



GUIDE TO DEPRECIABLE ASSETS

Guide for LodgeiT users with depreciable assets

LodgeiT version 1.0

Guide version 1.2

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Contents

Depreciation Year	2
Overview	2
Migration	2
Depreciable Groups	3
Overview	3
Add a new group	4
Add a new pool	5
Add an existing pool	6
Depreciable assets	7
Group assets	7
Details	7
Depreciation	7
Move to pool	7
Disposal	8
Pool assets	8
Details	8
Pool	8
Disposal	8
Adding new assets	9
Add a new asset to a group	9
Add a new asset to a pool	10
Move a low-value asset to a pool	11
Migration from another software	12
Add an existing asset to a group	12
Add an existing asset to a pool	13
Disposing assets	14
Sale of an asset	14
Disposal of an asset	15
Depreciation	16
Overview	16
Post depreciation	16
Rollback depreciation	17
Depreciation reports	18

Depreciation Year

Overview

When you open Depreciable Assets for the first time you should choose the starting year of the depreciation schedule. The depreciation year is the year when you will start managing your depreciable assets. It is also a minimal opening date for all the depreciation pools.

You will be suggested to choose a few dates. These are the current date and a few dates of previous years.

Migration

When you are migrating from other software you already have depreciation on your assets and pools. To migrate, you should have depreciation schedules at the end of the required year from your software. The schedules must have the closing balances for your assets and pools. So, if a current closing date of the depreciation schedule is 30/06/2011, then the start date of the depreciation year should be 1/07/2012.

Choose the required date and click the Apply button.

The screenshot shows the LODGE IT web application interface. At the top, there's a header with the LODGE IT logo and navigation links like Home and Help. Below that, a banner for 'FREE SBR LODGEMENT' is displayed. The main navigation menu includes links for AusKeys, Accounts, Reports, Forms, Clients, Settings, Tools, and Admin. A search bar and a SignOut button are also present. The left sidebar lists various categories: General, Branches, Contacts, Addresses, Emails, Phones, Depreciable Assets (highlighted), Shares, Rentals, Loans, Borrowing, and Hire Purchase. The main content area is titled 'Depreciable Assets >' and 'Depreciation Year of' with a sub-header 'ID: TEST2, ABN: 12345678912, TEST PTY LTD'. A 'Notes' box provides instructions: 'Before you start working with depreciation you have to choose the start date of the depreciation.', 'This is a date when you will start managing your depreciable assets.', and 'Minimum opening date for all pools will be equals to this date.' Below the notes, there's a 'Start Date' dropdown menu currently showing '01 Jul 2012' and an 'Apply' button.

Figure 1 - The depreciation year page

Depreciable Groups

Overview

The depreciation groups provide an opportunity to group assets by a certain criteria.

Each group has the following fields (the fields signed by symbol * are required):

- **Name***. This is a name for the group.
- **Depreciation Type***. This is the type of group. The type is categorized into six categories where each category relates to the special algorithm to calculate depreciation:
 1. Depreciation.
 2. General Pool (pool type).
 3. Low-Value Pool (pool type).
 4. Long-Life Pool (pool type).
 5. Project Pool (pool type).
 6. Software Pool (pool type).
- **Rental Address***. This is in relation to the rental. It allows for assets to be recorded separately for each rental.
- **Opening Balance Date* (Only for pools)**. This is the opening date for the pool. The date should be the start of your financial year and cannot be before the first [depreciation year date](#).
- **Opening Balance on the Opening Date* (Only for pools)**. The opening balance on the opening date. Should be zero for new pools.
- **Cost Account***. An account that will be used as a *cost* account in the General Ledger. Thus, for example, all cars should be associated with the Motor Vehicle account. For pools, use a corresponding account like General Pool.
- **Profit on Sale Account***. An account that will be used as a *profit* account in the General Ledger.
- **Loss on Sale Account***. An account that will be used as a *loss* account in the General Ledger.

Note: If the group contains the assets the group details cannot be modified.

Add a new group

1. Click **Accounting -> Assets**.
2. On the right side of the toolbar click + **New Group**.
3. Enter group details:
 - Enter a group name.
 - In the 'depreciation type' box choose 'Depreciation'.
 - Choose the rental address if applicable.
 - Choose the suitable accounts.
4. Click **Save**.

