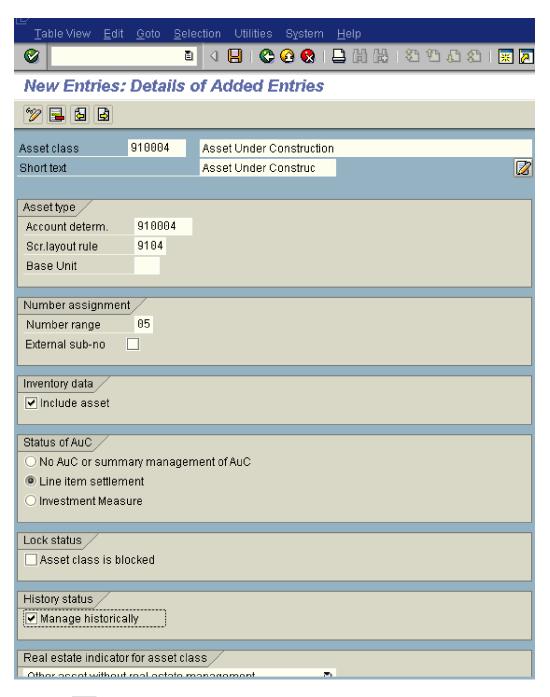


Click on 📙

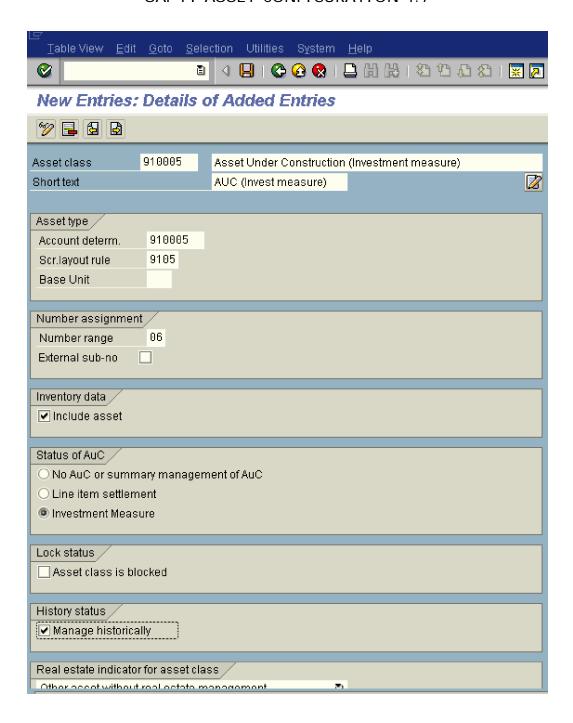


Click on

In case of Asset under construction update the following: -



Click on 📙



Click on

11. Specify Chart-of-Dep.-Dependent Screen Layout/Acct Assignment (Optional)

IMG à Financial Accounting à Asset Accounting à Organizational Structures à Asset Classes à Specify Chart-of-Dep.-Dependent Screen Layout/Acct Assignment

Generally, the control specifications (the screen layout and the account determination) for the asset class apply throughout the client, that is, for all charts of depreciation. It is therefore sufficient to make control specifications once per asset class.

You only need to carry out this step, if, contrary to the usual case, you want these control specifications to be country-specific (that is, different depending on the chart of depreciation). The system then uses the entries you make here depending on the chart of depreciation in the given company code. The system then ignores the control specifications in the asset class that are independent of the chart of depreciation.

Normally this is not required.

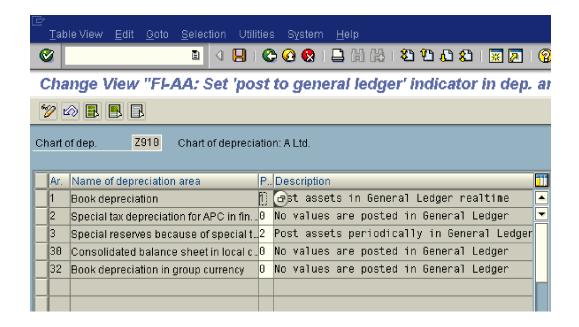
We do not any configuration here.

B) Integration with the General Ledger

1. Define How Depreciation Areas Post to General Ledgers

IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Define How Depreciation Areas Post to General Ledger

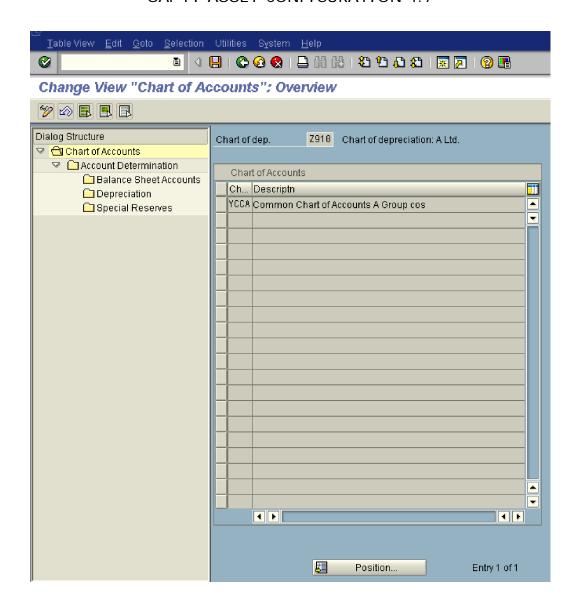
The system can post the APC transactions of one depreciation area to the general ledger online automatically. Usually this is the book depreciation area 01. You can post transactions from other depreciation areas to the general ledger automatically using periodic processing. (The exceptions to this rule are the depreciation areas for investment support shown on the liabilities side, which can also post online.) You always have to use periodic processing to post depreciation to the general ledger.

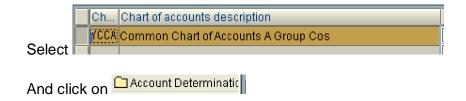


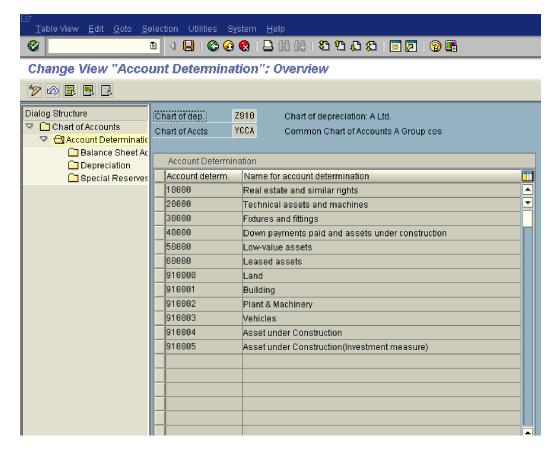
2. Assign G/L Accounts

IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Assign G/L Accounts

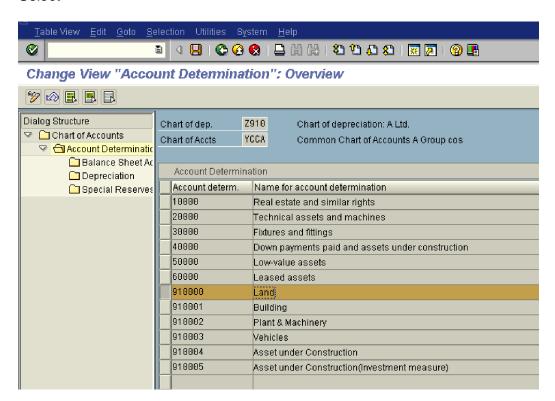
In this step you assign the balance sheet accounts and the depreciation accounts for Asset accounting.





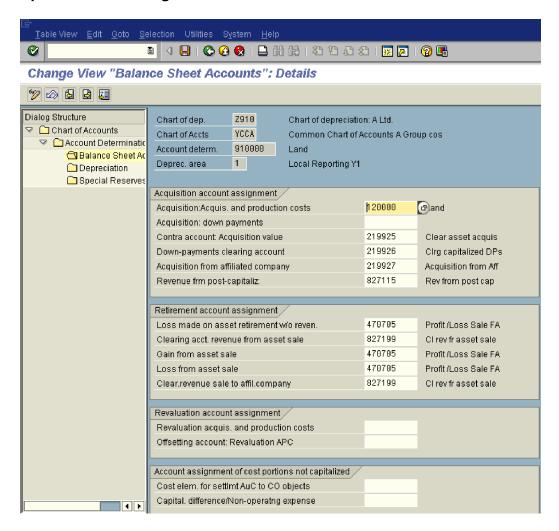


Select



And double click on Balance Sheet Accounts and

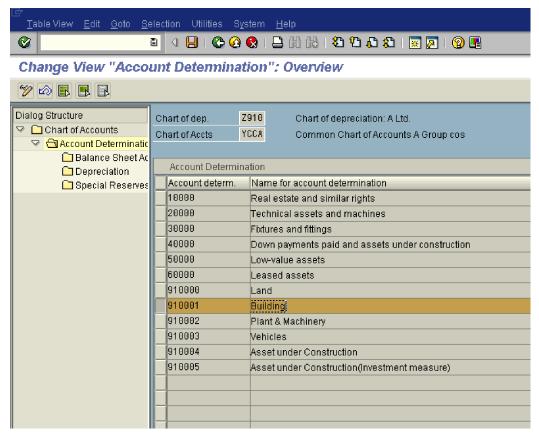
Update the following: -



For land there is no Depreciation so we do not allocate any GL code.

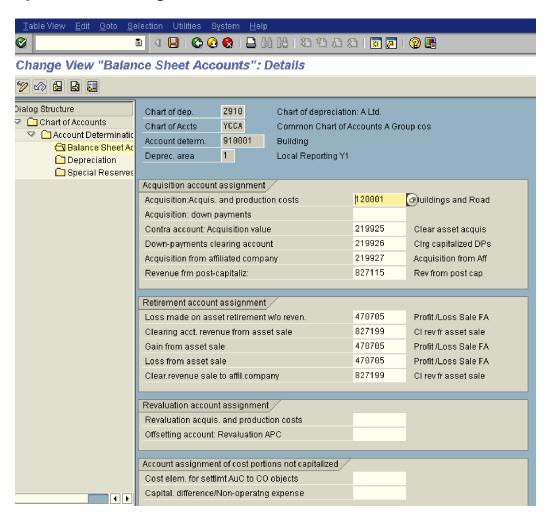
Click on Save

Similarly allocate GL codes to other account determination.



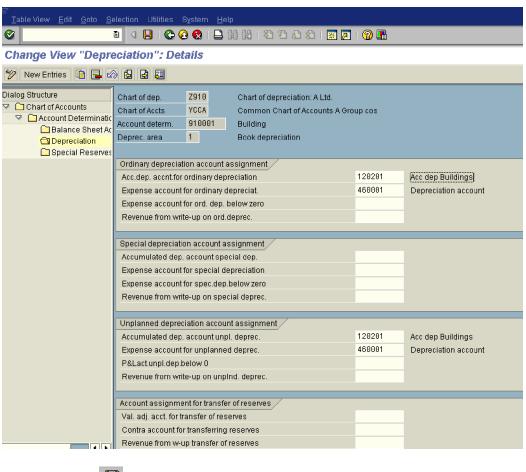
Double click Balance Sheet Acco

Update the following:-



Double Click Depreciation

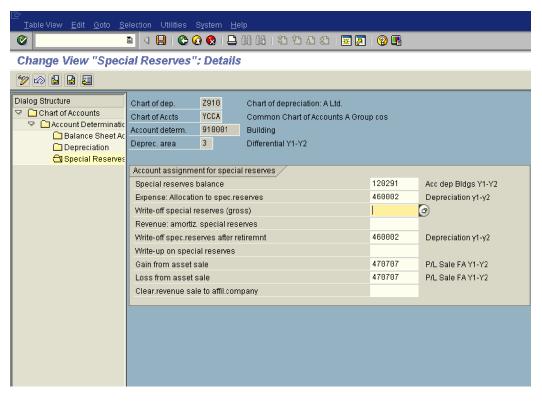
Update the following:-



Click on Save

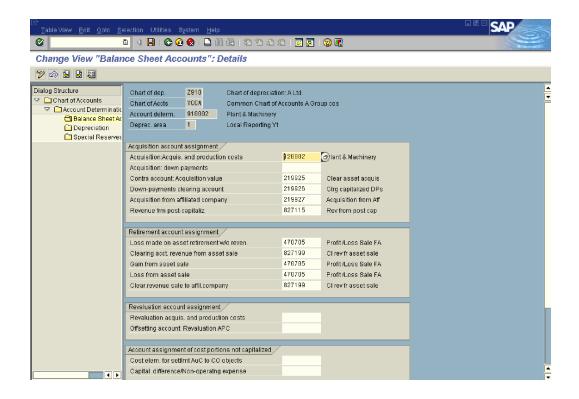
Double click Special Reserves to update the Y2 depreciation area

