

Fixed Assets Process Guide

Control over Assets

SAP (& SUN)

This Guide represents current processes about how the Fixed Asset Process will be operated. This guide has been produced in consultation with FABS, Internal Audit and staff.

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Introduction

1. This document sets out the procedural instructions necessary to implement the standard SAP/FABS process for Fixed Assets processing globally in the British Council.
2. The document should be read in conjunction with the other SAP Process Guides, Finance Fixed Assets policy, and SAP Easy Step Guides.
3. For policy on what constitutes a fixed asset refer to the Fixed Asset Policy on the Finance Intranet.
4. Also refer to the Fixed Asset Master Maintenance and Data Standards Policy.

Scope

5. This document cover all the processes required to carry out the SAP Fixed Asset process.
6. This document covers those processes to be carried out in the UK and in overseas countries running SAP.
7. The process to be followed overseas where countries are running SUN accounts

Process Overview

8. The person responsible for controlling and monitoring the Fixed Asset module and all associated tasks is the Financial Accountant.
9. All asset purchases will fall into one of the seven categories of fixed asset:

Category	SAP GL Profit & Loss account	SUN Account Codes
Furniture and Equipment	689010	2810
IT Equipment	689011	2811
Plant and Machinery	689012	2812
Vehicles	689030	2830
Land and Buildings	689040	2840
Building Improvements	689050	2850
Permanent Art Collection	689061	2861

10. To record details of asset **purchase/creation**, asset **disposal** and occasionally asset **transfer** (from one office/country to another) specifically designed forms have been devised and must be used, these are known as the FIN series forms.
11. New Asset purchases should be recorded on the **FIN 30**. Disposals on the **FIN 32** and transfers on the **FIN 31** form.
12. These forms will be sent to Financial Accounts in London for recording onto the fixed asset module of SAP
13. The Capitalisation date of an asset is when it first comes into use. This is normally the date the purchased item is received/ goods receipted/ the date first used.
14. Depreciation of an asset starts in the next quarter after the asset's capitalisation i.e. capitalised between 1st April and 30th June then depreciation starts from 1st July
15. Depreciation will be run monthly, centrally by Financial Accounts for all company codes. Depreciation will be charged directly to the internal order or WBS of the region or dept.

16. Revaluation is run by Financial Accounts each year for all assets categories except land and buildings. Land and buildings are revalued to the market valuation every 5 years. Financial Accounts and Global Estates co-ordinates this process.

Business Process Ownership

17. The Business Process Owner (BPO) is the strategic owner of the business process and is responsible for the business effectiveness and efficiency of the process. All BPO's are senior managers in the business area.
18. The Business Process Owner (BPO) for Fixed Assets is the Financial Controller.

Definition of Roles in the Fixed Asset Process

19. The **roles** referred to within the Fixed Asset process are as follows:

- Financial Accountant
- Assistant Financial Accountant
- Financial Accounting Officer
- Operational Staff

Responsibilities within the Process

20. Financial Accountant. Responsible for:

- Managing and controlling the overall process of Fixed Assets

21. Financial Accounting Officer. Responsible for:

- Reconciling the Fixed Asset Module to GL
- Running the monthly SAP depreciation process - see below
- Entering the FIN 30/ 31/ 32 information into the SAP Fixed Asset Module
- All adjustments and corrections to the Asset Register
- The running of various fixed asset reports
- Publish Fixed Assets Register (FAR) on quarterly basis on the Finance Intranet.

22. Operational Staff. Responsible for:

- Ensuring that a correct and authorised budget exists for all purchases and all appropriate procurement procedures have been carried out
- Raising of the appropriate FIN30 series form to record new asset purchases, disposals or transfers
- Sending FIN30 series forms to Financial Accounts in London
- Staff may request a copy of their department/office/country fixed asset register at anytime from Financial Accounts
- Ensure that the expenditure is charged to the appropriate Fixed Asset G/L account as indicated in the table of this document under section 9 & also ensure that the FIN 30 amount matches the expenditure charged to the G/L account.

