



V6.09 Training Manual



Asset Disposal



Find the freedom to focus on what matters with Nimbus

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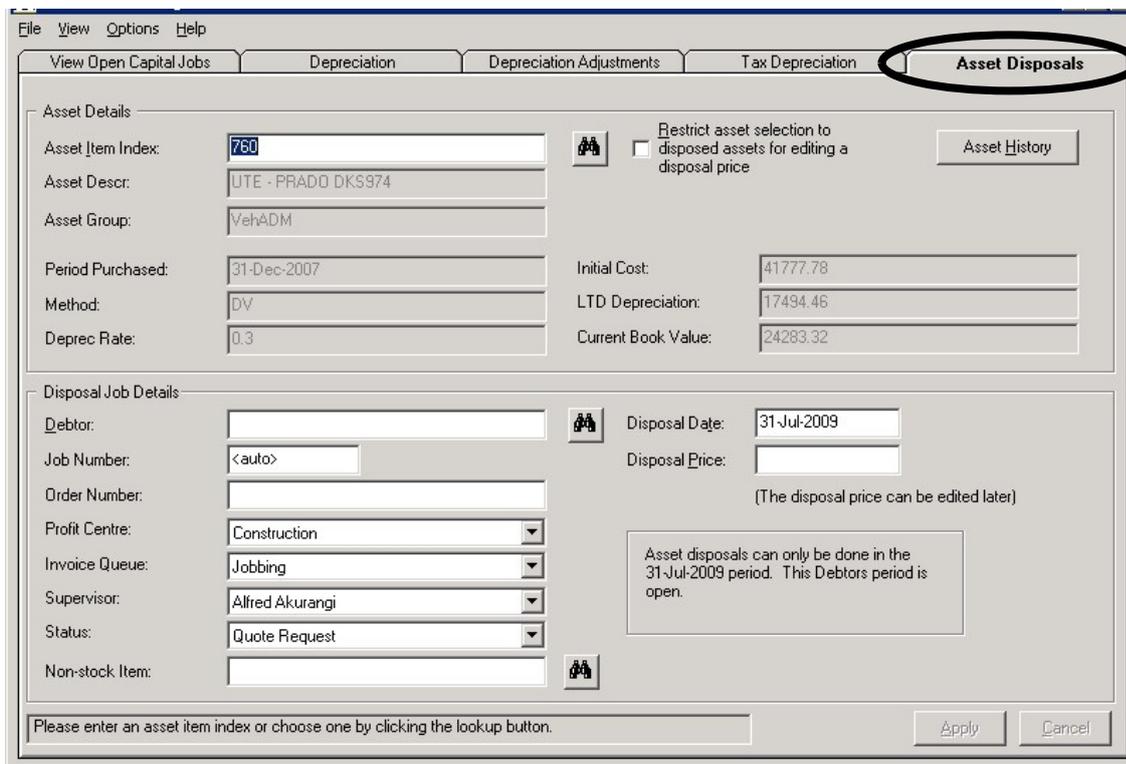
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Author	Phil Ivamy
QA	
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Overview

The Nimbus Asset Register can be used for processing the disposal of assets. This occurs when an asset is sold or written off (scrapped).

In Nimbus this is accomplished using the **Asset Disposal** tab of the Depreciation Asset Register.



Nimbus holds two important amounts about each asset:

- The GST exclusive cost of the asset. (Nimbus will post this amount to the Fixed Assets ledger account when the asset is purchased.)
- The total amount of depreciation calculated. (Nimbus calculates a monthly depreciation amount and posts this to the **Fixed Assets or Provision for Depreciation** ledger account thereby reducing the net value of the asset each month.)

The balance in the **Fixed Assets** ledger account will therefore be the depreciated value of the asset, also known as the book value.

Example:

- A vehicle was purchased on 31 March 2010 for \$12,650.00 + GST.
- Depreciation calculated to 31 March 2016 is \$6,998.52
- The closing balance in the Fixed Assets ledger account will therefore be \$5,651.48; this is the depreciated value of the asset and is reported in the Balance Sheet.