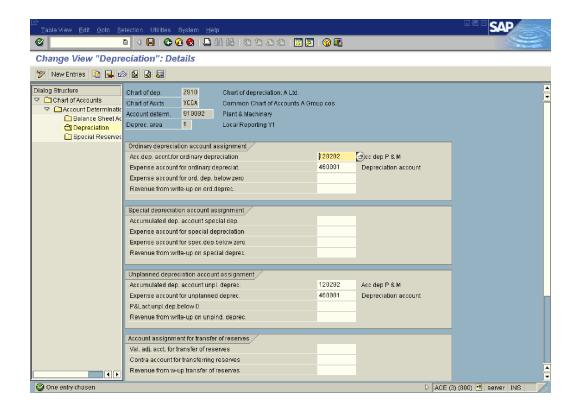
Update the following:-

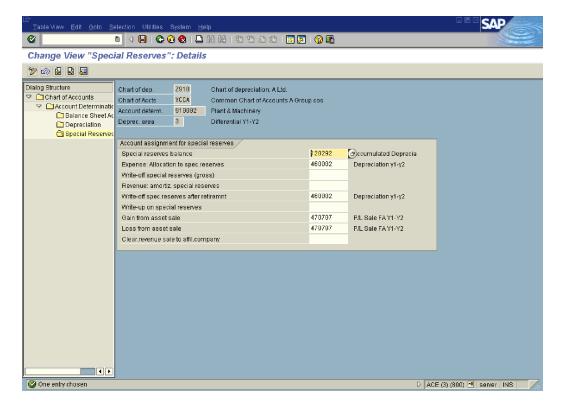


Click on 📙

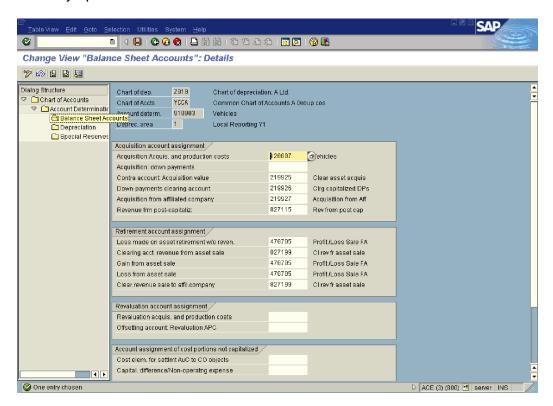
Similarly update for Plant & Machinery

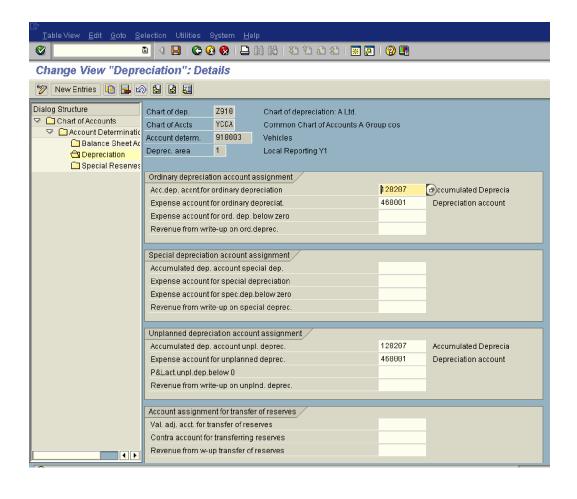


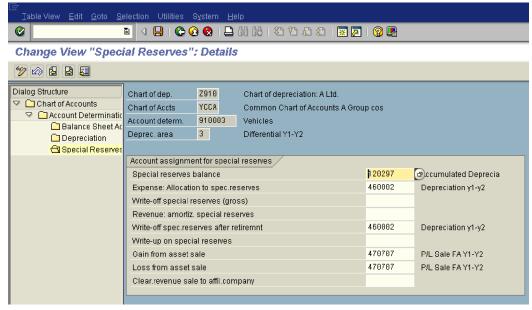




Similarly update for Vehicles

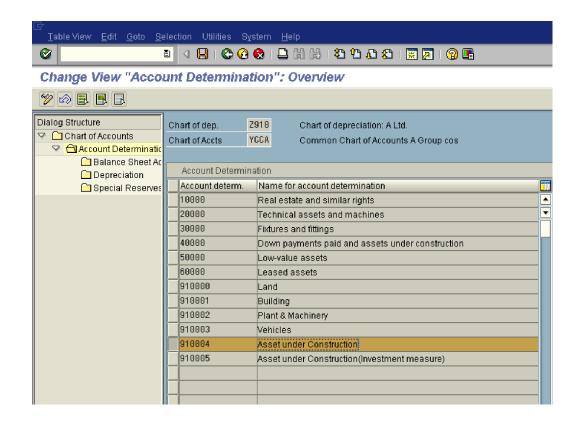


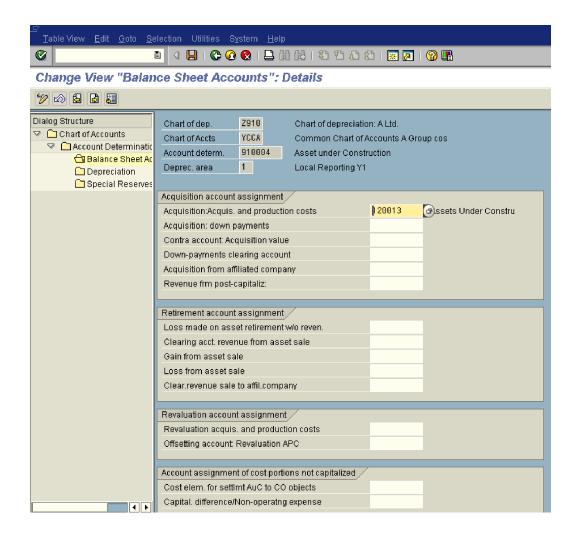




Similarly update for all other Asset classes

For Asset under construction update as follows:-



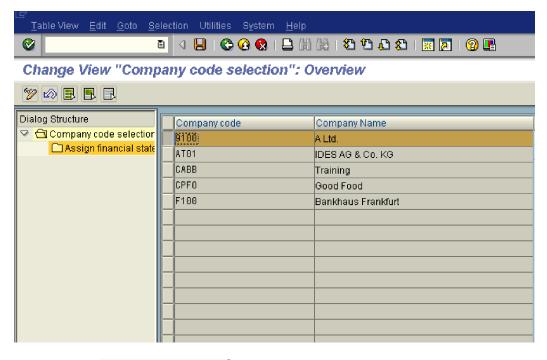


3. Specify Financial Statement Version for Asset Reports

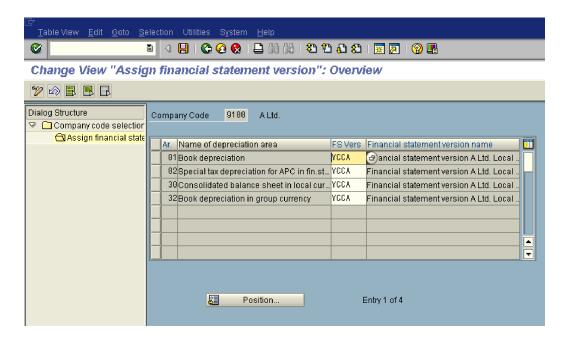
IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Specify Financial Statement Version for Asset Reports

You specify which financial statement version the system is to use as a default per depreciation area. This default applies when the financial statement version is contained in the **sort version** used for a given report.

Select company code 9100



And click on Assign financial state



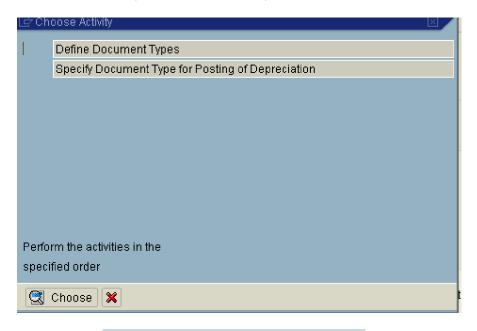
You can assign different Financial statement version for different depreciation area. For depreciation area 01 and 02 you can assign another Fin. Statement version.

Click on Save

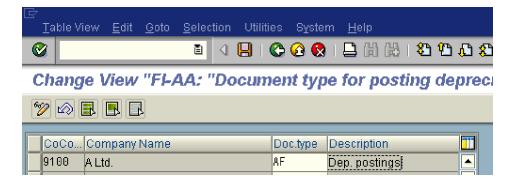
4. Specify Document Type for Posting of Depreciation

IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Post Depreciation to the General Ledger à Specify Document Type for Posting of Depreciation

The standard document type **AF** (Dep. Postings get attached to the co. code), since we have copied the chart of depreciation form 1DE.



Double click Specify Document Type for Posting of Depreciation



5. Specify Intervals and Posting Rules

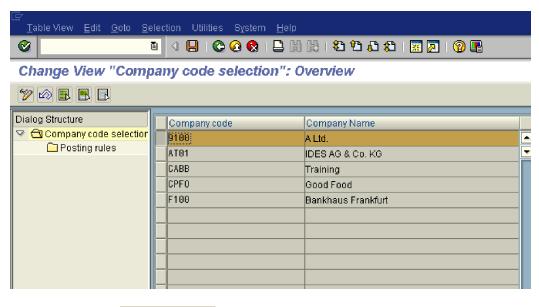
IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Post Depreciation to the General Ledger à Specify Intervals and Posting Rules

You define the posting cycle (how often depreciation is posted) whether monthly, quarterly, semi annual or annual and the account assignment rules for the depreciation-posting run.

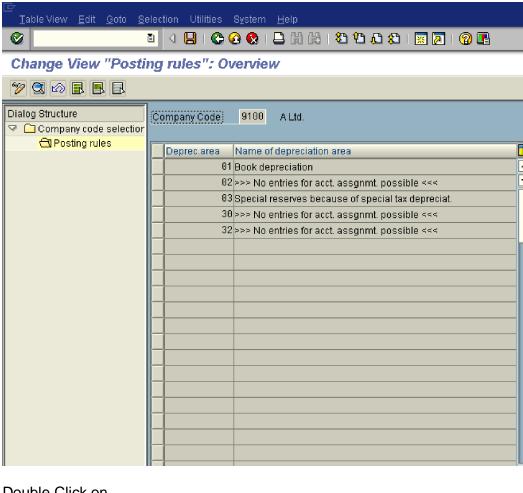
The values for posting cycle are as follows:-

- 1 monthly posting
- 3 quarterly posting
- 6 semi-annual posting
- 12 annual posting

Select company code 9100

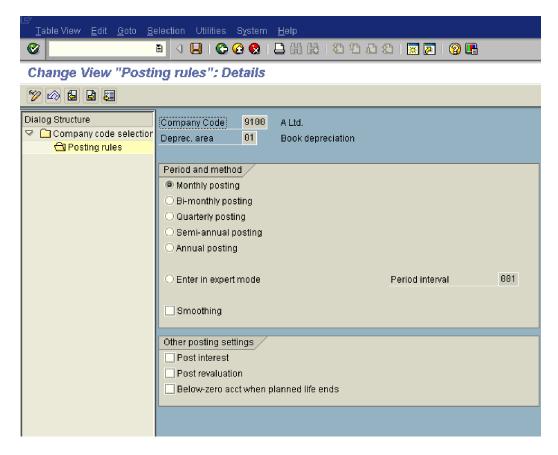


Double Click on Posting rules



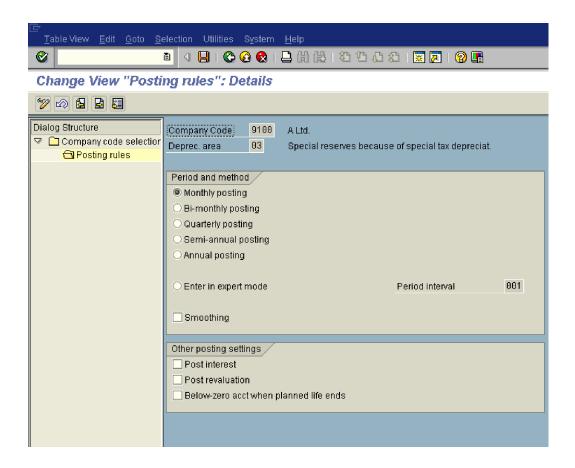
Double Click on

01 Book depreciation



In earlier version SAP 4.6C the assignment of an area to cost center was on this screen. That has now been modified in 4.7. It has been created under separate configuration menu.

Thereafter select deprec. Area 03 and click on



Click on Save

6. Activate Additional Account Assignment Objects

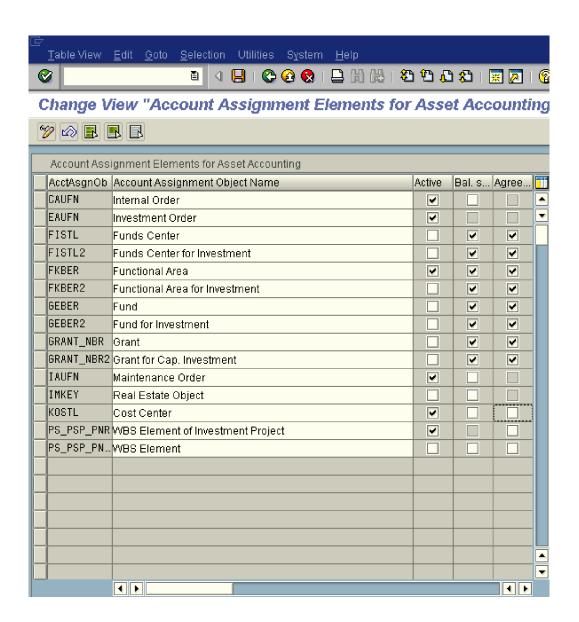
IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Additional Account Assignment Objects à Activate Account Assignment Objects

In this step, you make settings for additional account assignment objects (for example, cost center, investment order) during posting in Asset Accounting.

KOSTL (cost center) Active: yes - Bal. sheet: yes - Agreement: no Result: The account assignment object "cost center"

- Is active (available for input) in the asset master record
- Can no longer be changed in the asset master record once the asset is capitalized

 Can be changed during posting, in other words, you do not necessarily have to make account assignment when posting to the cost center that is entered in the asset master record



Cost center assignment, internal order and investment order assignment is active.

7. Specify Account Assignment Types for Account Assignment Objects

IMG à Financial Accounting à Asset Accounting à Integration with the General Ledgerà Additional Account Assignment Objects à Specify Account Assignment Types for Account Assignment Objects

In this step, you assign account assignment types to the account assignment objects. These assignments are dependent on

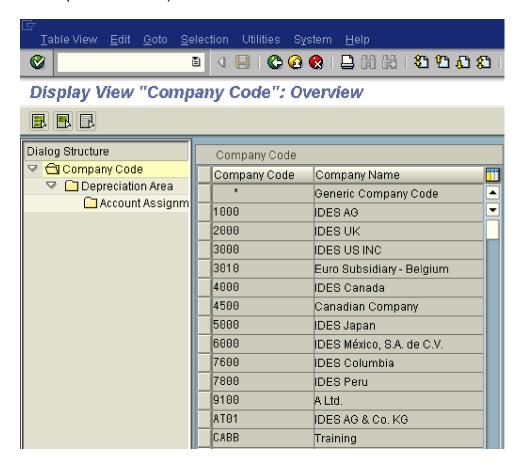
Company code

Depreciation area

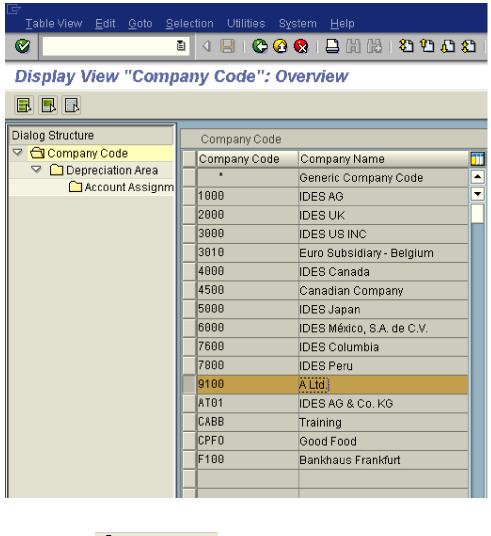
Transaction type

If you want to assign both account assignment types to an account assignment object, you have to make at least two table entries for the account assignment object.

You can make a generic entry, using an asterisk (*), for the transaction type. The system then uses the account assignment type you entered for all transaction types for that account assignment object (in the company code and depreciation area).

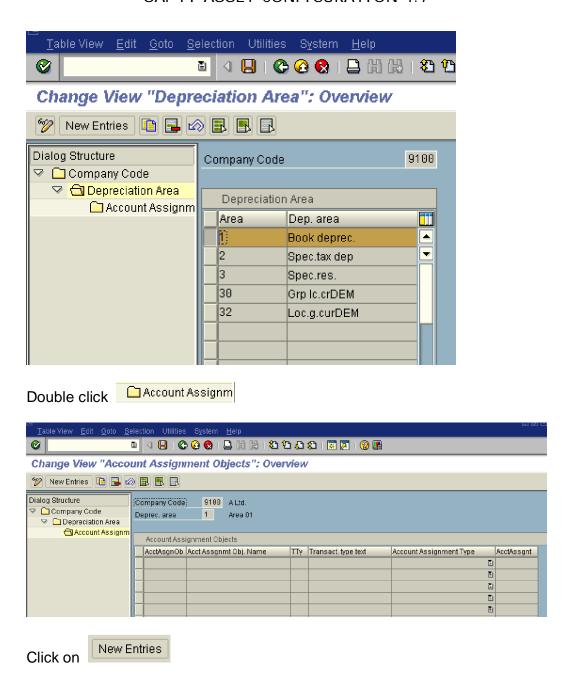


Select

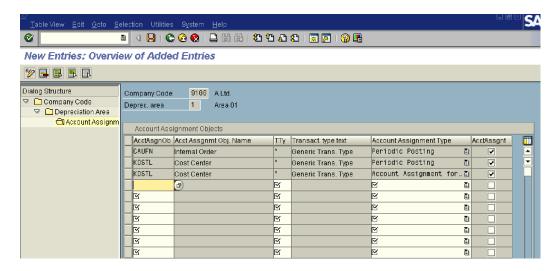


Double click Depreciation Area

Select



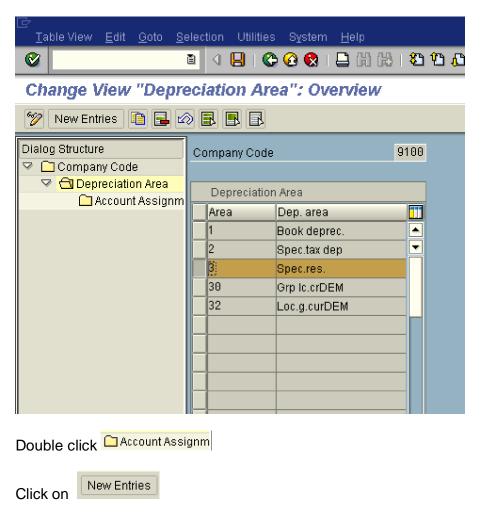
Update the following:-

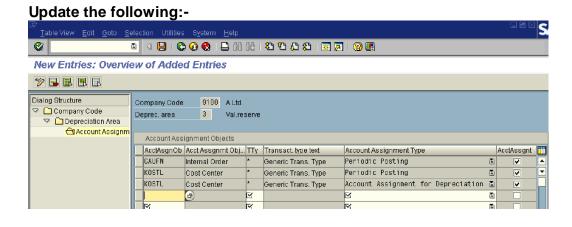


We update the account assignment object cost center for periodic posting as well as for depreciation posting.