Process List, Descriptions & Process Flows

23. The following Fixed Asset Tasks are covered in this guide.

Process Description	Process Flow Ref.	Annex
Creating Fixed Assets	FA/1	Page 11
Disposal of Fixed Assets	FA/2	Page 12
Depreciation of Fixed Assets	FA/3	Page 13
Transfer of Fixed Assets	FA/4	Page 14
Revaluation of Fixed Assets	FA/5	Page 15

For staff in offices on SAP

24. Creating Fixed Assets (FA/1)

- Refer to Essential Finance for guidance before purchasing new assets
- Assets will be purchased through standard SAP Purchase to Pay by creation of a Purchase Order
- Before proceeding with purchase you must ensure you have an agreed and authorised budget
- Fixed assets must be charged to the appropriate GL accounts in the range 689010 – 689061 on an appropriate WBS in SAP. The threshold to capitalise an asset is £3000 and over, any amount under this will not be classed as a fixed asset.
- Once the Purchase Order has been approved and the Goods Receipt completed a new asset must be added to the SAP Fixed Asset Register, by completing a FIN 30 form
- Complete the FIN 30 form (available on the Finance intranet site, under Forms, templates and manuals). The date first used (normally the same date as goods receipt) is critical as this will be used as the capitalisation date of the asset from which all subsequent depreciation will be calculated
- Send the FIN 30 to Financial Accounts in London. [It is intended that after a period of stabilisation overseas countries will pass details of new assets to their local Accounting Services to create on SAP for their company code]
- Financial Accounts will check the form and resolve any queries with the office/ department
- Financial Accounts check that the purchase has been charged to the appropriate 689... series GL codes.
- Financial Accounts add the new asset details into SAP. The asset is created and journal entries generated to debit the appropriate balance sheet asset category account and credit account 689110 (Furniture & Equipment), 689011 (IT equipment), 689112 (Plant & Machinery), 689130 (vehicles), 689140 (Land & Building), and 689151 (building improvements) which shows on the originating WBS.
- It should be noted that to report on fixed asset expenditure it will be necessary to exclude the 689110 (Furniture & Equipment), 689111 (IT equipment), 689112 (Plant & Machinery), 689130 (vehicles), 689140 (Land & Building), and 689151 (building improvements) accounts, since its inclusion would net the expenditure to zero. (these GL codes are used for capitalisation only)

- Note: If a department/ office/ country, operating SAP purchases a fixed asset on behalf of another office/ country, who are on SUN they raise a standard PO, in the normal way ensuring the appropriate fixed asset GL code is used but they need to use Account Assignment code "F" for Internal Order. The originating office should give their SUN Budget Centre which is used as the internal order on the PO. (If the budget centre is KENGART this is switched around to GARTKEN for the internal order.) See Authority to charge a non-SAP location for payment made from SAP (P2P/12 – annex 21) – previously cross charging, section in the SAP Purchase to Pay Process Guide for full details.

25. Disposal of Fixed Assets FA/2

- Refer to Essential Finance for guidance before disposal of an asset.
- An asset should be disposed of when scrapped, lost, stolen or sold. An asset must remain on the fixed asset register until such time as they are physically scrapped or thrown away. Although assets are depreciated over time, until eventually they are fully depreciated and no longer have an accounting value, they should not be removed from the register for this reason.
- If an asset is sold ensure payment is banked and the revenue should be charged to GL account 450050 and WBS element
- Complete a FIN 32 form (available on the Finance intranet site, under Forms, templates and manuals).
- Send the FIN 32 to Financial Accounts in London. [It is intended that after a period of stabilisation overseas countries will pass details of asset disposal to their local Accounting Services to record on SAP for their company code] Ensure you have quoted the asset number; this should be the new asset no. that has been generated on SAP. Check local copy of Fixed Asset Report for the asset number. A new copy of asset register report can be requested from Financial Accounts, as required
- Financial Accounts will check the form and resolve any queries with the office/ department
- Financial Accounts will process the disposal through SAP. Any loss will be automatically calculated and posted to GL account 680100 on the originating WBS. If an asset is lost or stolen the country needs to complete a loss report authorised by the Director and send it to Financial Controller for action
- If the asset was sold the value of the asset sale is entered and any loss or gain is automatically calculated and posted to GL account 450060 (gain) or 680100 (loss) on the originating WBS.

26. Depreciation of Fixed Assets FA/3

- Depreciation will be run centrally by Financial Accounts
- Depreciation is run monthly as part of End of Month processes
- The SAP fixed asset module will calculate the depreciation charge for assets based on internal rules
- Depreciation is the decrease in value of an item over time
- Accounting entries are generated to post the depreciation charges, these debit 680000 on the originating WBS and credit the appropriate balance sheet fixed asset category
- Offices must ensure sufficient money has been allocated to WBS to cover the full cost of depreciation for the entire year.