Depreciable Assets >

New Group of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name	Depreciation Type
<input type="text" value="Motor Vehicles"/>	<input type="text" value="Depreciation"/> ▼
Rental Address	
<input type="text"/>	▼

Default Accounts

Cost Account
<input type="text" value="Motor Vehicle"/> ▼
Profit on Sale Account
<input type="text" value="Profit on Sale Depreciable Assets"/> ▼
Loss on Sale Account
<input type="text" value="Loss on Sale Depreciable Assets"/> ▼

Save

Cancel

Figure 2 - Adding a new group

Add a new pool

1. Click **Accounting -> Assets**.
2. On the right side of the toolbar click + **New Group**.
3. Enter pool details:
 - Enter a pool name.
 - In the 'depreciation type' box choose a pool type.
 - Choose the rental address if applicable.
 - Enter the opening date for the pool. See the [rules](#).
 - Enter the opening balance at the opening date of the pool. See the [rules](#).
 - Choose the suitable accounts.
4. Click **Save**.

Depreciable Assets >

New Group of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name	Depreciation Type
<input type="text" value="Low-Value Pool"/>	<input type="text" value="Low Value Pool"/> ▼
Rental Address	
<input type="text"/>	▼

Pool Opening Balance

Opening Balance Date	<input type="text" value="1/07/2013"/> 
Opening Balance on 1/07/2013	<input type="text" value="0.00"/>

Default Accounts

Cost Account	
<input type="text" value="Low Value Pool"/>	▼
Profit on Sale Account	
<input type="text" value="Profit on Sale Depreciable Assets"/>	▼
Loss on Sale Account	
<input type="text" value="Loss on Sale Depreciable Assets"/>	▼

<input type="button" value="Save"/>	Cancel
-------------------------------------	------------------------

Figure 3 - Adding a new pool

Add an existing pool

In many cases accountants already use software to record the depreciation pools. They have to transfer their closing balances. It's simple. We need the pool schedules for the most recent year, from the software that was used to track depreciation.

1. Click **Accounting -> Assets**.
2. On the right side of the toolbar click **+ New Group**.
3. Enter pool details:
 - Enter a pool name.
 - In the depreciation type box choose a pool type.
 - Choose the rental address if applicable.
 - Enter the opening date for the pool. The date should be the start of the next financial year which follows after the date of the latest pool schedule. See the [rules](#).
 - Enter the opening balance at the opening date of the pool. The value is a closing balance from the latest pool schedule. See the [rules](#).
 - Choose the suitable accounts.
4. Click **Save**.

Example 1 - Adding an existing pool

The period of the pool schedule is 1 July 2011 to 30 June 2012. The closing value of the pool on the 30 June 2012 is \$900. So the opening date will be 1 July 2013 and the opening balance is \$900. See the screenshot below.

Depreciable Assets >
New Group of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name

Depreciation Type

Rental Address

Pool Opening Balance

Opening Balance Date

Opening Balance on 1/07/2013

Default Accounts

Cost Account

Profit on Sale Account

Loss on Sale Account

Figure 4 - Adding an existing pool

Depreciable assets

Group assets

Each asset has the following field groups (the fields signed by symbol * are required):

Details

- **Name***. Name of the asset.
- **Unique ID***. The unique identifier among all the assets. It can be a number like DA-0001 or even a registration number of a car.
- **Purchase Cost***. The cost of the asset.
- **Purchase Date***. The purchase date of the asset.
- **Cost Account* (Available only for group assets)**. An account that will be used as a cost account in General Ledger.

Note: Each account has an inherited value from the parent group by default.

Depreciation

- **Method***. The depreciation method. It accepts two values: Prime Cost and Diminishing Value. The method indicates what algorithm will be used in calculating depreciation.
- **Rate***. The depreciation rate.
- **Taxable Use Percent***. The value that reduces assets value. It's applicable when you use an asset for a private purpose. Usually the value is 100%.
- **Accumulated Depreciation or Written-Down Value***. The value of the accumulated depreciation at the start of the [depreciation year](#). Required only when the purchase date of the asset is before the start of the [depreciation year](#). See more details in the [Migration](#) section.