Click on 📙

Click back and select another depreciation area 3



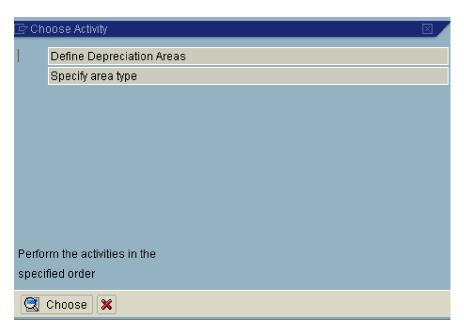


Click on 📙

C) Valuation

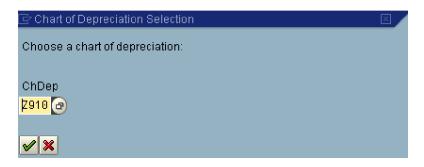
1. Define Depreciation Areas

IMG à Financial Accounting à Asset Accounting à Valuation à Depreciation Areas à Define Depreciation Areas

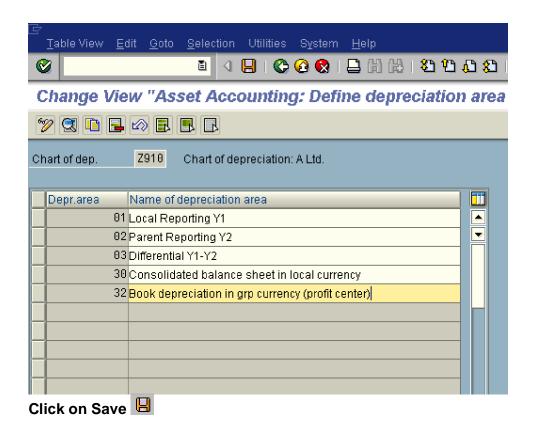


Double Click on Define Depreciation Areas

Update the following:-



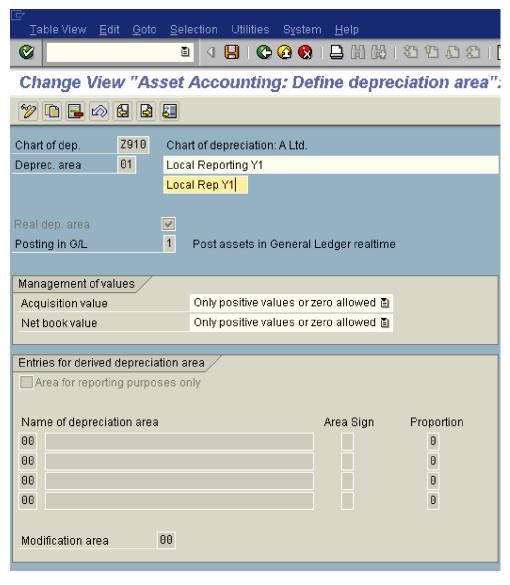
Change the name of Depreciation area 1, 2 and Depreciation area 3 as follows:-



Double click Dep area 01 to see the configuration values.

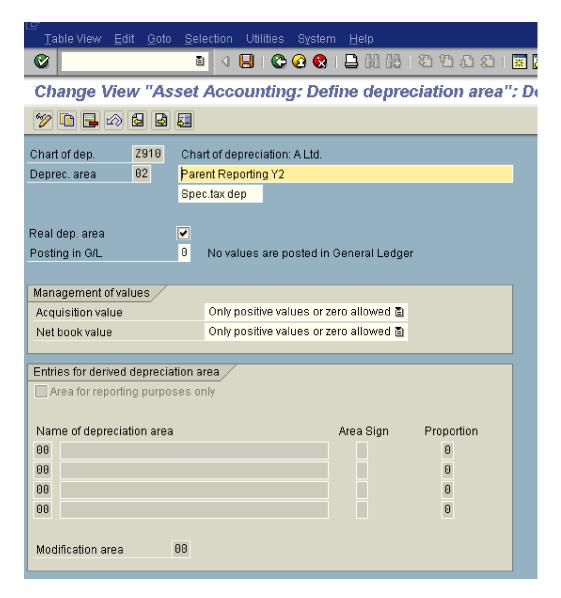
<i>i</i> <u>T</u> able View <u>E</u> dit <u>G</u> oto <u></u> §	election Utilities S <u>y</u> stem <u>H</u> elp							
©	1 4 📙 😋 😵 💂 開 陽 25 年 元 25 🧵							
Change View "Asset Accounting: Define depreciation area":								
	hart of depreciation: A Ltd.							
	Local Reporting Y1 Book deprec.							
<u>.</u>	Jok deprec.							
Real dep. area								
Posting in G/L 1	Post assets in General Ledger realtime							
Management of values								
Acquisition value	Only positive values or zero allowed 🗉							
Net book value Only positive values or zero allowed ₫								
Entries for derived depreciatio	n area							
Area for reporting purposes	only							
Name of depreciation area	Area Sign Proportion							
00	0							
00	0							
00	0							
00	0							
Modification area 00								

If necessary update the short description also

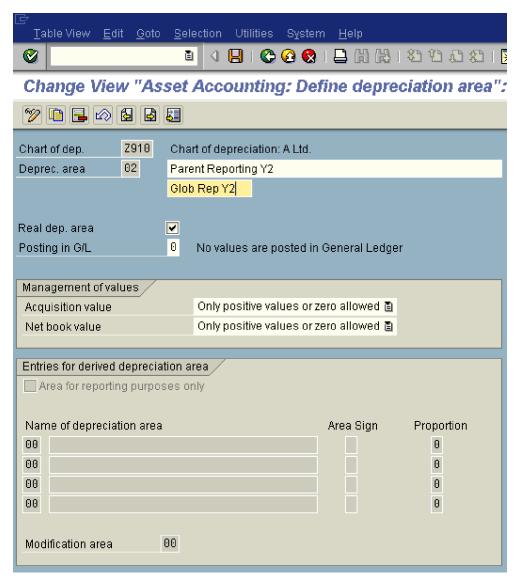


Click on 📙

Click on to see Deprec. Area 02

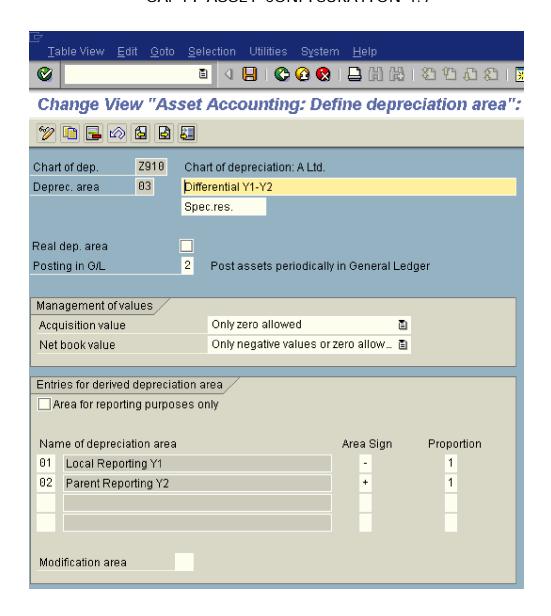


Update the short description



Click on 📙

Click on to see Deprec. Area 03



Update the following:-

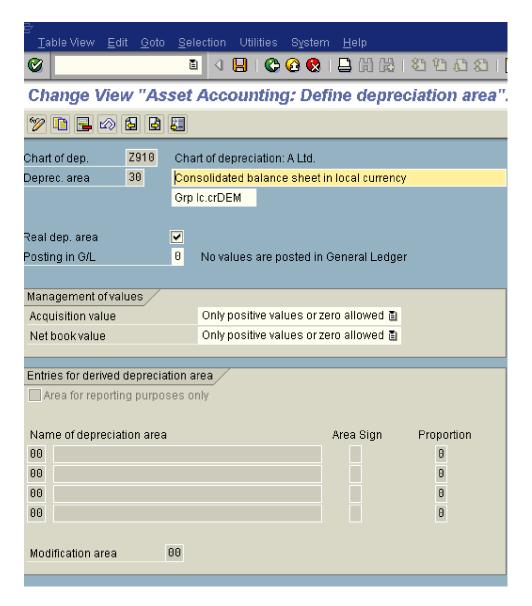
Short description

Change Net book value to All values allowed

₫

년 <u>T</u> able View <u>E</u> dit <u>G</u> oto	<u>S</u> election Utilities S	System <u>H</u> elp					
©			20021				
Change View "Asset Accounting: Define depreciation area".							
Chart of dep. Z910	Chart of depreciation: A	Ltd.					
Deprec, area 03	Differential Y1-Y2						
	DiffY1-Y2						
Real dep. area Posting in G/L	Post assets period	lically in General Ledg	er				
Management of values							
Acquisition value	Only zero allowed	Only zero allowed					
Net book value	All values allowed	All values allowed					
Entries for derived depreciation	on area						
Area for reporting purpose	es only						
Name of depreciation area		Area Sign	Proportion				
91 Local Reporting Y1		-	1				
02 Parent Reporting Y2		+	1				
Modification area							

Click on 🗟 to see Deprec. Area 30



Update the following:-

ログ <u>T</u> able View <u>E</u> dit <u>G</u> oto	<u>S</u> election Utilities System <u>H</u> elp						
©	B 4 📙 C 6 0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1						
Change View "Asset Accounting: Define depreciation area".							
Chart of dep. Z910	Chart of depreciation: A Ltd.						
Deprec, area 30	Consolidated balance sheet in local currency						
	Grp Ic EUR						
Real dep. area	<u>✓</u>						
Posting in G/L	No values are posted in General Ledger						
Management of values							
Acquisition value	Only positive values or zero allowed 🖺						
Net book value	Only positive values or zero allowed 🖺						
Entries for derived depreciati	tion area						
Area for reporting purpose	ses only						
Name of depreciation area Area Sign Proportion							
00	0						
00	0						
00 0							
00	0						
Marticonti	00						
Modification area 00							

Click on to see Deprec. Area 32

ログログログ <u>T</u> able View <u>E</u> dit <u>G</u> oto	<u>S</u> ele	ection Utilities	Systen	n <u>H</u> elp				
©	Ē		② ◎		2000			
Change View "Asset Accounting: Define depreciation area".								
Chart of dep. Z910	Chai	rt of depreciation	: A Ltd.					
Deprec, area 32	Book	k depreciation in	grp curr	ency (profit cen	ter)			
	Profi	it cente						
Real dep. area	V							
Posting in G/L	0	No values are p	osted in	General Ledge	er			
Management of values								
Acquisition value	Only positive values or zero allowed 🖺							
Net book value	Only positive values or zero allowed 🖺							
Entries for derived depreciati	ion ai	rea						
Area for reporting purpose	es or	nly						
Name of depreciation area				Area Sign	Proportion			
00					0			
00					0			
00					0			
00					0			
Modification area 00								

Click on Save

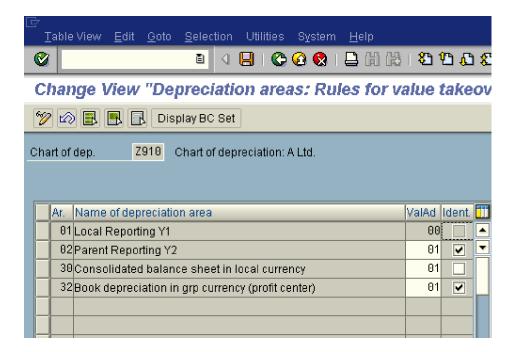
2. Specify Transfer of APC Values

IMG à Financial Accounting à Asset Accounting à Valuation à Depreciation Areas à Specify Transfer of APC Values

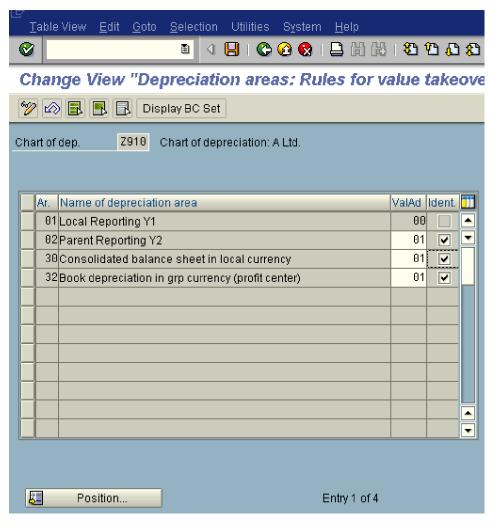
The standard system copies the asset balance sheet values from depreciation area 01 to all other depreciation areas during posting. (The only exceptions to

this rule are areas for revaluation and for investment support, as well as derived depreciation areas.) Therefore, you only need to carry out this step if you want to copy posting values from a different depreciation area, **not** depreciation area 01.

In this step, you define transfer rules for the posting values of depreciation areas. These transfer rules let you ensure that certain depreciation areas have identical asset values.



Select Identical for 30 also.



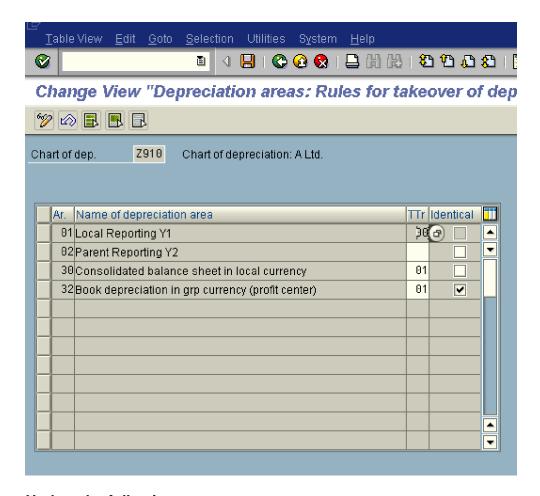
Click on 📙

3. Specify Transfer of Depreciation Terms

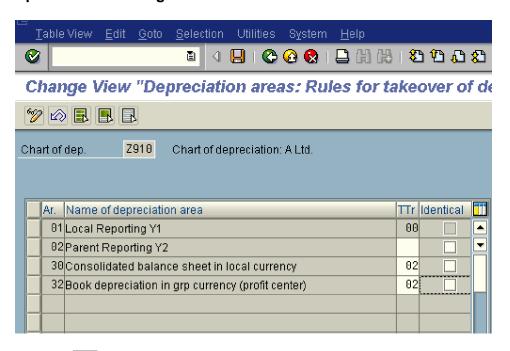
IMG à Financial Accounting à Asset Accounting à Valuation à Depreciation Areas à Specify Transfer of Depreciation Terms

No configuration required here if you are managing depreciation areas with different depreciation rate.

In our scenario we want the depreciation terms for area 02, 30 and 32 to be identical. Therefore we enter 02 in against depreciation area 30 and 32.



Update the following:-



Click on 📙

4. Determine Depreciation Areas in the Asset Class

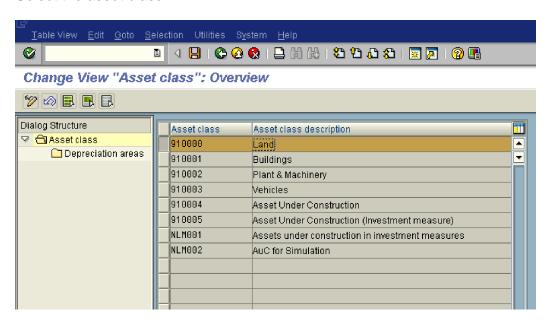
IMG à Financial Accounting à Asset Accounting à Valuation à Determine Depreciation Areas in the Asset Class

Generally, the assets in an asset class use the same depreciation terms (depreciation key, useful life). Therefore, you do not have to maintain the depreciation terms in the asset master record. Instead, they can be default values from the asset class.

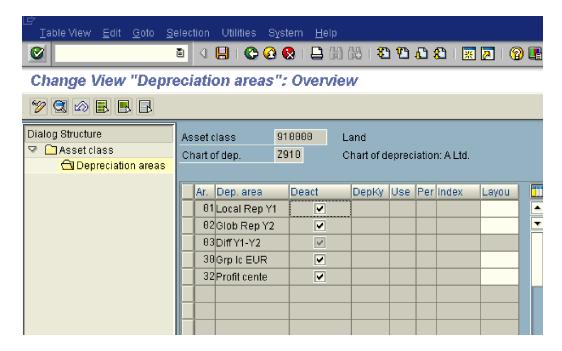
In this step, you specify the depreciation terms that are to be used in your asset classes. Depending on the definition in the screen layout control used, these depreciation terms are offered either as optional or mandatory defaults when you create an asset.