IMPORTANT: All Countries going live (changing from Sun to SAP) – must provide Financial Accounts with WBS structures that will replace the internal orders used to record fixed asset transactions.

27. Transfer of Fixed Assets FA/4

- Refer to Essential Finance for guidance before transferring an asset.
- The country/ office/ or department transferring an asset (the sending office) completes the first part of the FIN 31 form. Ensure the asset number is entered. Check local copy of Fixed Asset Report for the asset number. (A new copy of asset register report can be requested from Financial Accounts, as required.) The form to be signed by an authorised officer. Keep a copy for local records. Send the FIN 31 to the country/ office/ department receiving the asset.
- The receiving office completes the second part of the FIN 31. Resolve any problems with the sending office. A SAP WBS element is needed for any depreciation charge.
- FIN 31 form to be signed by an authorised officer. Keep a copy for local records. Send the FIN 31 to Financial Accounts in London. [It is intended that after a period of stabilisation overseas countries will pass details of transfers to their local Accounting Services to record on SAP for their company code]
- Financial Accounts will check the form and resolve any queries with the office/ departments involved
- Financial Accounts will process the transfer through SAP.

Any depreciation charges will now be borne by the new owner of the asset.

28. Revaluation of Fixed Assets FA/5

- Revaluation of Fixed Assets is completed by Financial Accounts in Spring Gardens.
- All fixed assets in terms of land, buildings and building improvements are re-valued (based upon the difference between purchase price and market value) once in each 5 years. The British Council tenders a chartered service to value all properties worldwide. The valuation difference is used to calculate the revaluation of all land & buildings.
- Other fixed assets (e.g. Vehicles, IT Equipments) are re-valued each year based upon existing market valuation. Inflation index numbers issued by UK Treasury / National Statistics are used for the same.
- Annually FA sources the price indices from national Statistics and populates the index table in SAP using transaction OAV5.
- The revaluation is then generate in the system using transaction AFAR – this creates a debit to the particular asset revaluation series G/L and credits 299050 – current cost accounting reserve

For staff on offices on SUN

29. Creating Fixed Assets (FA/1)

- Refer to Essential Finance for guidance before purchasing new assets
- Assets will be purchased through standard and existing procurement process in offices, running SUN Accounts

- Before proceeding with purchase you must ensure you have an agreed and authorised budget
- Fixed assets must be charged to the appropriate GL accounts. SUN countries continue to charge to the old 2800 series accounts, these will be converted by the SUN – SAP interface to the appropriate SAP 689000 series accounts. The Budget Centre code will be converted to a SAP Internal Order.
- Once the Asset has been purchased, A new asset must be added to the SAP Fixed Asset Register, via completing a FIN 30 form
- Complete the FIN 30 form (available on the Finance intranet site, under Forms, templates and manuals). The date first used (normally the date the asset is acquired) is critical as this will be used as the capitalisation date of the asset from which all subsequent depreciation will be calculated
- Send the FIN 30 to Financial Accounts in London.
- Financial Accounts will check the form and resolve any queries with the office/ department
- Financial Accounts check that the purchase has been charged to the appropriate SAP 689000 series accounts. For SUN countries there may be a timing issue relating to when the local office transactions get uploaded into SAP. At month-end SUN export files are received from countries and by Geographical Accounting Services
- Financial Accounts add the new asset details into SAP. The asset is created and journal entries generated to debit the appropriate balance sheet asset category account and credit the appropriate G/L account 689XXX account (the asset clearing/control account)
- Note: If a department/ office/ country, operating SUN is required to purchase a fixed asset on behalf of another office/ country, who are on SAP, then the UK department or country on SAP, must raise a SUN Interface PO first and email the details to the purchasing office. See Authority to charge a SAP budget for payment made by a non-SAP location - previously cross charging, section in the SAP Purchase to Pay Process Guide for full details.

