

**When the Fixed Asset is no longer in your business then you'll need to account properly for its disposal:**

There are 2 parts to this:

- A. We need to remove it from the Balance Sheet
- B. We need to record if you gained or lost in the disposal.

1. You need to create two new Nominals, 1 is for recording the Gains/Losses on your Profit and Loss and the other is a Control Account for the Balance Sheet.

2. Click on Tools and Nominals.

3. In the Expenses, click on Other and click on New and type in 'Fixed Asset Gain/Loss'

### Expenses

- Advertising and Promotion (60000)
  - Digital
- Employee Payroll (61000)
- Directors Payroll (62000)
  - Directors Payroll
  - Directors Pension
- Finance Charges (63000)
  - Bank Services charges
  - Currency Difference (63100)
- Insurances (64000)
- Legal and Professional Fees (65000)
- Office/Property (66000)
  - telephone
  - stationary / postage
  - Electric
- Travel and Subsistence (67000)
- Motor (68000)
  - Road Tax
- Other (69000)
  - Software Subscription
  - Fixed Asset Gains/Losses
  - Fixed Asset Purchase

Click on Other and Click on New and add in a Nominal called 'Fixed Asset Gains/Losses'

4. Scroll down to the Current Assets (or Current Liabilities) and click on one of the Nominals called eg. Control Asset 1, 2, select the next available one of these and rename it to 'Fixed Asset Control'.



## Current Asset

- Stock (13000)
- Debtors (14000)
- Bank accounts (15000)
  - AIB Bank
- Pre Payment (16000)
- Cash (17000)
- Till (18000)
- Control Account Asset (19000)
- Contra Account (19500)
- Work in Progress (75000)
- Bad Debt Provision (76000)
- Fixed Asset Control (19600)
- Control Asset2 (19700)
- Control Asset3 (19800)
- Control Asset4 (19900)

Rename one of the Control Asset Nominals to Fixed Asset Control

## Current Liabilities

5. Now you need to create a Journal but first it is a good idea to go to your Fixed Asset screen, click on Accounts and Fixed Asset and click on Asset Report. Select 'All' from the date range on left and select the 'Asset Name' from the left hand side also and click on Apply. This will give you the Asset's history eg. how much it originally cost and what its current net book value is. You need both of these numbers for your Journal.

Select range:  
all

Asset Name:  
Fiat

Asset Class:  
Motor Vehicles

Apply Reset

### Fixed Asset Report

Sample Food Company

Period: All

#### Asset List

Asset Class	Asset Name	Added	Description	Purchase cost	Net Book Value	Net Book change during period
Motor Vehicles	Fiat	12/05/2009		10,000.00	3,000.00	0.00
Motor Vehicles	Fiat	12/05/2009	Purchase of Fiat	0.00	0.00	10,000.00
Motor Vehicles	Fiat	31/12/2009	Depreciation of Fiat	0.00	0.00	-6,000.00
Motor Vehicles	Fiat	31/12/2010	Depreciation of Fiat	0.00	0.00	-1,000.00
				10,000.00	3,000.00	3,000.00

You need the original Purchase Cost (10000) and the Depreciation so far (6000+1000=7000).

#### Asset History

Asset Class	Asset Name	Date	Operation	Purchases	Depreciation	Total Net Book Value
Motor Vehicles	Fiat	12/05/2009	Purchase of Fiat	10,000.00	0.00	10,000.00
Motor Vehicles	Fiat	31/12/2009	Depreciation of Fiat	0.00	-6,000.00	4,000.00
Motor Vehicles	Fiat	31/12/2010	Depreciation of Fiat	0.00	-1,000.00	3,000.00
				10,000.00	-7,000.00	3,000.00



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Click on Accounts and Journals and Add. In the header detail type in the date and in the description type in 'Disposal of (name of asset) and click on Ok.

For recording a gain on the Sale of the Asset your Journal should look as follows:

### Journal Sample

Edit
Delete

#### Header

Date:

Description:

**Note:**

1st line: Record the Gain - Note you don't choose the Asset Name on this line. In this example we sold the Asset for 4000 but its Net Book Value was 3000 giving us a Profit of 1000. Credit Fixed Asset Gains/Losses with 1000 and click on Save.

Click on Add New Line to record how much you received for the Fixed Asset. In our Example we sold the Asset for 4000. Debit 'Fixed Asset Control' for the amount received and click on Save.

Click on Add new line and Credit Fixed Assets and select the Asset Name you are disposing of. In Amount put in the original cost of the Asset and click on Save.

Click on Add new line and Debit Accumulated Depreciation and in Amount put in the Amount of accumulated depreciation that you had recorded for this Asset and click on Save.

Both sides should match, click on OK and check your Fixed Asset Report to make sure that its value is down to 0.

**Editing Journals**

Journals are mainly used by accountants to add in opening balances and make year-end adjustments. In SortMyBooks you are free to edit previously entered information. For instance if you made a mistake on a purchase invoice, you can edit it until you close the period. We'd encourage you to use this section with caution if you are not sure what journals are for.

#### Details

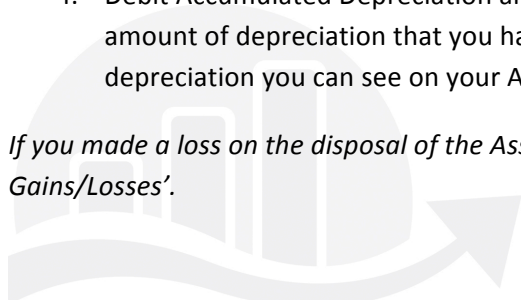
[Add New Line \(+\)](#)

Debit	Credit	Description	Asset Name	Asset Class	Job	Debit Amount	Credit Amount
	Fixed Asset Gains/Losses				Sample Food Company	0.00	1,000.00
Fixed Asset Control					Sample Food Company	4,000.00	0.00
	Fixed assets	Fiat			Sample Food Company	0.00	10,000.00
Accumulated depreciation			Fiat		Sample Food Company	7,000.00	0.00
<b>Total:</b>						<b>11000.00</b>	<b>11000.00</b>

The steps are:

1. Click on Add New Line and Credit 'Fixed Asset Gains/Losses' with the amount of profit that you made on selling the Asset. Click on Save and click on Add New Line.
2. Debit 'Fixed Asset Control' with the amount that you received on the disposal of the Asset. Click on Save and click on Add New Line.
3. Credit Fixed Assets and select the Asset Name from the dropdown for the original purchase value of the Asset (this will be on your Asset Report'. Click on Save and click on Add New Line.
4. Debit Accumulated Depreciation and select the Asset name from the dropdown for the amount of depreciation that you had recorded for this asset (again this is the sum of the depreciation you can see on your Asset Report'. Click on Save and click on Ok.

*If you made a loss on the disposal of the Asset then in Step 1 you need to Debit 'Fixed Asset Gains/Losses'.*





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### Almost finished:

You need to show the money that you received from the sale of the Asset going into your Bank Account. Click on Accounts and MiscLodgments and record the details here making sure that you select Fixed Asset Control as the Nominal.

### Final step:

Check that you've done this correctly by running your Trial Balance D/C report. There should be an amount in the Profit and Loss section for Fixed Assets Gains/Losses. If you made a gain there should be an amount in Credit and if you made a lost there should be an amount in Debit.

Scroll down to the Current Assets section. The Fixed Asset Control should be 0.

Go to the Fixed Asset section (you'll have to select 'Include sub-nominals' from the left hand side and click on Apply. The Fixed Asset item should now be showing a value of 0.