When an asset is disposed of, Nimbus will need to deal with all of these amounts. To do this the tasks below will need to occur.

- a. The asset must be removed from the Financial Statements as it is no longer owned by the business.
- b. A job must be created in Nimbus to allow for an invoice to be generated, being the sale of the asset.
- c. A gain or loss on asset disposal must be calculated. This is because the depreciation calculated to date is rarely 100% correct; either too much depreciation is written off (leading to a gain on disposal), or not enough depreciation is written off (leading to a loss on disposal).

Each of these tasks is dealt with when using the Asset Disposal tab in the Asset Register program. In fact, Nimbus will do most of these tasks automatically once details such as disposal price has been entered.

The general process for the disposal of an asset using the Nimbus Asset Register program is outlined below. Each of these steps is then explained in more detail.

STEP 1:

Complete the fields in the **Asset Disposal** tab for the asset being disposed of. When Nimbus processes these details, it will automatically create a job to dispose of the asset. In addition, the depreciated (book) value held in the **Fixed Asset** ledger account will be transferred to the **Gain/Loss on Asset Disposal** ledger account.

STEP 2:

Generate the Debtor Invoice to sell the asset. This will put the Debtor amount owing in the Debtor's Ledger. It will also post the GST exclusive amount to the **Gain/Loss on Asset Disposal** ledger account. The balance of this ledger account is now the actual gain/loss on disposal.

STEP 3:

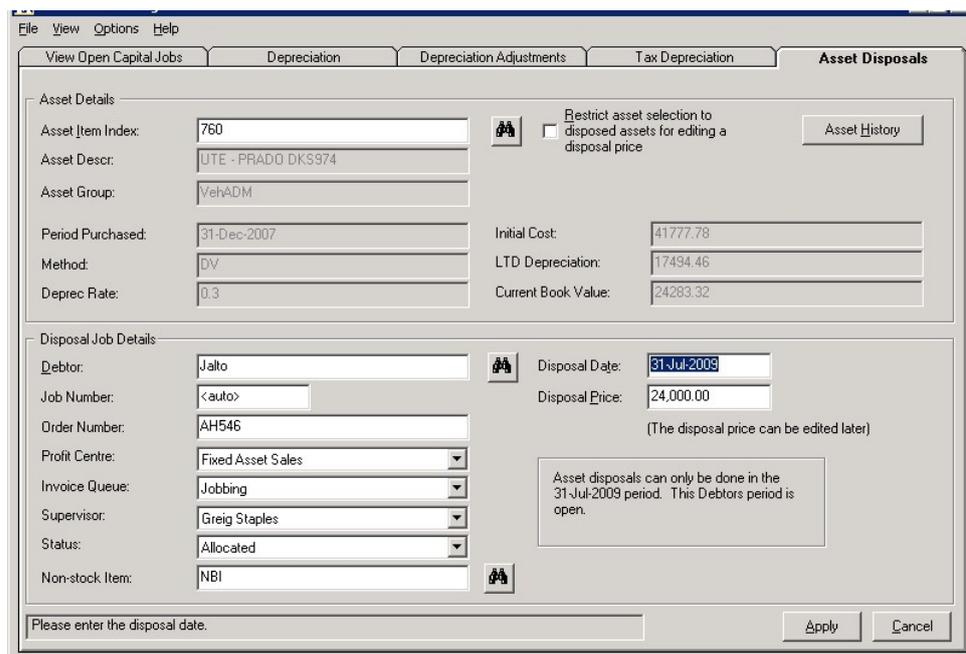
Process the Debtor Receipt in the normal way. This will update the Bank Reconciliation program.

Step 1:

Complete the fields in the Asset Disposal tab for the asset being disposed of.

- a. Enter the Asset code in **the Asset Item Index field**. A lookup is available. Once the asset item has been selected the other fields in the **Asset Details** section will be automatically completed. These fields are not able to be edited. Note the display of the following amounts:
 - The purchase price of the asset – displayed in the **Initial Cost** field.
 - The accumulated depreciation amount of the asset – displayed in the **LTD Depreciation** field.
 - The depreciated value of the asset – displayed in the **Current Book Value** field.