30. Disposal of Fixed Assets FA/2

- Refer to Essential Finance for guidance before disposal of an asset.
- An asset should be disposed of when scrapped, lost, stolen or sold. An asset must remain on the fixed asset register until such time as they are physically scrapped or thrown away. Although assets are depreciated over time, until eventually they are fully depreciated and no longer have an accounting value, they should not be removed from the register for this reason.
- If an asset is sold ensure payment is banked and the revenue should be charged to GL account 3800 on an appropriate Budget Centre
- Complete a FIN 32 form (available on the Finance intranet site, under Forms, templates and manuals).
- Send the FIN 32 to Financial Accounts in London. Ensure you have quoted the asset number. (Same as above) Check local copy of Fixed Asset Report for the asset number. (A new copy of asset register report can be requested from Financial Accounts, as required.)
- Financial Accounts will check the form and resolve any queries with the office/ department
- Financial Accounts will process the disposal through SAP. Any loss will be automatically calculated and posted to GL account 2898. If an asset is lost or stolen the country needs to complete a loss report authorised by the Director and send it to Financial Controller for action

- If the asset was sold, the value of the asset sale is entered and any loss or gain is automatically calculated and posted to the SAP equivalent of GL account 3898 (gain) or 2898 (loss) on the originating SAP Internal Order. The charge will be passed back to the country converting the SAP Internal Order to the original Budget Centre, via the interface on the Zinte file.

31. Depreciation of Fixed Assets FA/3

- Depreciation will be run centrally by Financial Accounts
- Depreciation is run monthly as part of End of Month processes
- The SAP fixed asset module will calculate the depreciation charge for assets based on internal rules
- Depreciation is the decrease in value of an item over time
- Accounting entries are generated by Financial Accounts to post the depreciation charges, debiting **2899 OMOC** for each asset depreciated and crediting the appropriate balance sheet fixed asset category. The depreciation debit will be passed back to SUN countries through the Zinte file produced by Geographical Accounting Services.

32. Transfer of Fixed Assets FA/4

- Refer to Essential Finance for guidance before transferring an asset.
- The country/ office/ or department transferring an asset (the sending office) completes the first part of the FIN 31 form. Ensure the asset number is entered. Form to be signed by an authorised officer. Keep a copy for local records. Send the FIN 31 to the country/ office/ department receiving the asset.
- The receiving office completes the second part of the FIN 31. Resolve any problems with the sending office. A new Budget Centre code for the country receiving the asset is needed for any depreciation charge.
- FIN 31 Form to be signed by an authorised officer. Keep a copy for local records. Send the FIN 31 to Financial Accounts in London.
- Financial Accounts will check the form and resolve any queries with the office/ departments involved
- Financial Accounts will process the transfer through SAP. Any depreciation charges will now be borne by the new owner of the asset. This will be passed back to SUN countries on the interface Zinte file.

For Financial Accounts Staff (in London)

33. Creating Fixed Assets (FA/1)

- On receipt of FIN 30 form: -
- Financial Accounts will check the form and resolve any queries with the office/ department
- Financial Accounts check that the purchase has been charged to the appropriate 689000 series accounts.
- Financial Accounts add the new asset details into SAP via transaction **ABZON**. The asset is created and journal entries generated to debit the appropriate balance sheet asset category account and credit account 689000 (the asset clearing/control account) on the originating WBS.

34. Disposal of Fixed Assets (FA/2)

- On receipt of FIN 32 form: -

- Financial Accounts will process the disposal through SAP. If the asset was scrapped, lost or stolen transaction ABAVN is used, as there is no sale proceeds. Any loss will be automatically calculated and posted to GL account 680100 on the originating WBS. If an asset is lost or stolen the country needs to complete a loss report authorised by the Director and send it to Financial Controller for action
- If the asset was sold transaction ABAON is used, as there are sale proceeds. The value of the asset sale is entered and any loss or gain is automatically calculated and posted to GL account 450060 (gain) or 680100 (loss) on the originating WBS.

35. Depreciation of Fixed Assets (FA/3)

- Depreciation will be run centrally by Financial Accounts
- The depreciation run SAP transaction is AFAB and ZAFAB. It is run first in Test mode, to check for errors. This is done for each company code
- No new assets must be added to the Fixed Asset Register while the depreciation process is taking place.
- The results of the run are checked for errors. The normal errors are where the asset master data does not contain a WBS or Internal Order reference, to which the depreciation will be charged.
- All errors are corrected by updating the master data, with missing WBS or Internal orders.
- The depreciation run is processed again in Live mode for each company code
- Accounting entries are generated to post the depreciation charges, debiting 680000 on WBS and crediting the appropriate balance sheet fixed asset category