For each asset class, you can maintain as many charts of depreciation with their depreciation areas as you need. This allows you to use the asset class in all countries belonging to the client.

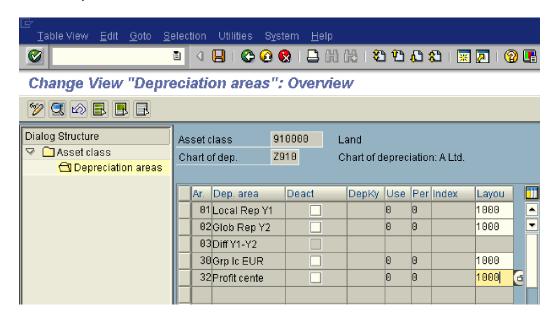
Select the asset class



And Double Click on Depreciation areas



Remove the deactivation tick and specify the default depreciation key and the screen layout.



Now you will not be able to maintain the default depreciation key as the field may appear grayed out. In this case go to next step 5 and activate the maintenance level of depreciation key at asset level for screen layout 1000.

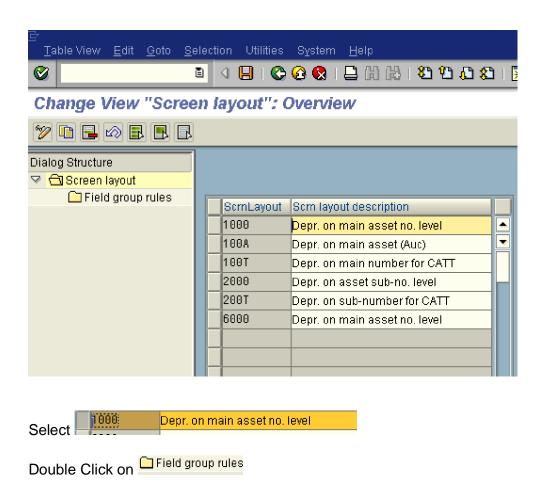
Before you proceed remove the deactivation tick and assign layout to all other asset classes (Building, Plant & Machinery, Vehicles, AUC).

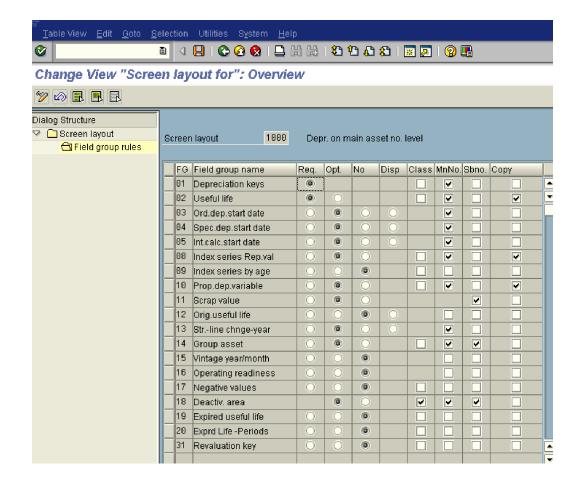
5. Define Screen Layout for Asset Depreciation Areas

IMG à Financial Accounting à Asset Accounting à Master Data à Screen Layout à Define Screen Layout for Asset Depreciation Areas

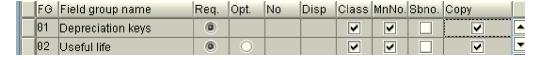
You can use it in a similar way to control the features of the depreciation areas in the asset master record. It is possible to make different specifications in each depreciation area.

SAP delivers two standard versions: Depreciation on main asset number Depreciation on sub number





Update the following Maint. level: -



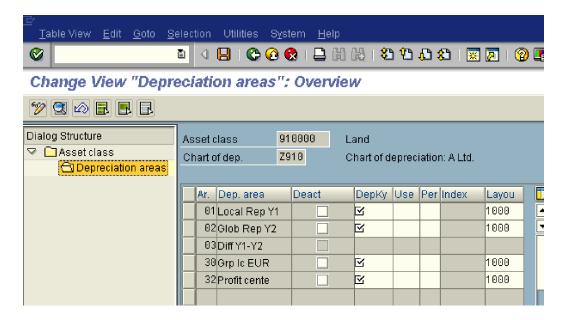
This means depreciation keys and useful life are to be maintained at the asset class level.

Click on Save

Thereafter update the following using the path:-

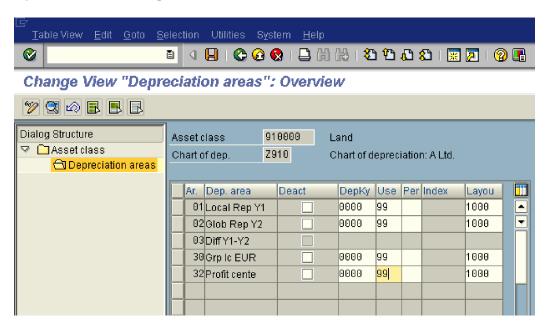
IMG à Financial Accounting à Asset Accounting à Valuation à Determine Depreciation Areas in the Asset Class

Update the asset classes with the default values such as depreciation keys, useful life



The **Depreciation key** field has now become required.

Update the following:-



Click on Save

Similarly do for Building, Plant & Machinery, Vehicles and AUC asset classes.

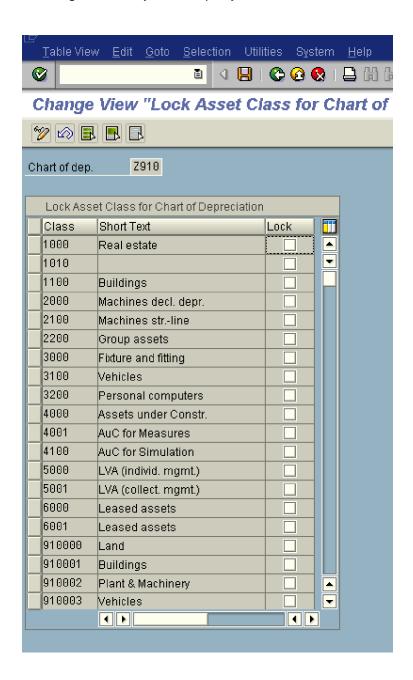
6. Deactivate Asset Class for Chart of Depreciation

IMG à Financial Accounting à Asset Accounting à Valuationà Deactivate Asset Class for Chart of Depreciation

This is a new functionality in SAP 4.7 version.

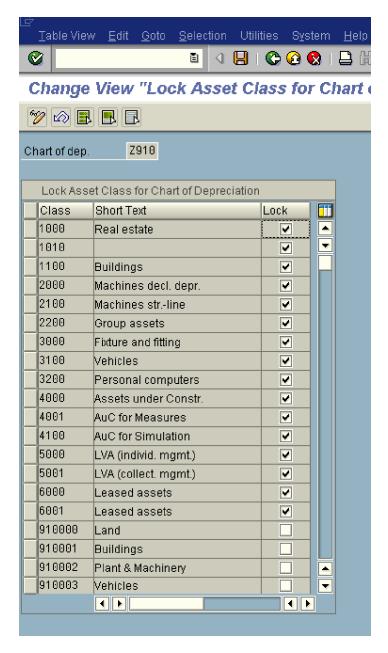
In this step, you can lock asset classes for entire chart of depreciation. By doing this, you can prevent an asset class from being used inadvertently in chart of depreciation for which it is not intended.

This will prevent the deactivated asset classes coming in the drop down while creating asset for your company code.



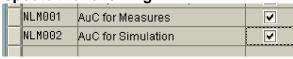
We will lock the standard SAP asset classes for chart of depreciation Z910.

Update the following:-



Click to scroll down

Update the following:-



Click on 📙

7. Specify Max. Amount for Low-Value Assets+Asset Classes (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Amount Specifications (Company Code/Depreciation Area) à Specify Max. Amount for Low-Value Assets + Asset Classes

Here you specify the maximum amount for low value assets (LVAs). You enter a maximum amount per company code or per depreciation area. The system checks this maximum amount during every acquisition posting, providing the corresponding LVA indicator is set in the asset class.

Specify how you want the system to carry out the LVA maximum amount check for the asset class. Should the check be a quantity check (value of the collective low-value asset divided by the quantity entered in the asset exceeds the LVA maximum amount for the company code or depreciation area) or individual check.

The following options are available in the system:-

- 0 No maximum amount check
- 1 Value based maximum amount check
- 2 Check maximum amount with quantity

Amounts for LVA can be set as Plain LVA amount check or Max LVA on purchase orders.

For this setting, you need to create an LVA class for such assets. The low values assets are managed in this asset class. The check prevents any postings to the asset class, which exceeds the maximum value specified.

We will not create any LVA check since we have not created any LVA class.

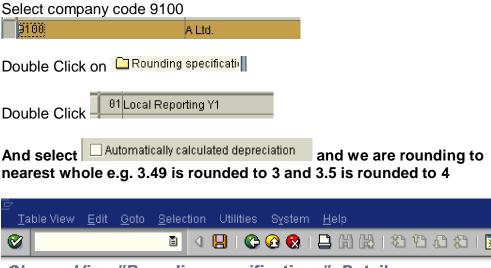
8. Specify Rounding of Net Book Value and/or Depreciation (Optional)

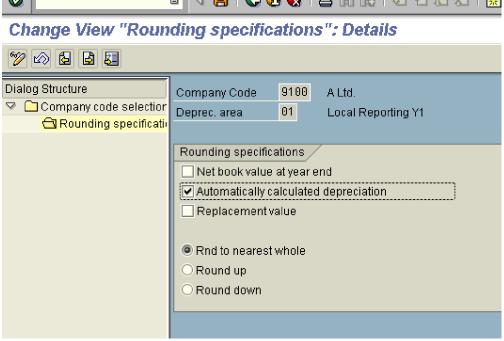
IMG à Financial Accounting à Asset Accounting à Valuation à Amount Specifications (Company Code/Depreciation Area) à Specify Rounding of Net Book Value and/or Depreciation

You have the option of rounding depreciation calculated or the net book value or the replacement value.

You can round up, or round down or round to the nearest whole.

This step is optional if your company code requires rounding off.





Click on Save

Similarly do for deprec. Area 02, 30 and 32

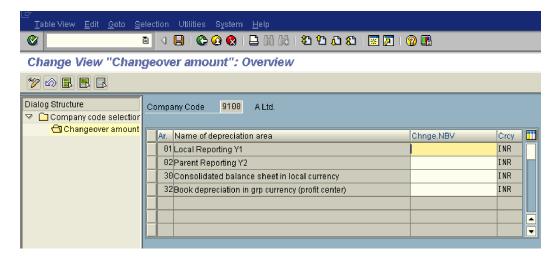
9. Specify Changeover Amount (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Amount Specifications (Company Code/Depreciation Area) à Specify Changeover Amount

You enter the amount at which the the system should change the calculation of depreciation to the changeover key specified in the depreciation key. You enter the amount per depreciation area. The changeover takes place as soon as the net book value of the asset goes below the changeover amount.

This changeover only takes place if you are using a depreciation key defined with changeover method 3 (changeover as soon as the remaining value is less than the changeover amount). This changeover amount is ignored by other changeover methods.

We will not specify any changeover amounts.



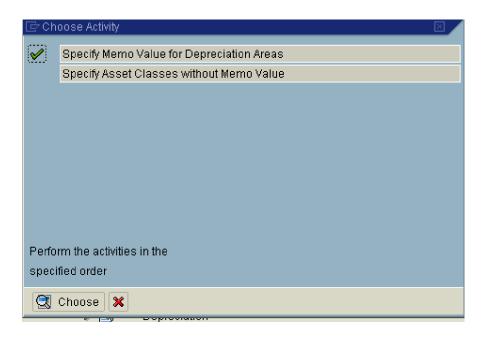
10. Specify Memo Value (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Amount Specifications (Company Code/Depreciation Area) à Specify Memo Value

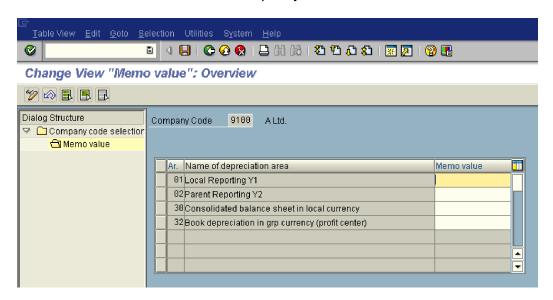
In this step, you define a memo value for each depreciation area/ company code. This memo value is the amount that is not depreciated, in order to have a memo posting for an asset, which has already exceeded its useful life. The system reduces the planned annual depreciation in the acquisition year for the asset by the amount of the memo value.

You can activate or deactivate the memo value by means of an indicator in the asset class, although it has been defined on depreciation area/company code level (this is applies especially to asset classes for low value assets).

Here we need to do the following config:-



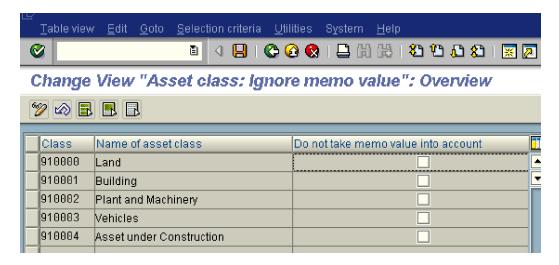
Double Click on Specify Memo Value for Depreciation Areas and select your company code and click on and specify the memo value.



Click on Save

Thereafter Double Click on Specify asset classes without memo value

Specify asset classes which should not take memo value into account.



We will not do any configuration here since we do not want any value to remain in books after the useful life.

11. Specify Other Versions on Company Code Level (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Fiscal Yearà Fiscal Year Variantsà Specify Other Versions on Company Code Level

You specify a fiscal year variant for Asset Accounting on company code level that is different from the one in FI General Ledger.

Normally no configuration is required here, unless you have a different fiscal year for asset accounting.

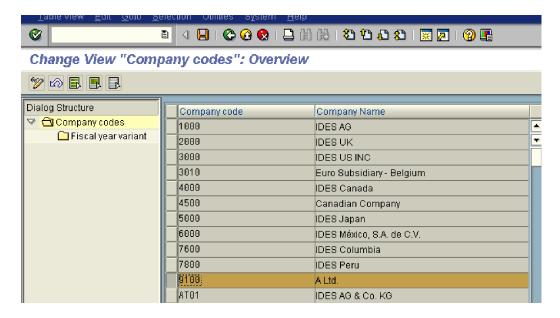


We will not do any configuration here since we do not require fiscal year variant, which is different from the GL fiscal year variant.

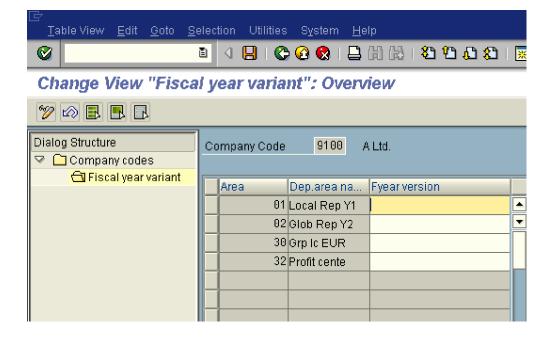
12. Specify Other Versions on Depreciation Area Level (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Fiscal Year à Fiscal Year Variants à Specify Other Versions on Depreciation Area Level

You specify a fiscal year variant for Asset Accounting on depreciation area level that is different to the one for the FI General Ledger.



Double click Fiscal year variant



We will not do any configuration here.