Move to pool

- **Pool**. The pool to which the asset will be moved.
- **Auto assign the asset to the selected pool (For low-value pool only)**. The asset where the written-down value is less than \$6,500 is known as a low-value asset. So, if the low-value pool is created, the low-value assets can be assigned to the pool. If the indicator is checked then the asset will be automatically assigned to the selected pool when the written-down value is less than \$6,500.
- **Pooled Date**. The date when the asset will be put into the pool. The asset can be pooled only at the start of the next financial year. It is a manual field. If you want to move the asset manually, use the Pooled Date.

Disposal

- **Disposal Date.** The date when an asset is sold or disposed.
- **Disposal Cost.** The sale cost of an asset. It's required only for the selling assets.
- **Profit on Sale Account*.** An account that will be used as a *profit* account in the General Ledger.
- **Loss on Sale Account*.** An account that will be used as a *loss* account in the General Ledger.

Pool assets

Each asset has the following field groups (the fields signed by symbol * are required):

Details

- **Name*.** Name of the asset.
- **Unique ID*.** The unique identifier among all assets. It can be a number like DA-0001 or even a registration number of a car.
- **Purchase Cost*.** The cost of the asset.
- **Purchase Date*.** The purchase date of the asset.

Pool

- **Taxable Use Percent*.** The percentage of your use of the asset that will be for a taxable purpose, over its effective life.
- **Accumulated Depreciation or Written-Down Value*.** The values at the start of the [depreciation year](#). Required only when the purchase date of the asset is before than the start of the [depreciation year](#). See more details in [Migration](#) section.
- **Is second element of cost?** Indicates whether the asset is a second element of cost.
- **Use an immediate deduction for motor vehicle (Only for General Pool assets).** Indicates that the deduction on decline in value will be claimed immediately. [See more details](#).

Disposal

- **Disposal Date.** The date when an asset was sold or disposed.
- **Disposal Cost.** The sale cost of an asset. It's required only for the selling assets.

Adding new assets

Add a new asset to a group


This case is applicable when you have just purchased a new asset.

1. Click **Accounting** -> **Assets**.
2. Click the group to which the asset will be added.
3. On the right side of the toolbar click + **New Asset**.
4. Fill [Details](#) and [Depreciation](#) sections.
5. Click **Save**.

[Depreciable Assets](#) > [Plant & Equipment](#) > [Assets](#) >

New Asset of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name		Unique ID
Computer		DA-0001
Purchase Cost	Purchase Date	ABN of Supplier
2590	19/09/2012 	
Cost Account		
Use inherited (Plant & Equipment) ▼		

Depreciation

Method	Rate	Taxable Use Percent
Diminishing Value ▼	50	100.00

Figure 5 - Adding a new asset

Add a new asset to a pool

Click **Accounting** -> **Assets**.

1. Click the pool to which the asset will be added.
2. On the right side of the toolbar click + **New Asset**.
3. Fill [Details](#) and [Pool](#) sections.
4. Click **Save**.

[Depreciable Assets](#) > [Low Value Pool](#) > [Assets](#) >

New Asset of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name		Unique ID
Laptop		DA-0003
Purchase Cost	Purchase Date	ABN of Supplier
1200	16/08/2013 	

Pool

Taxable Use Percent	100.00
Use an immediate deduction for motor vehicle?	<input type="checkbox"/>
Is second element of cost?	<input type="checkbox"/>

Disposal


Disposal Date	Disposal Cost
	

Figure 6 - Adding a new asset to a pool

Move an asset to a pool

This case is applicable when you need to allocate an existing asset to a pool.

1. Click **Accounting -> Assets**.
2. Click the group.
3. Click the asset which will be allocated to a pool.
4. Scroll to [Pool](#) section.
5. Choose the required pool in the pools list.
6. Set **Auto assign the asset to the selected pool** to automatically assign the asset to the pool when the written-down value will be less than the write-off threshold or set unchecked if you want to move the asset manually. Use this option for a low-value pool only.
7. If you want to move the asset manually, use the pooled date. The date should be the start of the next financial year and should not be before the opening date of the selected pool.
8. Click **Save**.

[Depreciable Assets](#) > [Plant & Equipment](#) > [Assets](#) >

Computer of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name	Unique ID	
Computer	DA-0001	
Purchase Cost	Purchase Date	ABN of Supplier
2590.00	19/09/2012 	
Cost Account		
Use inherited (Plant & Equipment) 		

Depreciation

Method	Rate	Taxable Use Percent
Diminishing Value 	50.00	100.00

Move To Pool



Pool	Low Value Pool 
<input checked="" type="checkbox"/> Auto assign the asset to the selected pool (Low-Value Pool only)	
Pooled Date	

Figure 7 - Moving an asset to a pool

Migration from another software

When you are migrating from other software you already have accumulated depreciation on your assets. In this case there is a need to continue calculating depreciation on the assets.