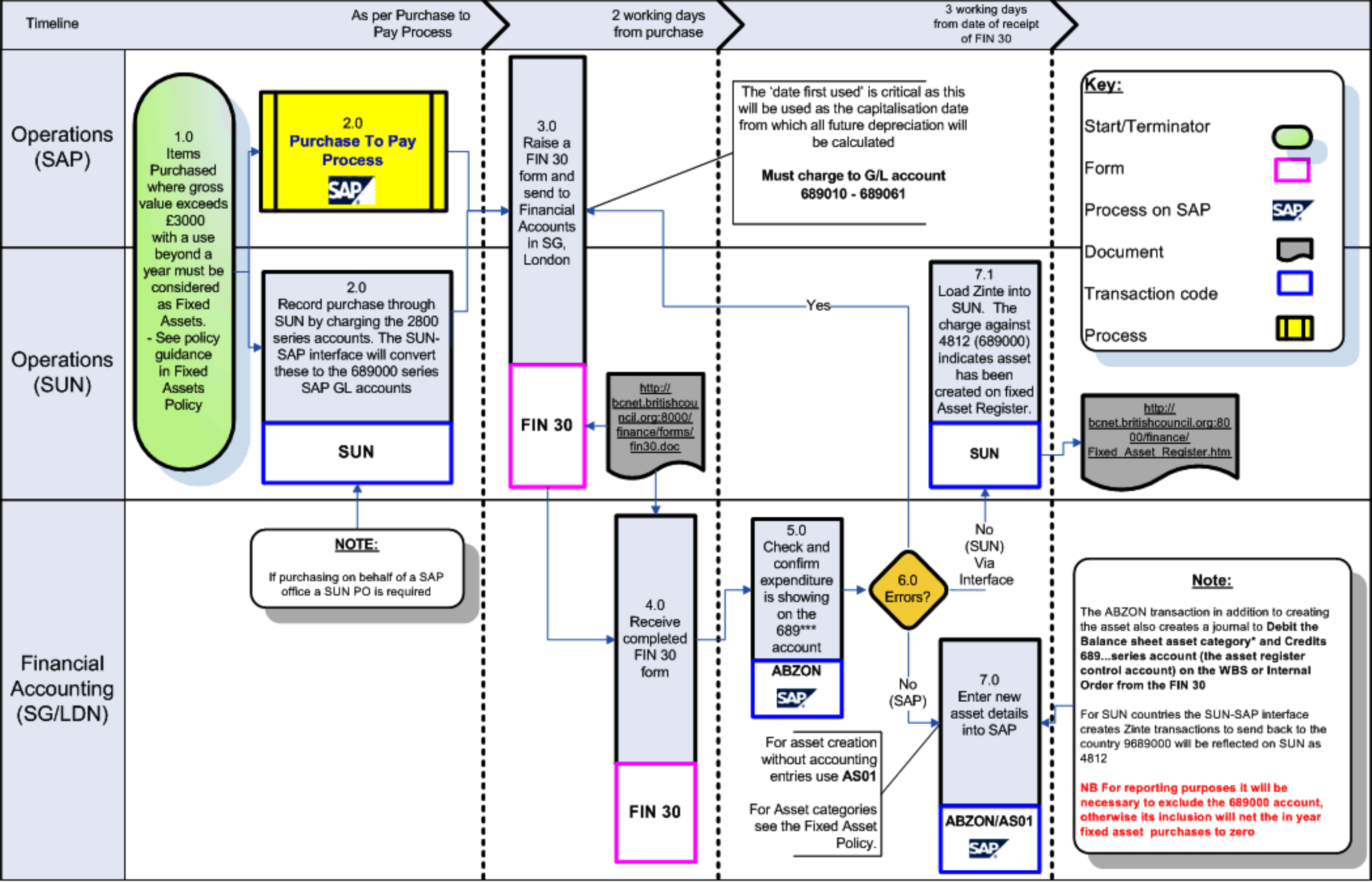
36. Transfer of Fixed Assets (FA/4)

- On receipt of FIN 31 form: -
- Financial Accounts will check the form and resolve any queries with the office/ departments involved
- Financial Accounts will process the transfer through SAP. If the asset is moving between company codes transaction ABT1N is used. If there is no change of company code then transaction ABUMN is used.
- Any depreciation charges will now be borne by the new owner of the asset.