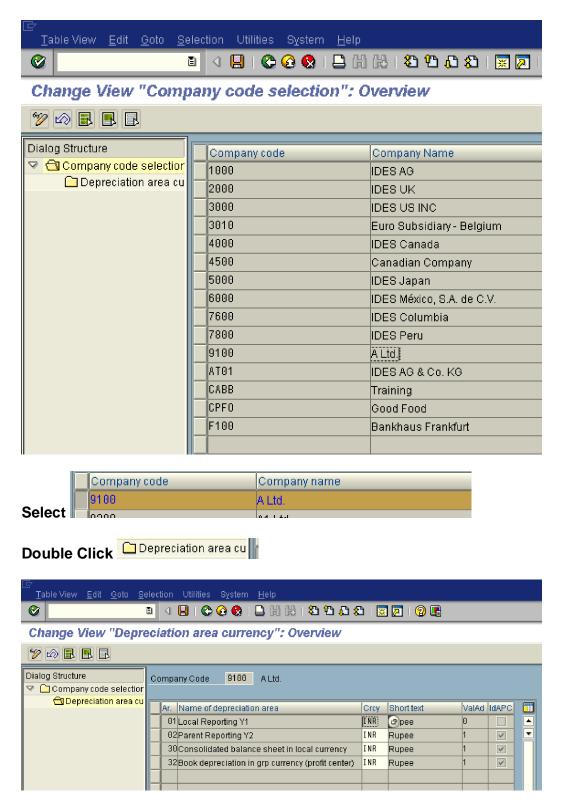
13. Define Depreciation Areas for Foreign Currencies (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Currencies à Define Depreciation Areas for Foreign Currencies

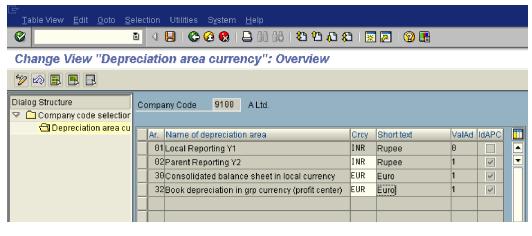
This step is a must if parallel currencies have been configured in FI-GL.

Depreciation areas can be managed in any currency in the FI-AA module. The values from these areas can then be used for group consolidation, or for other analyses.

In our scenario we require to report to parent company in EUR. We have already configured parallel currencies for company code 9100 in FI GL. Therefore it is a must that we set up those currencies in asset accounting. We have set up depreciation area 01, 02 in currencies INR. We cannot change the currency in the master area (01). It always has to be the same as the local currency of the respective company code. We will manage the depreciation areas 30 and 32 in EUR.



Change the depreciation area 30 and depreciation area 32 from INR to EUR, since our group and profit center currencies are EUR.



Click on Save

14. Specify the Use of Parallel Currencies (Optional)

Financial Accountingà Asset Accountingà Valuationà Currenciesà Specify the Use of Parallel Currencies

The R/3 FI module (Financial Accounting) provides you with the option to manage all the values of a company code in up to three currencies on the same accounts in parallel. You can define three local currencies for every company code for this in FI Customizing. A local currency is defined by the following specifications:

- Currency type in accordance with the function of the currency (for example group currency)
- Type of exchange rate for the conversion
- Base currency for the conversion and
- Date (for example document date) for the conversion

Even the values that are posted within Asset Accounting can be updated in several currencies and in the same FI document in parallel with the posted amount in local currency in financial accounting. For this, you need to manage a depreciation area with the following features for each currency:

- Currency type and currency of the depreciation area are identical to the corresponding parallel currency in the company code in question.
- The depreciation area must manage depreciation terms and acquisition values identical to the book depreciation area.

The system then automatically supplies the corresponding posting documents with the additional values from these depreciation areas. The areas in the foreign currency do **not** need to be explicitly posted to the general ledger (according to the posting settings in the definition of the depreciation area).

The system also supports parallel currencies in depreciation areas that do not post online, but which are posted during periodic posting to the general ledger.

When you use parallel currencies to show group valuation and profit center valuation, you should consider the following:

The key that is used in Asset Accounting for the parallel currencies is made up of the combination of the keys for currency type and valuation view that are entered in FI under "Define Additional Local Currencies."

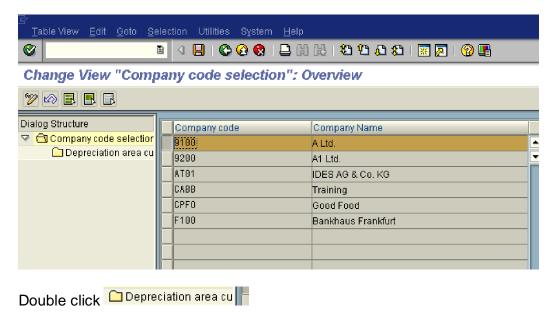
Example:

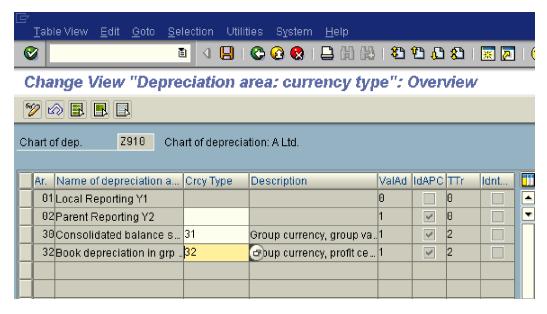
You defined the following additional local currency in FI:

Currency type 30 (group valuation), valuation type 2 (profit center valuation). If you want to enter this currency in Asset Accounting as a parallel currency for a depreciation area, do not enter 30 as the key. Instead choose key 32 (sum of keys for currency type and valuation type).

Update the following: -

- 30 currency type (group currency, group valuation) to deprn area 30
- 32 Currency type (group currency, profit center valuation) to dep area 32





Click on Save

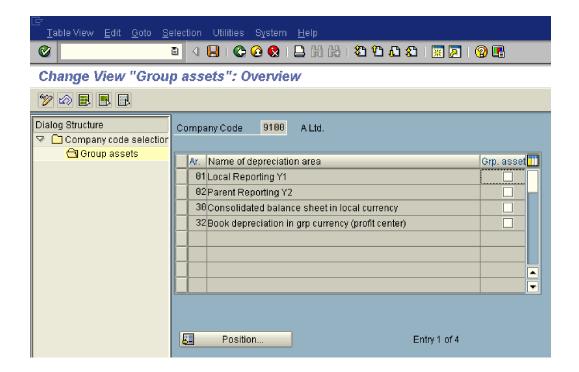
15. Specify Depreciation Areas for Group Assets (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Group Assets à Specify Depreciation Areas for Group Assets

Here you specify the depreciation areas that you **also** want to manage on group asset level. In these depreciation areas, it is then possible to make an assignment to a group asset. You make this assignment in the specifications for the depreciation area in the asset master record. When you post an acquisition to this kind of asset, the system duplicates the line items from this depreciation area on the given group asset.

We will not configure any depreciation area for group asset.



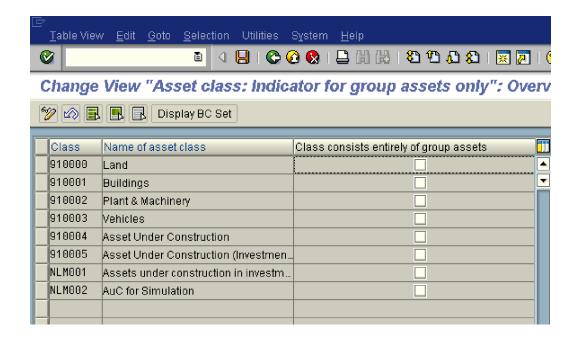


16. Specify Asset Classes for Group Assets (Optional)

IMG à Financial Accounting à Asset Accounting à Valuation à Group Assets à Specify Asset Classes for Group Assets

It is basically possible to use all asset classes for creating group assets. However, under certain circumstances, you need to set aside particular asset classes for use in conjunction with group assets. These asset classes are then reserved solely for group assets, and are not allowed to be used for normal assets.

We will not configure this step.

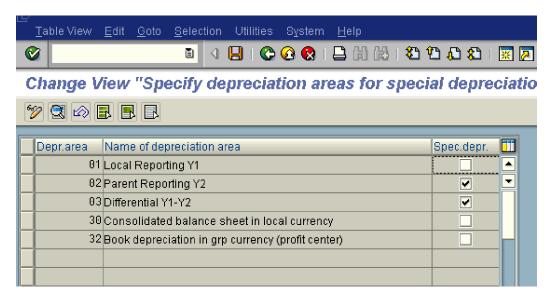


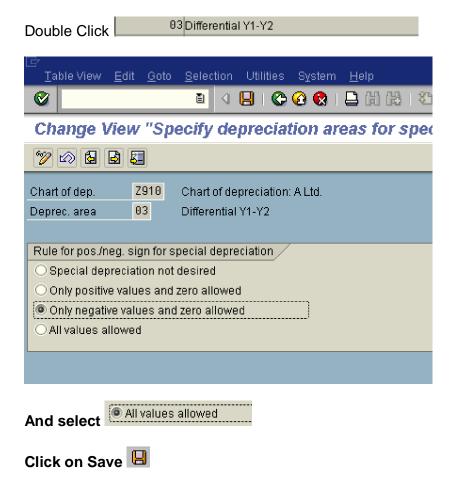
D) Depreciation

1. Determine Depreciation Areas for Special depreciation

IMG à Financial Accounting à Asset Accounting à Depreciation à Special Depreciation à Determine Depreciation Areas

Here you define settings for special depreciation area, how values are managed.

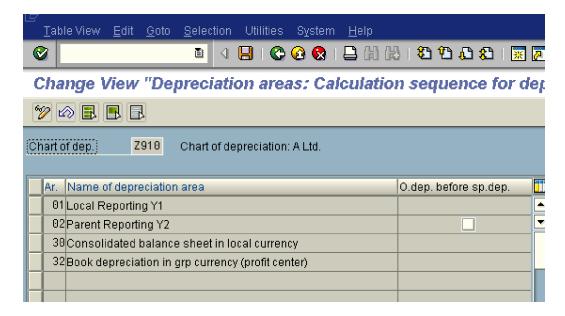




2. Calculate Ordinary Depreciation before Special Depreciation

IMG à Financial Accounting à Asset Accounting à Depreciation à Special Depreciation à Calculate Ordinary Depreciation before Special Depreciation

The order of depreciation calculation can be changed. In the standard system, ordinary depreciation is calculated before special depreciation.

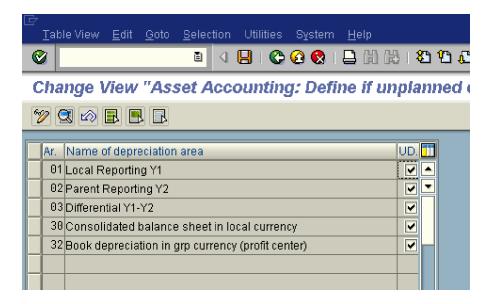


We will not make any changes here.

3. Determine Depreciation Areas for Unplanned Depreciation

IMG à Financial Accounting à Asset Accounting à Depreciation à Unplanned Depreciation à Determine Depreciation Areas

In this step, you define the depreciation areas in which you want to manage unplanned depreciation. This specification means that this value type is allowed in these depreciation areas (that is, the system does not issue an error message when you enter the corresponding depreciation terms in the asset master record).



The unplanned depreciation indicator is already set for all the depreciation areas.

E) Configuring the depreciation key

1. Define Base Methods

IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Depreciation Key à Calculation Methods à Define Base Methods

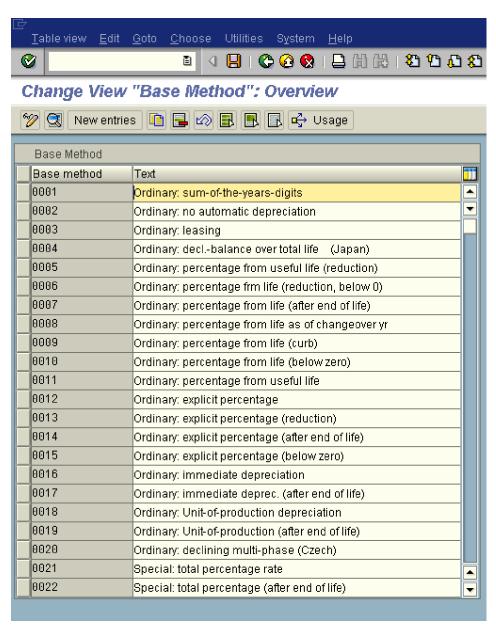
The base method contains general control parameters the system needs for calculating depreciation. You enter base method in a depreciation key.

In the base method you specify the following:-

- 1) Depreciation type
- 2) Depreciation calculation method This is the most important parameter in the base method. For e.g. When you choose the stated percentage, you have to enter a percentage in depreciation key
- 3) Treatment of the end of depreciation

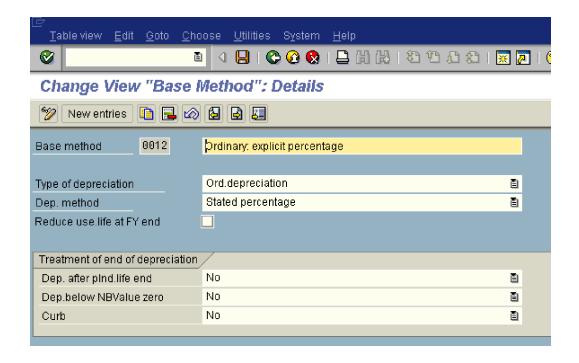
Normally the base methods supplied by SAP are sufficient.

Let us check one of the base methods



Double click

2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			
Ì		0012	Ordinary: explicit percentage



2. Define Declining-Balance Methods (Optional)

IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Depreciation Key à Calculation Methods à Define Declining-Balance Methods

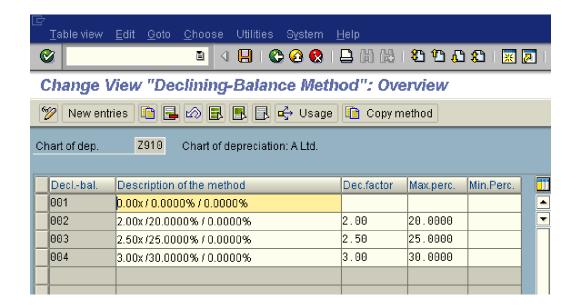
Use of declining balance method:-

The normal declining-balance method of depreciation multiplies the straightline percentage rate resulting from the useful life by a given factor. Since a relatively short useful life can produce a very large depreciation percentage rate, you can specify a maximum percentage rate as the upper ceiling limit in the declining-balance method. A similar principle applies for a very long useful life. Entering a minimum percentage rate prevents the percentage rate from sinking below a given level.

Let us check the declining balance methods SAP has provided.

Update the following:-





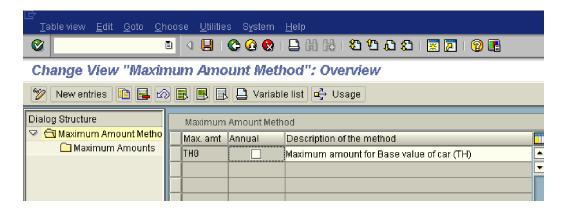
3. Define Maximum Amount Methods (Optional)

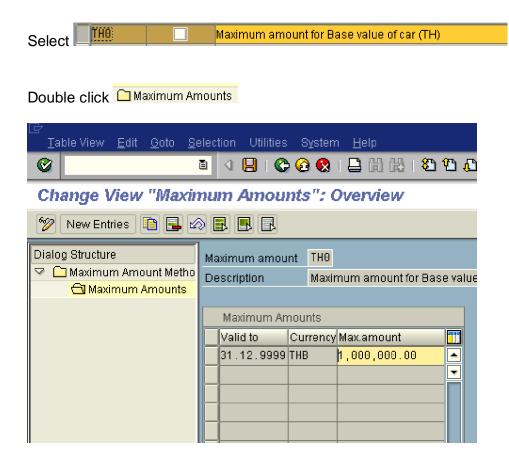
IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Depreciation Key à Calculation Methods à Define Maximum Amount Methods

In this step, you define maximum amount methods. You then assign them to depreciation keys.

The calculation method contains a maximum depreciation amount that is not allowed to be exceeded before a certain calendar date. If the depreciation calculated by the system exceeds this maximum amount, then the system reduces depreciation to this maximum amount.

You can specify how the maximum amount applies within the time period specified for it. It can either apply to to each individual year in the specified time period, or to accumulated depreciation.





4. Define Multi-Level Methods (Important)

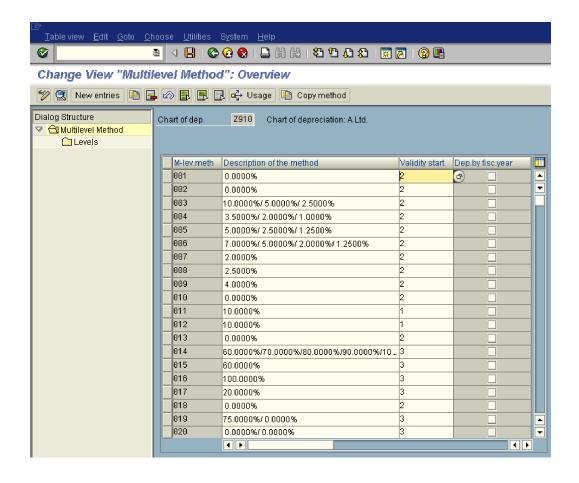
IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Depreciation Key à Calculation Methods à Define Multi-Level Methods

You define multi-level methods. You then assign them to depreciation keys. Each level represents a validity period for a given percentage rate.