Add an existing asset to a group

1. Click **Accounting -> Assets**.
2. Click the group to which the asset will be added.
3. On the right side of the toolbar click **+ New Asset**.
4. Fill in [Details](#) and [Depreciation](#) sections.
5. In the Depreciation section enter the accumulated depreciation on the start depreciation date or click the Calculate button near the field.
6. Click **Save**.

Example 2 - Adding an existing asset

15 March 2012 Anthony bought a Cadillac CTS for \$35,000. After a while he became a user of LodgeiT. He selected the depreciation date 1 July 2012. Then he placed the asset to the group with the Diminishing Value method and the rate is 25%. He was required to enter accumulated depreciation on 1 July 2012. At this moment it was \$2,581.97. He entered \$2,581.97 to the accumulated depreciation field. See the screenshot below.

[Depreciable Assets](#) > [Motor Vehicles](#) > [Assets](#) >

New Asset of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name		Unique ID
<input type="text" value="Cadillac CTS"/>		<input type="text" value="DA-0003"/>
Purchase Cost	Purchase Date	ABN of Supplier
<input type="text" value="35000"/>	<input type="text" value="15/03/2012"/> 	<input type="text"/>
Cost Account		
<input type="text" value="Use inherited (Motor Vehicle)"/> ▼		

Depreciation

Method	Rate	Taxable Use Percent
<input type="text" value="Diminishing Value"/> ▼	<input type="text" value="25"/>	<input type="text" value="100.00"/>
Accumulated Depreciation on 01 Jul 2012		<input type="text" value="2581.97"/> Calculate

Figure 8 - Adding an existing asset to a group

Add an existing asset to a pool

1. Click the pool to which the asset will be added.
2. On the right side of the toolbar click **+ New Asset**.
3. Fill in [Details](#) and [Pool](#) sections.
4. If the purchase date of the asset is before the pool's opening date you will be required to enter accumulated depreciation or written-down value of your choice.
5. Use one of them and click **Save**.

Example 3 - Adding an existing asset to a pool

During 2012 – 2013 income year, Anthony bought a tablet PC for \$908. After a while he became a user of LodgeiT. He created a new pool with opening date 1 July 2013. Then he entered the asset to the pool. He was required to enter a written-down value or accumulated depreciation on the pool's opening date 1 July 2013. At this moment the written-down value was \$738. He entered \$738 to the written-down depreciation field. See the screenshot below.

Depreciable Assets > Low Value Pool > Assets >

New Asset of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name		Unique ID
<input type="text" value="Tablet PC"/>		<input type="text" value="DA-0005"/>
Purchase Cost	Purchase Date	ABN of Supplier
<input type="text" value="908"/>	<input type="text" value="11/02/2013"/> 	<input type="text"/>

Pool

Taxable Use Percent	<input type="text" value="100.00"/>
Written Down Value on 01 Jul 2013	<input type="text" value="738"/>
	OR
Accumulated Depreciation on 01 Jul 2013	<input type="text" value="170"/>
Is second element of cost?	<input type="checkbox"/>

Figure 9 - Adding an existing asset to a pool

Disposing assets

Sale of an asset

1. Click **Accounting -> Assets**.
2. Click the group.
3. Click the asset which will be sold.
4. Scroll to the [Disposal](#) section.
5. Enter the sale date to the **Disposal Date** field.
6. Enter the sale cost to the **Disposal Cost** field.
7. Click **Save**.

[Depreciable Assets](#) > [Plant & Equipment](#) > [Assets](#) >

Computer of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name	Unique ID	
Computer	DA-0001	
Purchase Cost	Purchase Date	ABN of Supplier
2590.00	19/09/2012 	
Cost Account		
Use inherited (Plant & Equipment) ▼		

Depreciation

Method	Rate	Taxable Use Percent
Diminishing Value ▼	50.00	100.00

Pool

Pool	Not Pooled ▼
------	--------------

Disposal


Disposal Date	Disposal Cost
5/12/2013 	1000
Profit on Sale Account	Use inherited (Profit on Sale Depreciable Ass... ▼
Loss on Sale Account	Use inherited (Loss on Sale Depreciable Ass... ▼

Figure 10 - Selling an asset

Disposal of an asset

1. Click **Accounting** -> **Assets**.
2. Click the group.
3. Click the asset which will be sold.
4. Scroll to the Disposal section.
5. Enter the disposal date to the **Disposal Date** field.
6. Leave the **Disposal Cost** field blank or enter a zero.
7. Click **Save**.