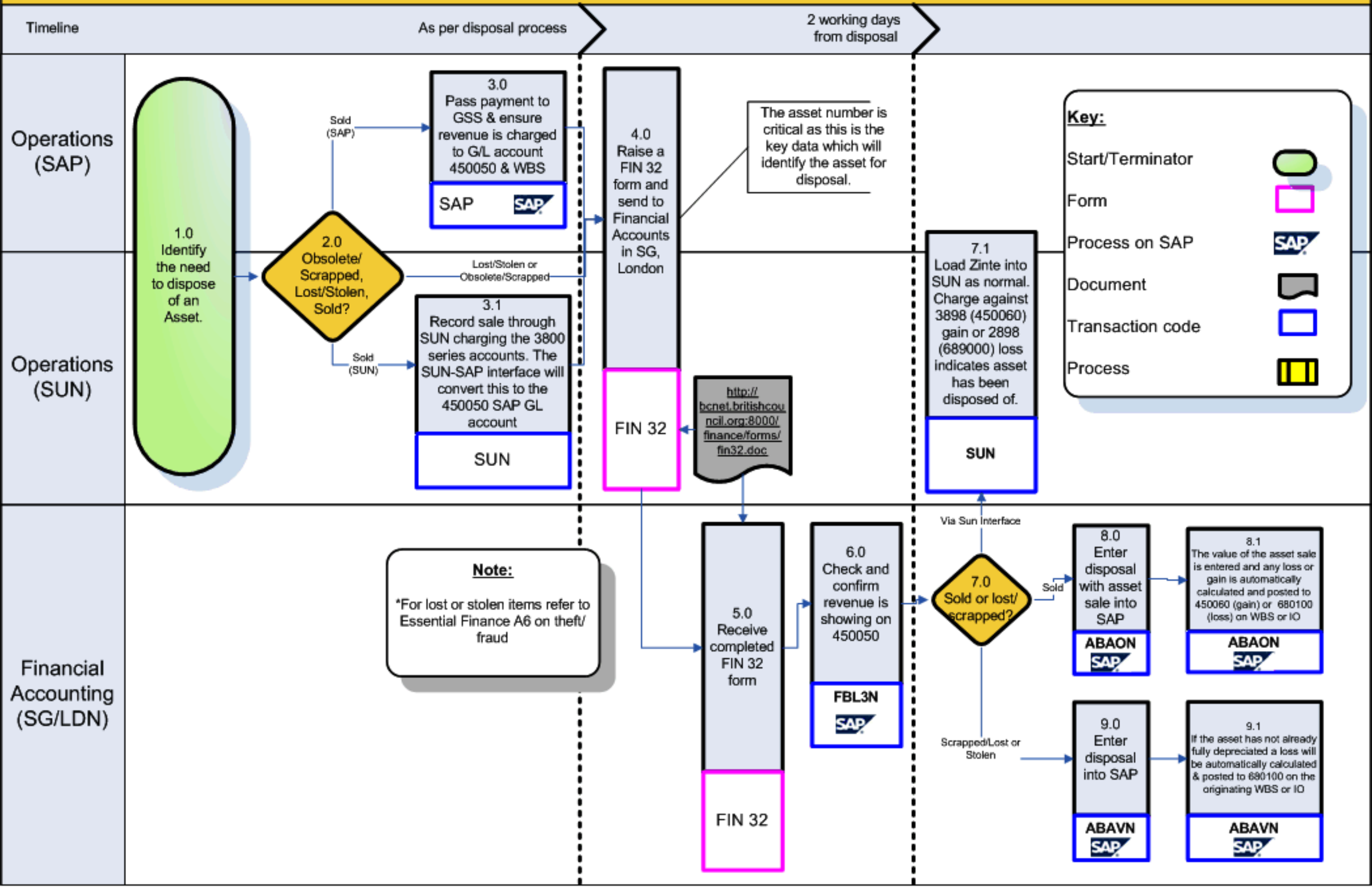
Supporting Documentation & Management Trail

The policy and guidelines on document retention can be found in the Document Retention Policy.