Here you define whether the depreciation key is straight-line method or declining balance method. You select the relevant base value.

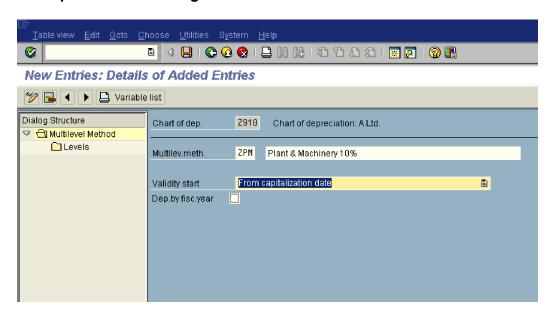
Here you also specify the percentage rate of depreciation.

We will configure 2-multi level methods one for **Straight-line method** and another for **Declining balance method** or **Reducing balance method**.

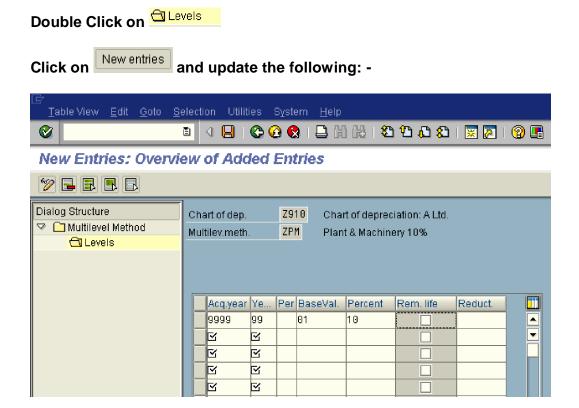


Click on New entries

And update the following: -



Click on Save



Acq. Year - Value we have entered is 9999 (valid for years)

Years - 99 (the number of years valid for)

Per - 0 (Validity period in months)

Base Value - 01 means Acquisition value

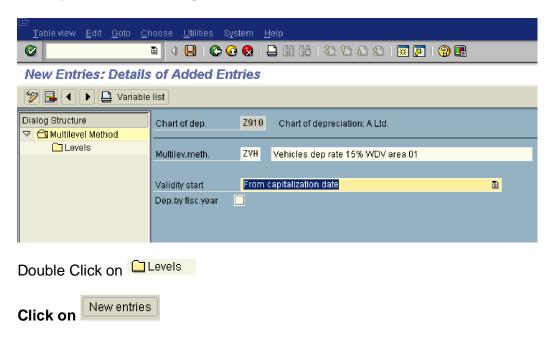
Percentage - 10 % (10% calculated on Base value i.e. Acquisition value)

Click on Save

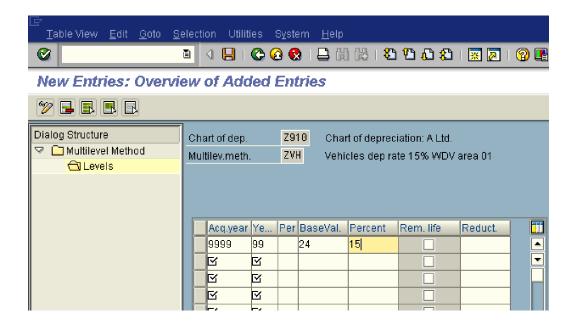
Let us configure another Multi-level method for Declining balance method

Click on New entries

And update the following: -



Update the following:-



Base value: 24 (Net Book value)

Click on Save

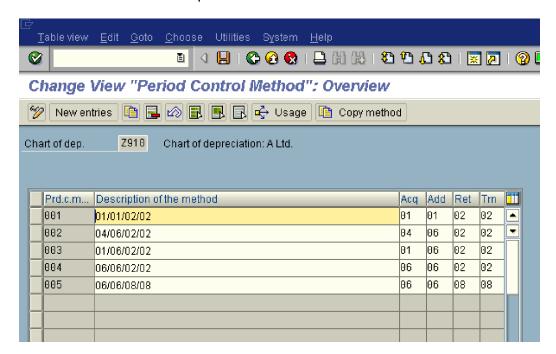
5. Maintain Period Control Methods

IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Depreciation Key à Calculation Methods à Maintain Period Control Methods

In this step, you maintain period control methods. You then assign them to depreciation keys.

In the period control method you can specify the depreciation start date for acquisition, acquisition in the following years, retirements and transfer.

Let us check the standard period control methods



- 01 Prorata at period start date
- 02 Pro rata upto mid-period at period start date

6. Maintain Depreciation Key

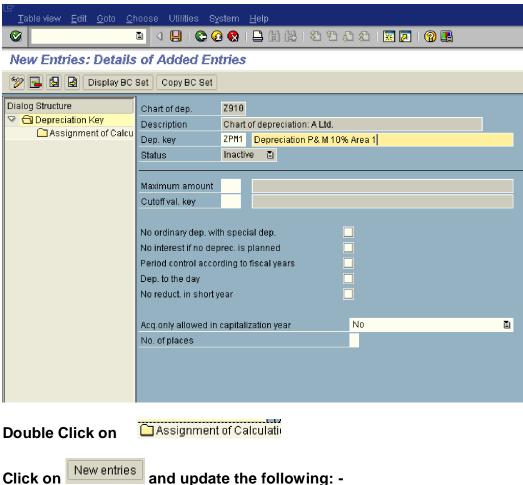
IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Depreciation Key à Maintain Depreciation Key

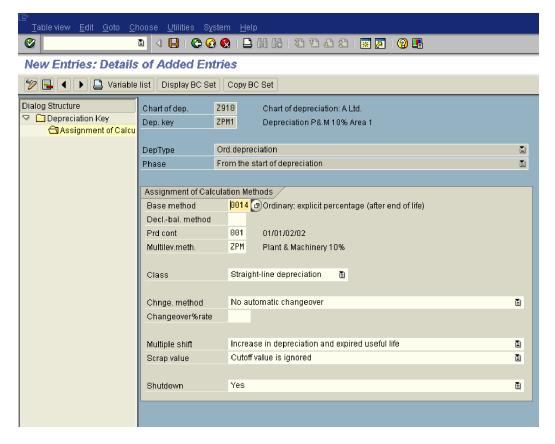
In this step, you maintain depreciation keys by assigning calculation methods to them. You can divide the duration of depreciation into several phases. When you enter a changeover method for one of these phases, the system changes over to the next phase as soon as the event specified in the

changeover method has occurred. The system then uses the depreciation calculation that is specified in the calculation method for this phase.

- 1. Maintain additional depreciation keys and their descriptions in accordance with your requirements.
- 2. Assign calculation methods to the depreciation keys. Maintain any other necessary parameters.

Click on New entries and update the following: -



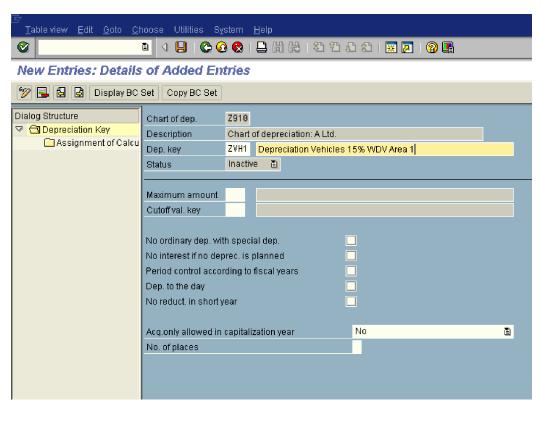


Base Method: 0014 (Ordinary explicit percentage after end of life)
Prd. Control: 001 (01/01/02/02) depreciation on capitalization from the start of the month and when retired no depreciation in the month retired.
Multilevel method: ZPM (already configured with 10%)



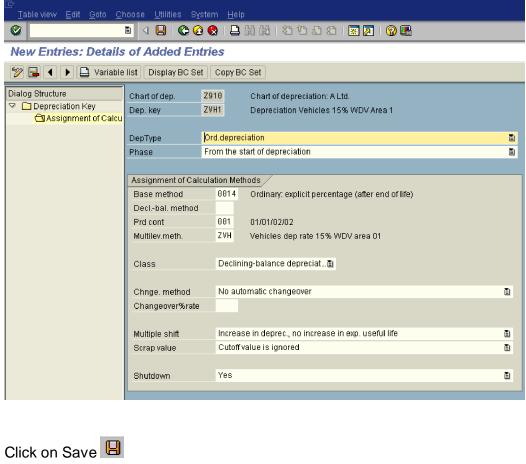
Let us configure another depreciation key with Reducing balance method

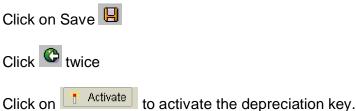
Click on New entries and update the following: -



Double Click on Assignment of Calculation

Click on New entries and update the following: -





7. Define the Cutoff Value Key (Optional)

IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Further Settings à Define the Cutoff Value Key

For certain countries it is a legal requirement, that you end depreciation when a certain value is reached. You can enter an absolute scrap value in the asset master record. Or you can enter a percentage scrap value (cut-off value) in the calculation key.

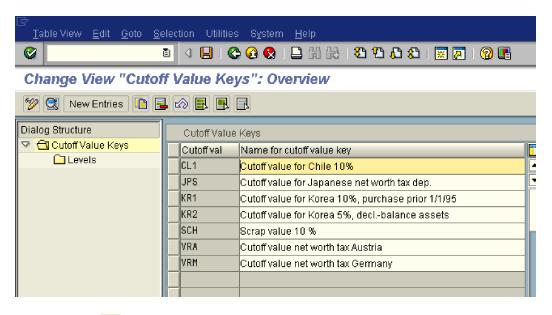
In this step, you define the calculation key for automatically determining scrap values. For each calculation key, you can specify

 The percentage of the depreciation base that should be used as the cut-off value percentage

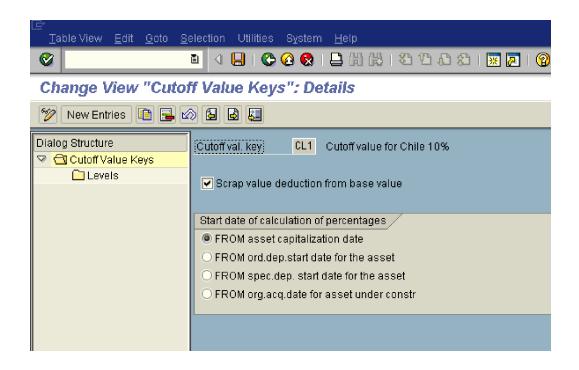
- Whether the cut-off value percentage should be deducted at the start or the end of the calculation of depreciation
- At what point in time the system should start calculating the validity period

You can enter several cut-off percentages for each scrap value key. You can define the cut-off percentages/levels per acquisition year, and the validity period can be of any length.

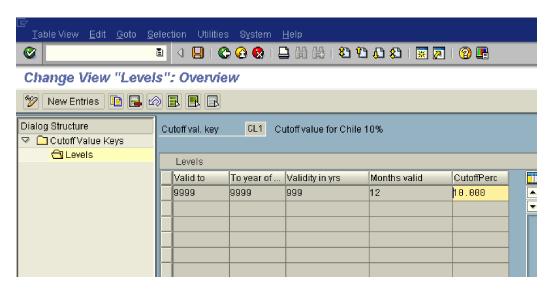
Let us check one of the Cutoff val. Keys



Double click



Double Click on Levels



We will not configure this.

41. Define Maximum Base Value (Optional)

IMG à Financial Accounting à Asset Accounting à Depreciation à Valuation Methods à Further Settings à Define Maximum Base Value

In this step, you define limited acquisition values as base values for the calculation of depreciation. This limited acquisition value can be stored as a key (05) in the multi-level method of the depreciation key, in the same way as all the other base values.

"Limited acquisition value" means that the system uses a specified maximum amount as the base value for depreciation. If the acquisition value of the asset is under this maximum amount, the system uses the actual acquisition value as the basis for depreciation. However, if the acquisition value of the asset exceeds this maximum amount, depreciation is based on this maximum amount. You can specify the maximum base amount for each depreciation area and asset class in each company code.

We will not configure this.

F) Special Valuation

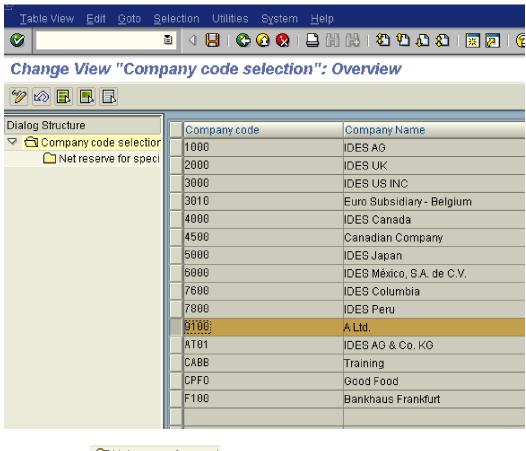
1. Specify Gross or Net Procedure

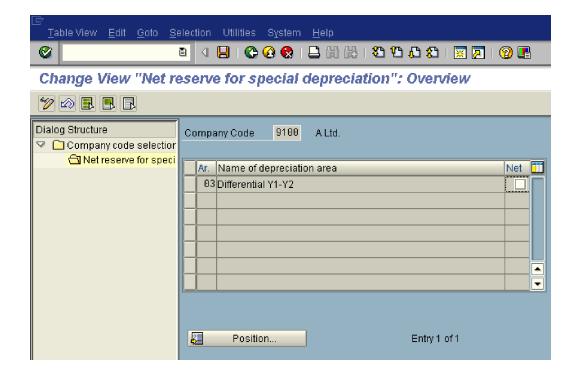
IMG à Financial Accounting à Asset Accounting à Special Valuation à Reserves for Special Depreciation à Specify Gross or Net Procedure

In this step, you determine whether the system should balance the amounts from the allocation and writing off of special reserves on the same asset in the same posting run against each other.

Keep the area 03 as Gross do not change It to net.

Select





2. Assign Accounts

IMG à Financial Accounting à Asset Accounting à Special Valuation à Reserves for Special Depreciation à Assign Accounts

In earlier version you could assign accounts to derived depreciation in this configuration menu. In 4.7, the derived depreciation accounts can be assigned along with the normal depreciation area in step assign GL accounts.

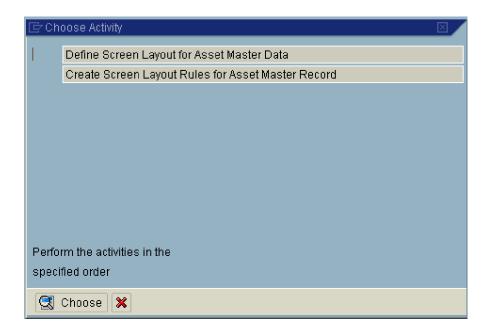
Since this configuration was done in earlier step we need not again assign the GL Code for derived depreciation area.