[Depreciable Assets](#) > [Plant & Equipment](#) > [Assets](#) >

Computer of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Details

Name	Unique ID	
Computer	DA-0001	
Purchase Cost	Purchase Date	ABN of Supplier
2590.00	19/09/2012 	
Cost Account		
Use inherited (Plant & Equipment) ▼		

Depreciation

Method	Rate	Taxable Use Percent
Diminishing Value ▼	50.00	100.00

Pool

Pool	Not Pooled ▼
------	--------------

Disposal


Disposal Date	Disposal Cost
5/12/2013 	
Profit on Sale Account	Use inherited (Profit on Sale Depreciable Ass... ▼
Loss on Sale Account	Use inherited (Loss on Sale Depreciable Ass... ▼

Figure 11 – Disposing of an asset

Depreciation

Overview

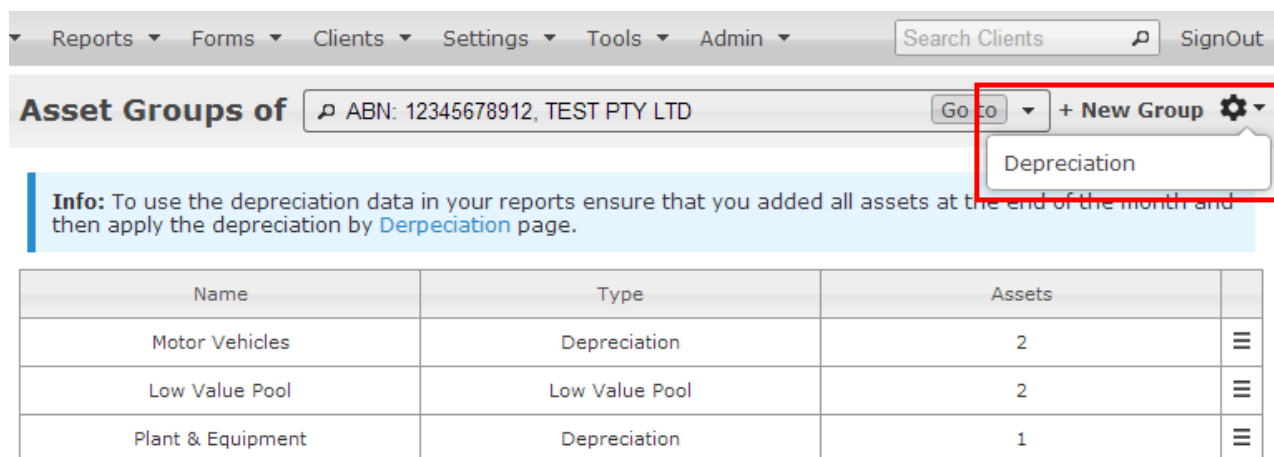
To use the depreciation data in the other reports the data should be posted to the General Ledger. This feature creates the following journal entries:

- Depreciation on assets
- Move an asset to a pool
- Disposal of an asset

Post depreciation

When your pools and groups are created and assets were added, you will be able to post the depreciation.

1. Click **Accounting -> Assets**.
2. Point to **Additional Menu** on the toolbar and click **Depreciation**. See [Figure 12](#).
3. Choose the required period. When you choose the period, depreciation will be calculated and updated automatically on the page. You can select the end of the next month or the end of any month from the current income year.
4. Click **Detailed Report** to see or print the detailed report.
5. Click **Approve**.



The screenshot shows the 'Asset Groups of' page for 'ABN: 12345678912, TEST PTY LTD'. The 'Additional Menu' is open, and 'Depreciation' is highlighted. Below the menu is an info box and a table of asset groups.

Info: To use the depreciation data in your reports ensure that you added all assets at the end of the month and then apply the depreciation by [Depreciation](#) page.