FA/1 Creating Fixed Assets – Global Process



FA/2 Disposal of Fixed Assets – Global Process

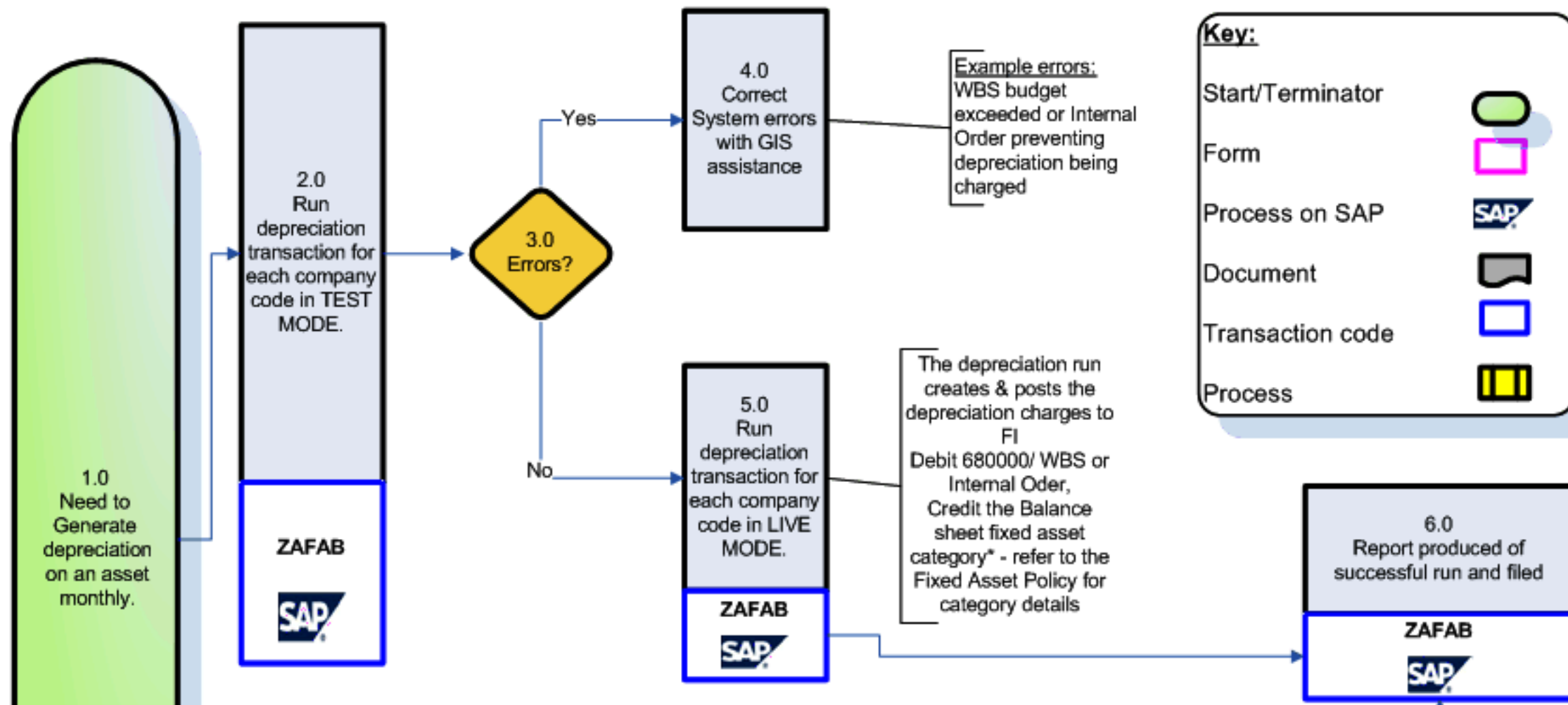


FA/3 Depreciation of a Fixed Asset – Global Process

Timeline

Each month-end
for all assets

Financial Accounting
(SG/LDN)