- b. Click on the **Asset History** button to run a report on this asset. The report shows how the depreciated value of the asset has been calculated since its purchase.
- c. Tick the **Restrict asset selection to disposed assets for editing a disposal price** box only when you want to choose a disposed asset (where the disposal has not yet been completely processed) so that you may edit its disposal price.
- d. For assets being sold, enter the Debtor code in the **Debtor** field. Use the "Internal" debtor if the asset is being scrapped. A lookup is available.
- e. Once the information in the **Asset Disposal** tab has been processed, Nimbus will automatically generate a job. So that Nimbus can do this complete the following fields:
 - Leave the **Job Number** field on <auto> if you want Nimbus to automatically generate a job number. Otherwise enter the job number of your choice.
 - Enter the debtors' order number in the **Order Number** field, if applicable.
 - Enter **Fixed Asset Sales** in the **Profit Centre** field.
 - Enter **Jobbing** in the **Invoice Queue** field.
 - Enter the name of the person overseeing the disposal of the asset in the **Supervisor** field.
 - Enter **Allocated** in the **Status** field.
- f. Enter the date the asset was disposed of in the **Disposal Date** field. Make sure this is an open period.
- g. Enter the GST exclusive amount the asset was sold for in the **Disposal Price** field. If the asset is being scrapped, enter \$0.00 in this field. Note that Nimbus uses this amount when generating the invoice. It can be edited later if required, however it cannot be edited once the invoice has been generated.



The screenshot shows the 'Asset Disposal' window in Nimbus. The window has a menu bar (File, View, Options, Help) and several tabs: View Open Capital Jobs, Depreciation, Depreciation Adjustments, Tax Depreciation, and Asset Disposals. The 'Asset Disposals' tab is active.

Asset Details:

- Asset Item Index: 760
- Asset Descr: UTE - PRADO DKS974
- Asset Group: VehADM
- Period Purchased: 31-Dec-2007
- Method: DV
- Deprec Rate: 0.3
- Initial Cost: 41777.78
- LTD Depreciation: 17494.46
- Current Book Value: 24283.32

Disposal Job Details:

- Debtor: Jalto
- Job Number: <auto>
- Order Number: AH546
- Profit Centre: Fixed Asset Sales
- Invoice Queue: Jobbing
- Supervisor: Greig Staples
- Status: Allocated
- Non-stock Item: NBI
- Disposal Date: 31-Jul-2009
- Disposal Price: 24,000.00

Additional features and messages:

- A checkbox labeled 'Restrict asset selection to disposed assets for editing a disposal price' is present.
- An 'Asset History' button is located in the top right of the Asset Details section.
- A message box states: 'Asset disposals can only be done in the 31-Jul-2009 period. This Debtors period is open.'
- At the bottom, there is a text field 'Please enter the disposal date.' and 'Apply' and 'Cancel' buttons.

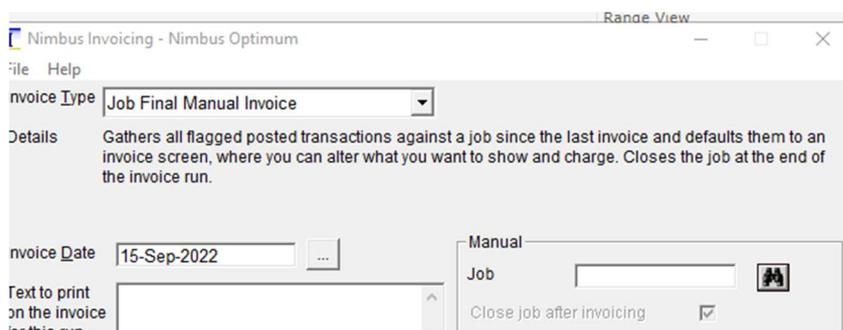
- h. Enter the stock item to be used for the disposal of this asset. This must be a non-stock item, eg. “NBI” or a stock item that has been set up specifically for the disposal of assets.
- i. Click the **Apply** button. Nimbus will now automatically create a job for the disposal of the asset. Nimbus also transfers the depreciated value of the asset currently held in the **Fixed Asset** ledger account, to the **Gain/Loss on Asset Disposal** ledger account.