Name	Type	Assets	
Motor Vehicles	Depreciation	2	≡
Low Value Pool	Low Value Pool	2	≡
Plant & Equipment	Depreciation	1	≡

Figure 12 - Additional menu

Depreciable Assets >

Depreciation of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Rollback Depreciation

Notes:

- Please ensure that you added all assets at the end of the required period.
- Choose the date that you want depreciate to and click Approve to post the depreciation.

DepreciateFrom

01 Jul 2012

DepreciateTo

30 Sep 2012

Depreciation form 01 Jul 2012 to 30 Sep 2012 - Detailed Report

Account	Depreciation Amount
Motor Vehicle	2,042.78
Plant & Equipment	326.41

Approve

Cancel

Figure 13 - Posting depreciation

Rollback depreciation

Sometimes there is a need to change some details of assets. But it is impossible, when depreciation is posted to the General Ledger. The rollback depreciation resolves this issue. It removes all the data that was posted by the post depreciation feature from the General Ledger.

1. Click **Accounting -> Assets**.
2. Point to **Additional Menu** on the toolbar and click **Depreciation**. See [Figure 12](#).
3. Click **Rollback Depreciation** on the toolbar.
4. Choose the required date in the **Rollback to** list.
5. Click **Rollback**.

Depreciable Assets > Depreciation >

Rollback Depreciation of ID: TEST2, ABN: 12345678912, TEST PTY LTD

Rollback to the previous date will make the following changes:

- All depreciation on assets and the accounts will be reversed back to the rollback date
- All sales and disposals of assets will be reversed

Rollback to

01 Jul 2012

Rollback

Cancel

Figure 14 – Rollback of depreciation

Depreciation reports

There are three reports:

1. **Depreciation on groups.** This report shows depreciation only for asset groups.
2. **Depreciation on pools.** This report shows depreciation only for pools.
3. **All Depreciations.** This report includes both group and pool reports.

Each report is divided into two types:

1. **Estimated.** This type of report calculates the depreciation for the required period. This depreciation is called Estimated.
2. **Actual.** This type of report aggregates all posted depreciation data for the required period from the General Ledger. When the depreciation is not posted the report will show zeros.

Note: When the depreciation is posted, reports for the same periods should be equal.

Filter

Start Date End Date

Type Rental Address

Groups

Actual Depreciation Report

For Motor Vehicles

From 01 Jul 2013 to 30 Jun 2014

Total assessable amount	G	0.00			
Total deductible amount	H	0.00			
Total deduction for decline in value - prime cost method	I	0.00			
Total deduction for decline in value - diminishing value method	J	6,078.38			
Total adjustable value at end of income year	K	18,235.14			

Name	PURCHASE		OAV	ADDITION		DISPOSAL		Decline in value				Taxable Use Percent	Deduction for decline		CAV	Profit Loss	
	Date	Cost		Date	Cost	Date	Cost	T	Rate	P	D		Accum dep	P		D	G
Cadillac CTS	15/03/12	35,000	24,314	0		0	D	25.00	0	6,078	16,765	100.00	0	6,078	18,235	0	0
		35,000	24,314	0		0		0	6,078	16,765		I	0	J 6,078	K 18,235	G 0	H 0

Actual Pool Report

For Low Value Pool

From 01 Jul 2013 to 30 Jun 2014

Opening Pool Balance	L	900.00			
Plus Reduced opening adjustable value of assets of the pool for the income year	A	0.00			
Plus Reduced cost of assets allocated to the pool for the income year	E	1,200.00			
Less Immediate Write Off for any Car Asset at E	Z	0.00			
Less (A + L) × 37.50%	D	337.50			
Less (E - Z) × 18.75%	F	225.00			
Less Reduced disposal value	H	0.00			
Closing Pool Balance	P	1,537.50			

Name	PURCHASE		POOLED		Taxable use percent	Rate	OPENING		ADDITION		DISPOSAL				
	Date	Cost	Date	Accum Dep			OAV	Reduced	Date	Cost	2nd element of cost	Reduced	Date	Cost	Reduced
Low Value Pool															
Laptop	16/08/13	1,200		0	100.00	18.75	0	0	16/08/13	1,200		0	1,200	0	0
							N	0	A	0	M	1,200	O	0	E 1,200
														Q	0
															H 0

Figure 15 - Depreciation Reports