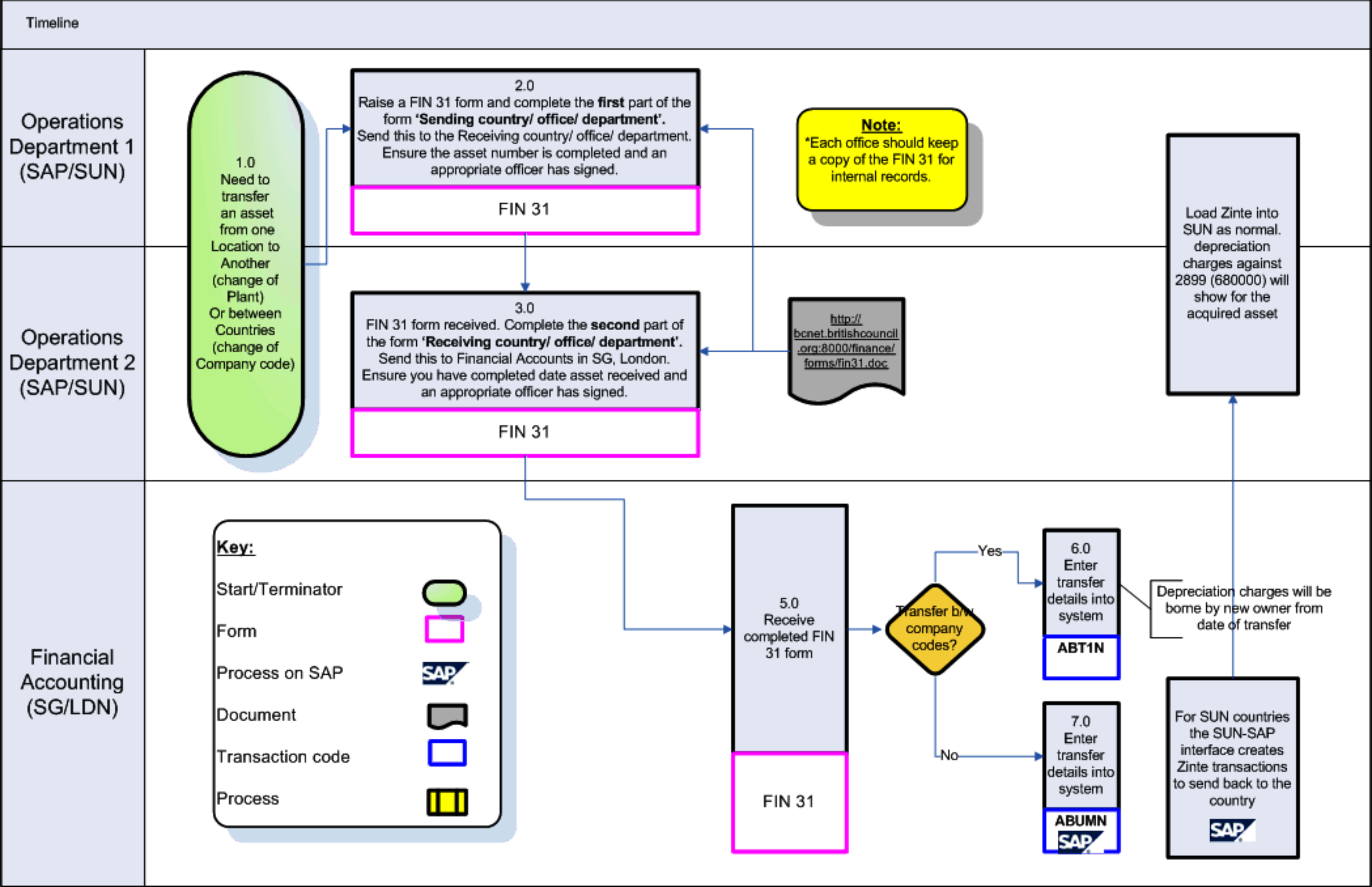
Operations
(SUN)

Note:
For SUN countries the SUN-SAP interface creates Zinte transactions to send back to the country

7.0
Load Zinte into SUN as normal. depreciation charges show against account 2899 (680000)

SUN

FA/4 Transfer of Assets – Global Process



FA/5 Revaluation of Fixed Assets – Global Process

Timeline

Annually or every five years as per note below
As part of year end process

Fixed Assets Revaluation

- All fixed assets in terms of land, buildings and building improvements are revalued (based upon the difference between purchase price and market value) once in each 5 years.
- Other fixed assets (e.g. Vehicles, IT Equipments) are revalued each year based upon existing market valuation. Inflation index numbers issued by UK Treasury / National Statistics are used for the same.

Financial Accounting (SG/LDN)

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=2206&Pos=&ColRank=1&Rank=224>

Note:
Process is the same for Land and Buildings but rather than get the prices indices from the National Statistics Website, the BC tenders a chartered service to value the properties worldwide and post the differences in transaction AFAR.

Dr asset revaluation 100...series G/L
Cr current cost accounting reserve 299050


1.0 Need to revalue a fixed asset other than Land & Buildings.

2.0 Retrieve price indices from National statistics on-line

3.0 Update the index rate table in the system
OAV5
SAP

4.0 Generate revaluation calculation on the fixed asset
AFAR
SAP

Key:

- Start/Terminator 
- Form 
- Process on SAP 
- Document 
- Transaction code 
- Process 