Step 2:

Generate the Debtor Invoice.

(Note that this process is necessary even if the asset is being scrapped. This is because the invoicing process will close the job, preventing further posting to the job and general ledger.)

- a. Go to the **Debtor** menu and choose **Invoicing**. Choose the Jobbing Final Manual invoice type



- b. Use the Job Lookup

JobNumber	DebtorIndex	SiteAddress	Description	Status	Supervisor	Project
WKE-Z	JarrettD	120 Mt Albert Rd	Retentions	JP	Wayne	WKE
WKE-5	JarrettD	120 Mt Albert Rd	Plumbing	JP	Wayne	WKE
WKE-4	JarrettD	120 Mt Albert Rd	Electrical	JP	Wayne	WKE
WKE-3	JarrettD	120 Mt Albert Rd	Portals	JP	Wayne	WKE
WKE-2	JarrettD	120 Mt Albert Rd	Slab	JP	Wayne	WKE
WKE-1	JarrettD	120 Mt Albert Rd	Prelim & General	JP	Wayne	WKE
SPA-Z	Irish Green	22 Dublin Street	Retentions	JP	Julie	SPA
SPA-V01	ADCInt	1327 Broadway	Variation-Garage	JP	Adam	SPA
SPA-4	Irish Green	22 Dublin Street	Sealing	JP	Julie	SPA
SPA-3	Irish Green	22 Dublin Street	Drainage	JP	Adam	SPA
SPA-2	Irish Green	22 Dublin Street	Excavations	JA	John	SPA

- c. To filter to the Debtor Job (Or search for the description Disposal Job) Enter the invoice date in the dialog box and click **OK**. The invoice queue will interrupt the invoicing process to give you an opportunity to view what is to be invoiced. Check these details and then click **OK**. The invoice will now be generated. This will put the Debtor amount owing into the Debtor’s Ledger. It will also post the GST exclusive amount to the **Gain/Loss on Asset Disposal** ledger account. (Note that any editing will be saved in the database.)

JobNumber: 1000011
 Name: Jalto Holdings No 2 Ltd
 Description: 760 Disposal Job
 Supervisor: STAPLES

Job Notes

Invoice Total: 24,000.00
 TotalGST: 3,000.00
 Incl Total: 27,000.00

Code	Description	Quantity	Price	Amount	Mkup%	GST	GSTInclAmount	GSTCode	GS_GSTCoc	GSTRate
zzStockInv	BV transfer asset 760	1.0	24,000.00	24,000.00	-1.00	3,000.00	27,000.00	Std	Std	0.125

OK Cancel

d. View the balance held in the **Gain/Loss on Asset Disposal** ledger account since this amount is now the actual gain/loss on disposal.

- From the **Finance** menu select **General Ledger Enquiry**
- Filter down to the **Asset** accounts.

GL Accounts : Lists general ledger accounts.
 Filter : Description contains asse and Closed contains 0

Refresh Report Print Export Clear Sort Clear Filters Save Report Setting Clear Report Settings

Branch	GLIndex	Description	Category	Division	Summary
		asse			
HO	8040574	Overhead Assets Repairs	General	Admin	Expenses
HO	8040800	Profit/(Loss) on Sale of Asset	General	Admin	Income
HO	9011100	Fixed Assets	Fixed	Assets	Fixed
HO	9011110	Provision for Depreciation Fixed Assets	Fixed	Assets	Fixed
HO	9011120	Transfer Fixed Assets Suspense Account	Fixed	Assets	Fixed

- Choose **Profit/(Loss) on Sale** of Asset by clicking the GLIndex
- This will show the transactions created by the above actions

Step 3:

Process the Debtor Receipt in the normal way.

Note that this process is NOT necessary if the asset is being scrapped. This is because there is no invoice awaiting payment in Nimbus.