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SAP FICO
Asset Accounting Configuration

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1. Overview of Fixed Assets:

The Asset Accounting (FI-AA) component is used for managing and supervising fixed assets with the SAP R/3 System. In SAP R/3 Financial Accounting, it serves as a subsidiary ledger to the FI General Ledger, providing detailed information on transactions involving fixed assets.

As a result of the integration in the R/3 System, Asset Accounting (FI-AA) transfers data directly to and from other R/3 components. For example, it is possible to post from the Materials Management (MM) component directly to FI-AA. When an asset is purchased or produced in-house, you can directly post the invoice receipt or goods receipt, or the withdrawal from the warehouse, to assets in the Asset Accounting component. At the same time, you can pass on depreciation and interest directly to the Financial Accounting (FI) and Controlling (CO) components. From the Plant Maintenance (PM) component, you can settle maintenance activities that require capitalization to assets.

Types of Assets:

- **Tangible Asset:** Assets having a physical existence, such as cash, equipment, and real estate; accounts receivable are also usually considered tangible assets for accounting purposes.
- **Intangible Asset:** You can manage intangible assets, such as patents, the same as tangible assets in the system. There are no special system functions for handling the needs of intangible assets.
- **Asset under construction:** They are usually displayed as a separate balance sheet item and therefore need a separate account determination in their asset classes.
- **Low value asset:** LVAs are fully depreciated in the year of purchase or in the period of acquisition.
- **Leased Asset:** Leased assets create special accounting requirements for the lessee. During the term of the lease, leased assets remain the property of the lessor or manufacturer.
2. **Copy Reference Chart of Depreciation:**

Charts of depreciation are used in order to manage various legal requirements for the depreciation and valuation of assets. These charts of depreciation are usually country-specific and are defined independently of the other organizational units.

SAP supplies typical reference charts of depreciation for each country. They have different depreciation areas and depreciation keys depending on that country’s specific requirements. You cannot use these charts of depreciation directly. You must create your own chart of depreciation by copying the reference chart of depreciation. Delete any depreciation areas that are not needed.

Each depreciation area represents a specific type of valuation (for example, book depreciation or tax depreciation). You can also define your own depreciation.

The depreciation areas are defined with a two-digit numeric key. The numeric keys represent depreciation terms that you can enter in the asset master record or in the asset classes. Values and depreciation are posted to the general ledger.

Click on execute button.

[IMG -> Financial Accounting -> Asset Accounting -> Organizational Structure -> Copy Reference Chart of Depreciation/Depreciation Area]

Click on execute button.
Double click on Reference Chart of Depreciation

Click on Copy as button.
Give Following information:

From Chart of dep.: Chart of dep. from where you want to copy

To Chart of dep.: Four digit identification for chart of dep.

Press Enter.

In this function both the number range intervals and the addresses are linked to the automatic recording of customizing changes. This means that existing number range intervals and addresses for this organizational units may be handled and transported automatically.

This may cause errors in connection with transports when the number ranges or address numbers in the target system are already used. Please note the information that you get when importing the number range intervals for this organizational unit into the target system. If required, maintain the organizational unit's address data manually.

Press enter.

Press Enter.
Press enter.

Click on Complete activities tab.

Go back.
a. **Specify Description of Chart of Depreciation:**

Here you can change text of chart of depreciation

Double click on Specify Description of Chart of Depreciation.
Click on Position and give you chart of dep.

Press enter.

Select your chart of dep. And change Description.
Press save button.

Press enter.

Data was saved

Go back.
b. **Copy/Delete description Areas:**

Double click on Copy/Delete description Areas:

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.

Give your Chart of dep.

Press enter.
Select 11, 12, 13, 17, 31, 32, 40 and 50.

<table>
<thead>
<tr>
<th>Ar.</th>
<th>Name of depreciation area</th>
<th>Real</th>
<th>GL</th>
<th>Trgf Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Book depreciation</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Federal Tax ACRS/MACRS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Alternative Minimum Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Adjusted Current Earnings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Corporate Earnings &amp; Profits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Fed Tax MACRS (for states not allowing bonus dep)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Consolidated balance sheet in local currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Consolidated balance sheet in group currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Book depreciation in group currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>State modified ACRS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>Derived area</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Press delete button.
You see the message.

Press save button.

Press Yes.
Press enter.

Press enter.

Data was saved
3. **Assign Input tax indicator for Non-Taxable Acquisition:**

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.

An acquisition of this type is an acquisition from in-house production. In the Asset Accounting posting transaction for this acquisition, the input tax indicator is not ready for input.

![IMG -> Financial Accounting (New) -> Asset Accounting -> Integration with the General Ledger -> Assign Input Tax Indicator for Non-Taxable Acquisitions](image)

Click on execute button.
Click on Position and give your company code.

Press enter and give input and output tax. (You can give V0 for Input tax and A0 for output tax.

Press save button.
Press enter.
4. **Assign chart of depreciation to company code:**

Click on execute button.

Click on Position button and give your company code.
Press enter and give your chart of depreciation.

Press enter.

Press save button.

Press enter.
5. **Specify Account Determination:**

Using the Asset Accounting component, you can automatically update all relevant transactions to the general ledger. These include all accounting transactions that are posted to assets, and all changes to asset values that are automatically calculated by the system. This update takes place immediately online for the master depreciation area.

You enter the account determination key in the general master data for the asset class. The account determination key defines the accounts in Financial Accounting that should be posted during asset transactions, for each chart of accounts and depreciation area (defined as an automatic posting area) in the chart of depreciation.

**IMG -> Financial Accounting -> Asset Accounting -> Organizational Structures -> Asset Classes -> Specify Account Determination**

Click on execute button.
Before you create account determination you must create following G/L accounts under asset account group:

- 1310 - Building Recon G/L account
- 1410 - Machinery Recon G/L account
- 1510 - LVA Recon G/L account
- 1610 - AUC Recon G/L account

We will create account determination same as our asset g/l account numbers.

Press save button.

Press enter.
6. 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.

Click on execute button.
We will copy screen layout. Select 1003, 1500, 1600 and 1800 screen layout.

Click on Copy as button.