G) Master data

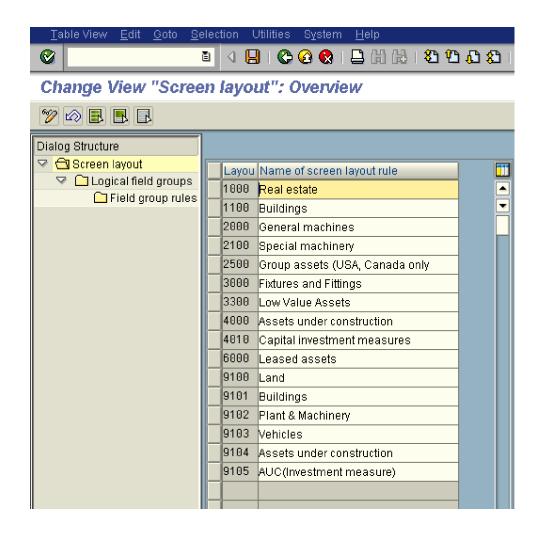
1. Define Screen Layout for Asset Master Data

IMG à Financial Accounting à Asset Accounting à Master Data à Screen Layout à Define Screen Layout for Asset Master Data

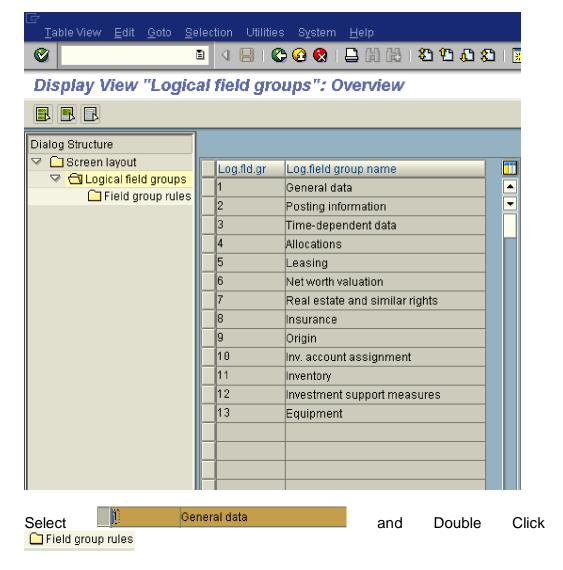
You define the screen layout control for asset master data. The screen layout control contains the specifications for the field groups in the asset master record. You enter the screen layout control in the asset class. This method allows you to structure the master record individually for each asset class.



Double Click on Define Screen Layout for Asset Master Data







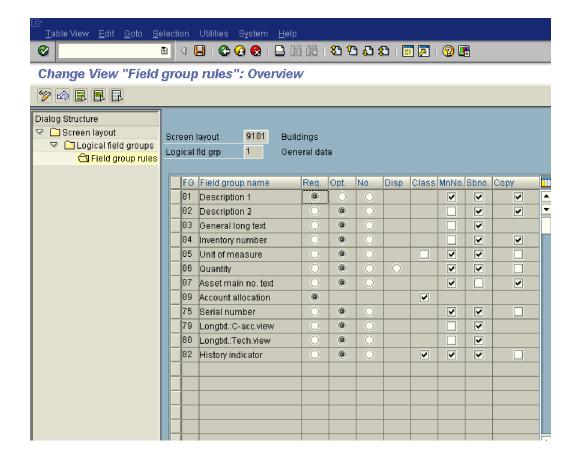
Here you can maintain which is required, optional or No (Suppressed entry) or any display.

Class – If this indicator is set, it means maintenance allowable only at asset class level

MnNo – Transfer entry from Main asset number to Sub number

Sbno – entry allowed in sub asset number

Copy – Copy field group from reference asset



H) Transactions

1. Maintain Allocation Structures

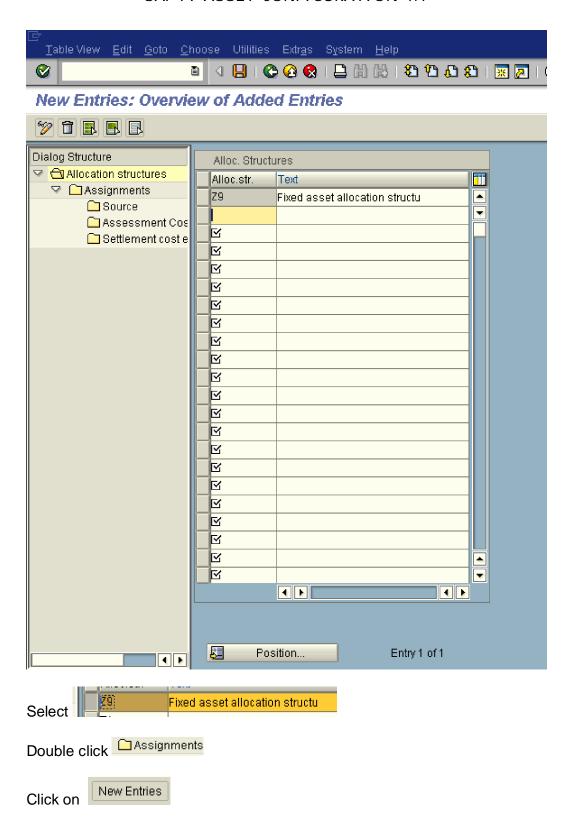
IMG à Investment Managementà Internal Orders as Investment Measuresà Settlementà Maintain Allocation Structures

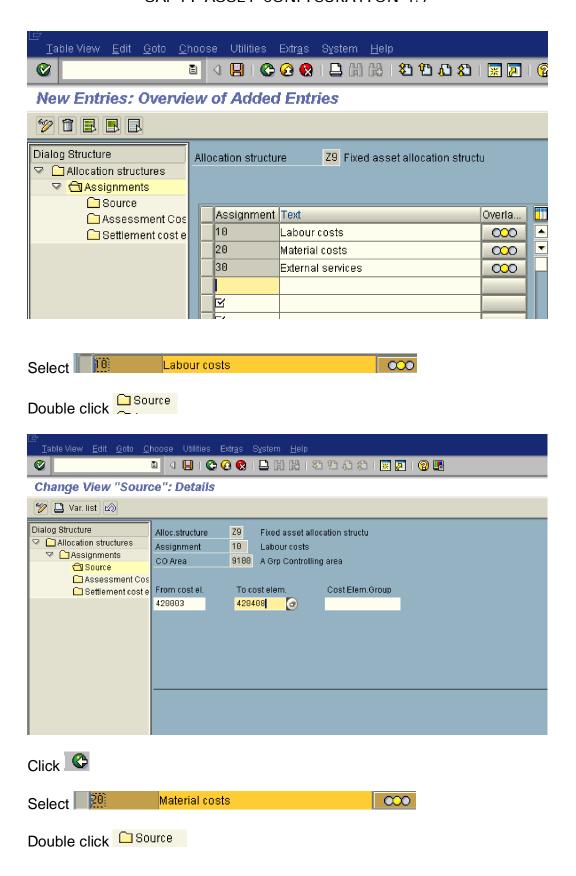
Here you attach the cost elements which will be debited on the AUC. Further you also maintain cost element under which it will be settled.

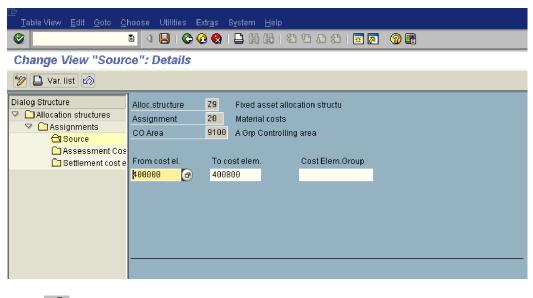
The allocation structure is assigned to the settlement profile.

Click on New Entries

Update the following:-

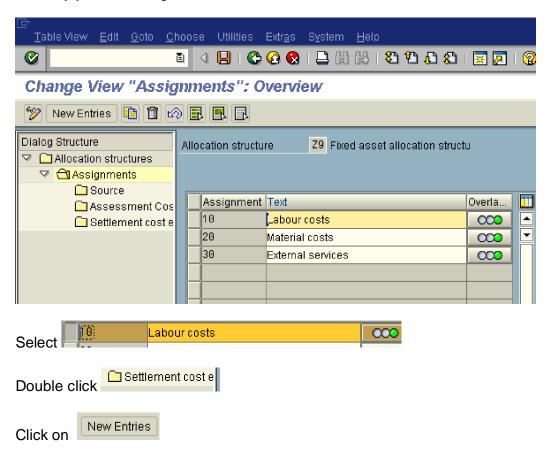




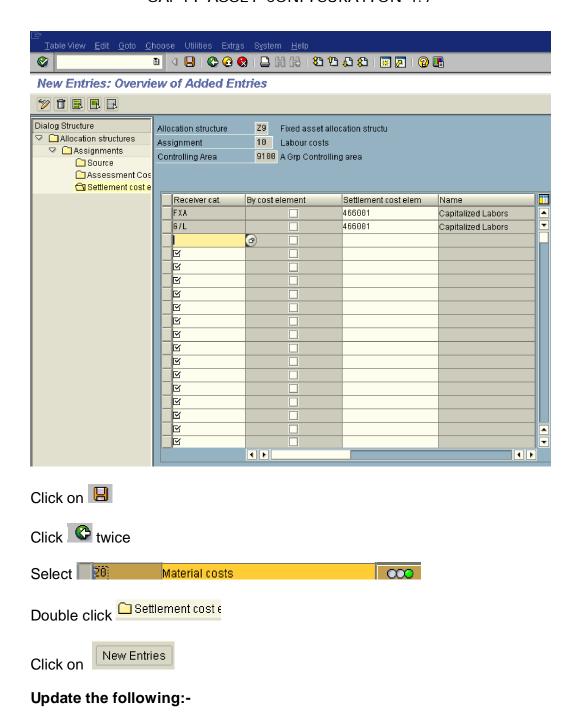


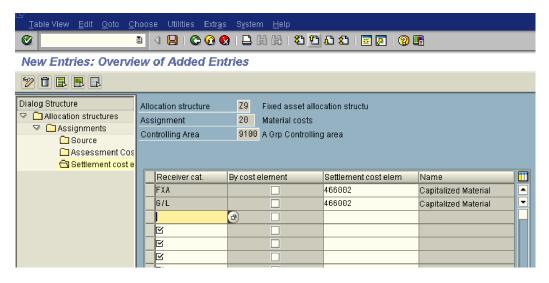
Click

Similarly you can assign for external services



Update the following:-





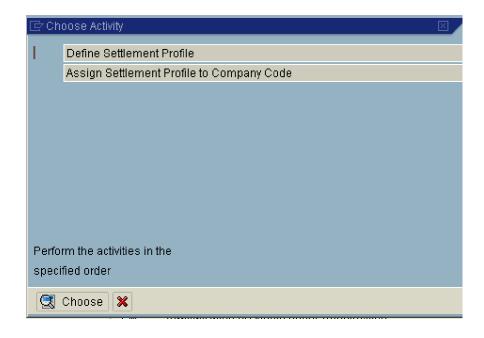
Click on 📙

Similarly you can update for external services

2. Define/Assign Settlement Profiles

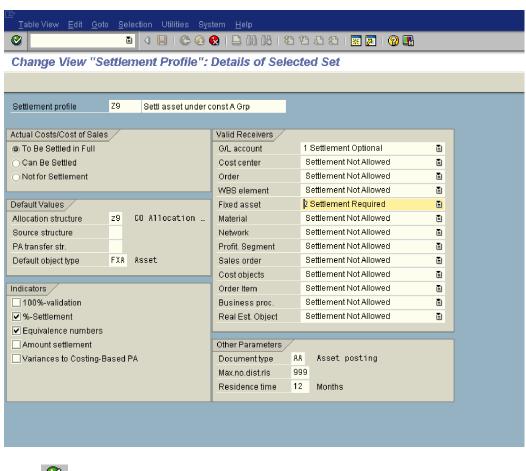
IMG à Asset Accountingà Transactionsà Capitalization of Assets under Constructionà Define/Assign Settlement Profiles

This particular configuration is required for settlement of Asset under construction to the final asset.





Update the following:-

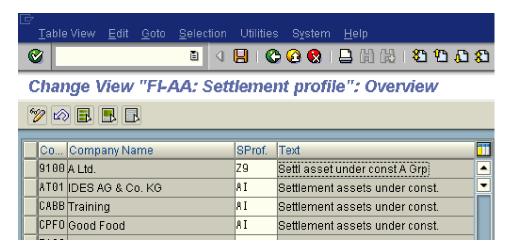


Click on E





Update the following:-



Click on 📙

I) Information system

1. Define or Assign Forms

IMG à Asset Accounting à Information System à Define or Assign Forms

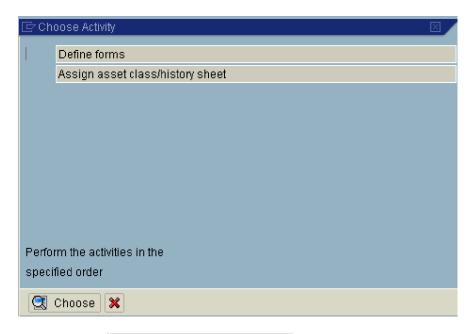
In this step, you define layout sets (forms) for the evaluation "Asset history" (asset chart) in the Asset Accounting Info system and for printing labels with asset information (barcodes) using the inventory list.

Layout sets determine the layout of the list printout of this report.

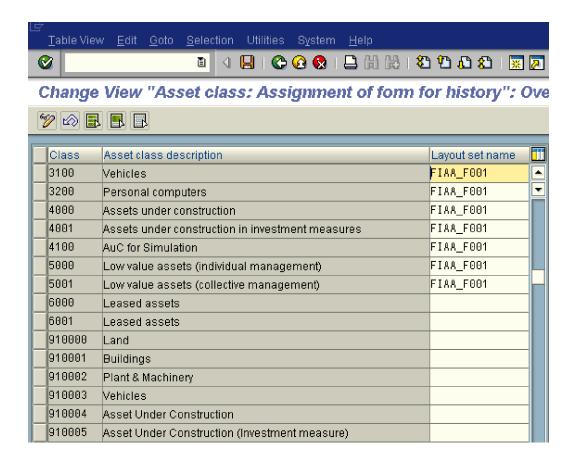
You can store a separate layout set in every asset class for the asset chart. The report then uses this layout set for the fixed assets of this class and creates a corresponding asset chart. Note that the report evaluates only fixed assets with an active history management (indicator in the asset master record).

You can enter the layout set for the inventory list when you start the report.

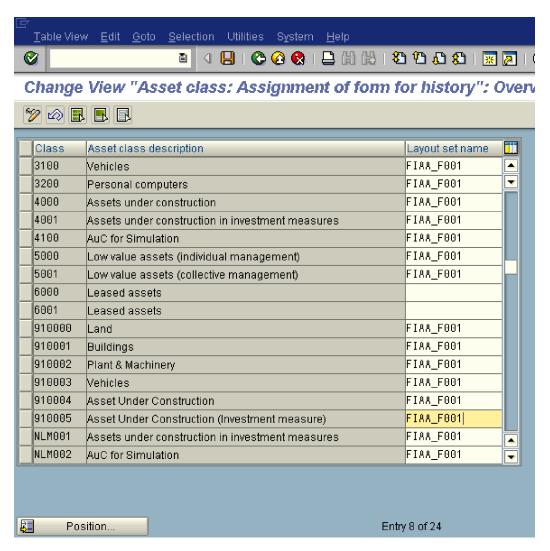
SAP supplies the layout set FIAA_F001 as a default for the asset chart and the layout set FIAA_0003 for the inventory labels.



Double Click Assign asset class/history sheet



Assign Form FIAA_F001 to all the new asset classes created.



Click on Save

J) Asset data transfer

1. Specify Transfer Date/Last Closed Fiscal Year

IMG à Financial Accounting à Asset Accounting à Asset Data Transfer à Parameters for Data Transfer à Date Specifications à Specify Transfer Date/Last Closed Fiscal Year

Here you specify the transfer date for the asset data transfer. This date determines the **status of posting** to be used for the transfer. Posting up to this date will be included in the transfer. This specification also determines whether you want to perform the transfer during the fiscal year (with transfer of posted transactions/depreciation in the current fiscal year) or at the end of the fiscal year (without transactions).

If the transfer date is not the last day of the fiscal year (according to the fiscal year variant in FI), the system interprets this as transfer during the fiscal year. The system cannot transfer any historical transactions. It can only transfer cumulative values from the end of the last fiscal year, and the transactions in the current fiscal year (the second is only possible for transfer during the fiscal year).

Example:

Transfer date – December 31, 2005 Last closed fiscal year 2005

Specify the take over date as 31.12. 2005. The company 9100 is going live with SAP on 01.01.2006

To make it simple, the legacy data will be transferred on 31.12.2005. System will start calculating depreciation from 01.01.2006



Click on Save

2. Specify Last Period Posted in Prv.System (Transf.During FY)

IMG à Financial Accounting à Asset Accounting à Asset Data Transfer à Parameters for Data Transfer à Date Specifications à Specify Last Period Posted in Prv.System (Transf.During FY)

This step is only necessary if you want to perform an old assets data takeover during the fiscal year. In this case, you must specify the period up to which depreciation was posted in the previous system. This period refers to the posted depreciation that is to be transferred during old assets data takeover.

E.g.

Company is going live on 1st October 2005. In this case we specify that depreciation was posted up to 30th September 2005 in the previous (legacy) system.

In this scenario we need to go the earlier step which uses the following path:-

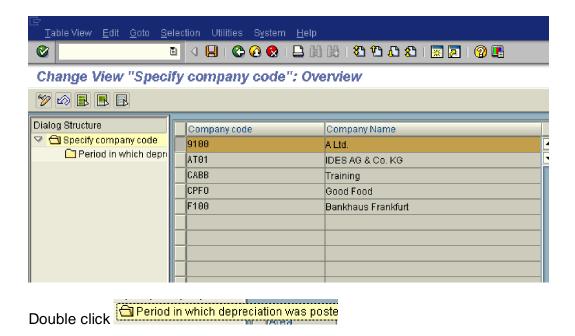
IMG à Financial Accounting à Asset Accounting à Asset Data Transfer à Parameters for Data Transfer à Date Specifications à Specify Transfer Date/Last Closed Fiscal Year

Update the takeover date as 30th September 2005

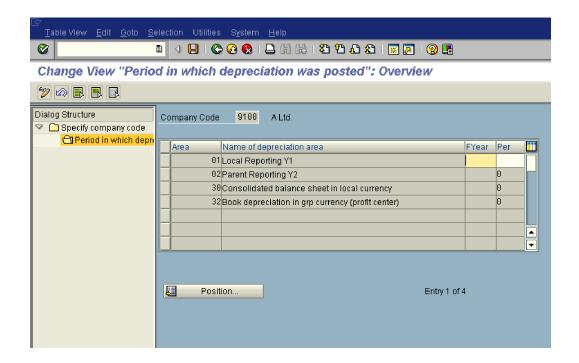


Click on

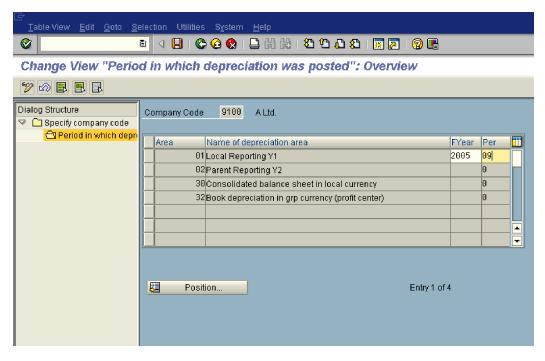
Now you need to the current step



The **FYear** and **period** field are now available for entry since in the earlier step we specified that the asset transfer will happen on 30.09.2005



Update the fiscal year 2005 and period 09



Click on 📙

3. Recalculate Depreciation for Previous Years

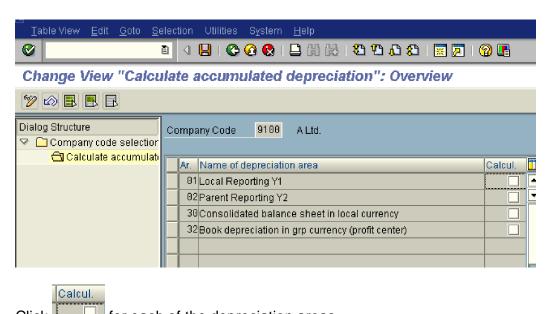
IMG à Financial Accounting à Asset Accounting à Asset Data Transfer à Parameters for Data Transfer à Optionsà Recalculate Depreciation for Previous Years

This step is not required, since depreciation calculated in the previous system is directly uploaded. But if you need system to recalculate depreciation for the previous year up to the date of the transfer there is an option available to calculate depreciation.

Select



Double click Calculate accumulated depreciation



Click for each of the depreciation areas.

Normally this step is not done. Since the depreciation calculation by SAP might differ due to some rounding difference timing difference etc as compared to the legacy system.

4. Create/Change/Display Legacy Asset(AS91, AS92, AS93)

IMG à Financial Accounting à Asset Accounting à Asset Data Transfer à Manual Online Transfer à Create/Change/Display Legacy Asset

Transaction code:

AS91 – Create Legacy data

AS92 - Change Legacy data

AS93 - Display Legacy data

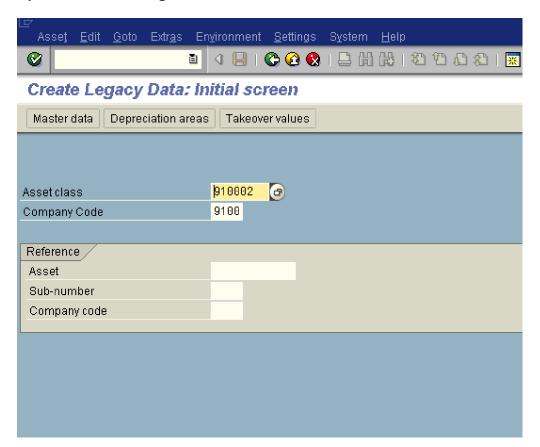
Here you enter assets from the legacy system with the **Acquisition value** and the **accumulated depreciation per depreciation area**. The **values** entered in these asset masters will not update the reconciliation accounts in the General ledger.

Let us update one legacy asset master Plant & Machinery



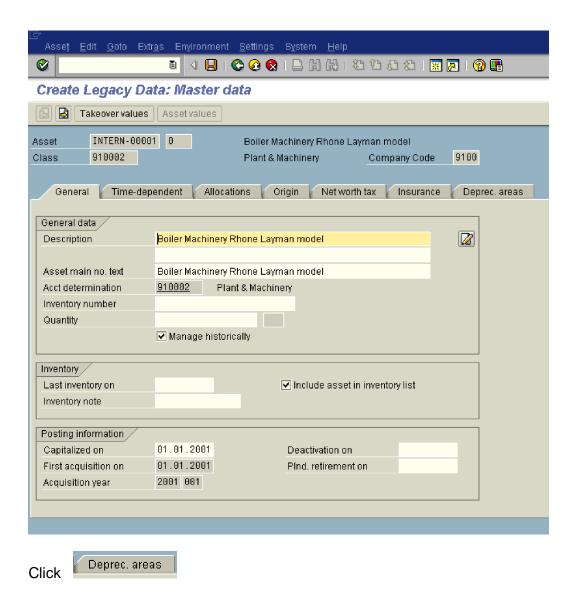
Double click Create Legacy Asset

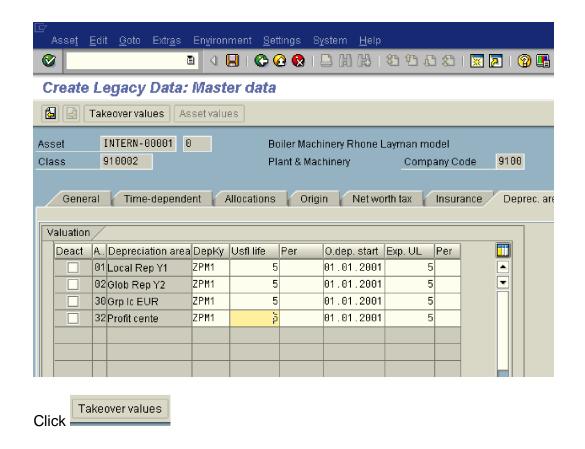
Update the following:-

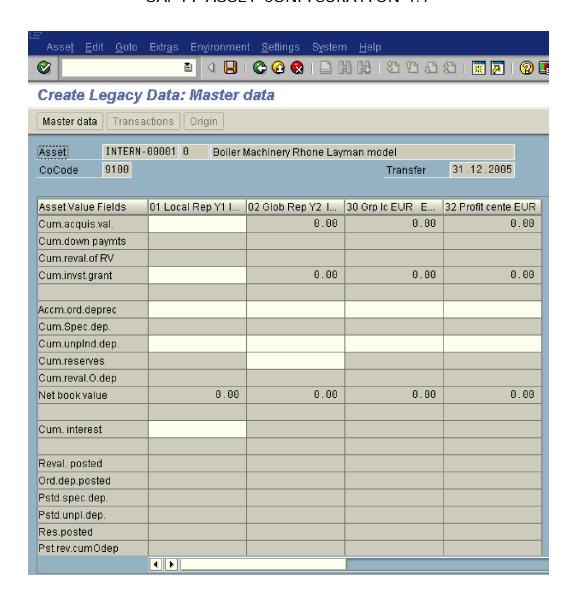




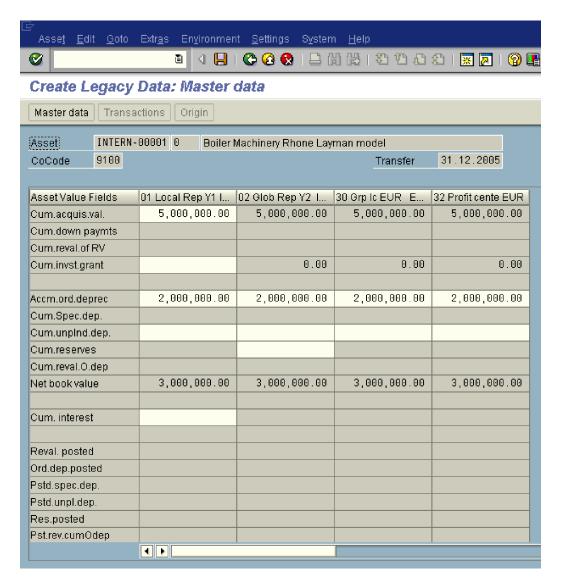
Update the following:-







Update the following:-



Here you update the Cumulative Acquisition Value and Accumulated depreciation.

Since the date take over is at the end of the year 31.12.2005 the field Ord.dep.posted is greyed out.

If the data takeover is done on 30th September 2005 i.e. during the year then Ord. dep. Posted field will be open for updating values. You will capture the ordinary depreciation for the year i.e. (from Jan to Sept) in the fied Ord.dep. posted.

Click on 📙

If there are many asset records you will obviously require an upload program. This is possible by creating an LSMW. You will create an LSMW in recording mode and use the above transaction code AS91 to record all the fields.

This asset master data along with values will not automatically update the Asset GL (Reconciliation account). You need to manual Journal entry through transaction OASV for updating the Asset Reconciliation account

Journal entry for updating the General ledger code will be through a different transaction code

K) Preparing for Production Startup

1. Transfer Balances (OASV)

IMG à Financial Accounting à Asset Accounting à Preparing for Production Startup à Production Startup à Transfer Balances

Transaction code: OASV

Here in this step you post balances to G/L accounts, which have already been defined as Asset reconciliation accounts. You can only post entries in company codes, which have implementation status.

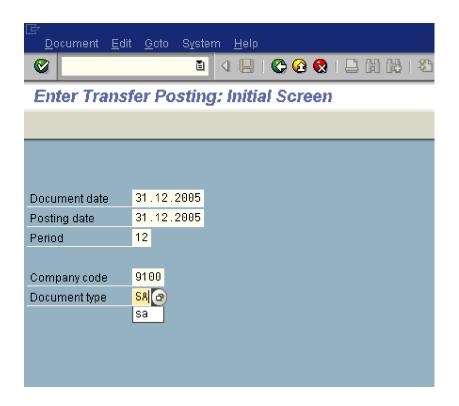
The transfer of legacy asset data using the legacy asset transaction (AS91) does not affect the balances of the corresponding reconciliation accounts in Financial Accounting. Therefore no automatic balance formation or reconciliation takes place and you will need to manually reconcile the balances. You can ascertain the Asset Accounting values using one of the reports of asset list. When you start this report, specify January 1st of the current fiscal year as the report date. The system will then provide data as of December 31st of the previous fiscal year (in other words, no depreciation from the current fiscal year is included).

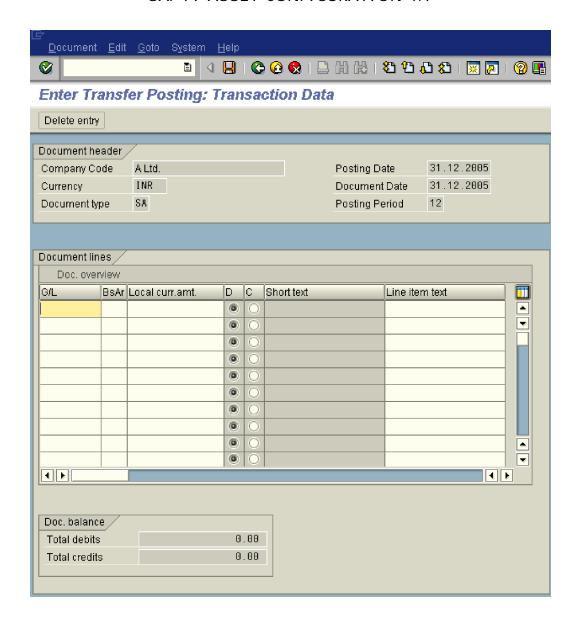
The accounting entry to be passed is as follows:-

Plant & Machinery a/c Dr 5,000,000

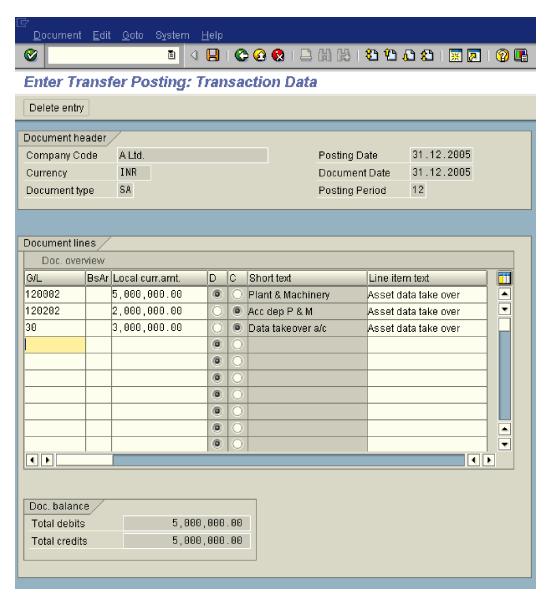
Accumulated depreciation a/c Cr 2,000,000

Data Takeover a/c Cr 3,000,000 (Balancing figure)





Update the following:-



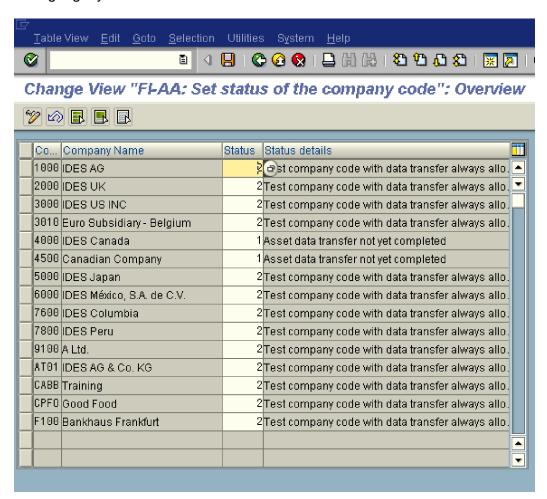
Click on 📙

2. Activate Company Code

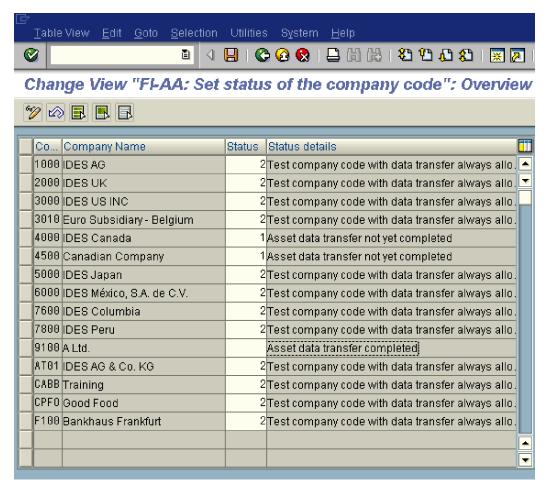
IMG à Financial Accounting à Asset Accounting à Preparing for Production Startup à Production Startup à Activate Company Code

In the "Activate Company Code" step, you set the live indicator (0) for the company codes in which the test phase and legacy data transfer have ended. The live indicator ensures that data is not deleted from live company codes by programs for deleting test data.

After legacy data transfer and **before** setting a company code to live (production status) it is **mandatory** to reconcile account balances, since the transfer of legacy data does not affect the reconciliation accounts for Financial Accounting. There is no automatic creation and reconciliation of balances during legacy data transfer.



After completing the Asset data transfer for company 9100 A Ltd, you change the status of the company code from 2 to 0 as follows



Click on 📙

This marks the end of the SAP Asset Configuration.