Last Modified on 09/29/2026 8:55 am EDT

General Ledger Activity from Asset Transactions

When a new Object is added, the following general ledger entries are the result.

***NOTE**: The A/P invoice entry and C/D Check Run happened earlier.*

The Fixed Asset add process starts at the Object Add below. The accounting for the cost basis to move from the clearing account to the final asset account and the resulting depreciation entries are automatically created in the background.

Accounting for a NEW OBJECT: In this example an automobile for $24,000 will be added set to depreciate over 5 years.

Process	Account	Source	Debit	Credit
A/P Invoice Entry (Invoice is associated to the object)	Asset Clearing	SA	24,000.00	
A/P Invoice Entry	Accounts Payable	AP		24,000.00
C/D Check Run	Accounts Payable	AP	24,000.00	
C/D Check Run	Cash	CD		24,000.00
Object Add	Asset Account	AS	24,000.00	
Object Add	Asset Clearing	SA		24,000.00
Object Add	Accum Depreciation	DP		24,000.00 (60 months)
Object Add	Depreciation Expense	DE	24,000.00 (60 months)	

NOTE - The above grid applies to Depreciating objects. Inventory Only objects will not have any transactions associated to them. Immediately Depreciating objects will have the entire accumulated depreciation and expense amount in the current month. Non-Depreciating objects will not have the Accum Depreciation or Expense.

Suppose there is a gain or loss on the disposal of an asset. The one place in the asset system where you need to create a journal entry manually is related to disposal. The first part of the entry is automatic. The manual entry is required only for a gain or loss.

Accounting for a DISPOSAL: In this example an automobile for $24,000 will be disposed of 1 year into depreciation ($4800 of $24000) then sold for $20,000

Process	Account	Source	Debit	Credit
Disposal	Asset Account	DS		24,000.00
Disposal	Asset Clearing	DS	19,200.00	
Disposal	Accum Depreciation	DS	4,800.00	
Manual JE after Disposal	Asset Clearing	DS		19,200.00
Manual JE after Disposal	Cash	DS	20,000.00	
Manual JE after Disposal	Gain/Loss Revenue account	DS		800.00

NOTE - Post puts out no additional records.

NOTE: the current recommendation is to write a JE from the clearing account to the "Gain/Loss on the disposal of an Asset account…. For the full amount $19,200

Debit the Gain/Loss account for 19,200 and credit the clearing account for 19,200.

And do the cash receipt separate by debiting cash 20,000 and crediting the Gain/Loss account for 20,000.

When an Asset is moved to a new department or branch, the accounting for the cost basis and depreciation is automatically created in the background.

Accounting for a MOVE: In this example an automobile for $24,000 will be moved 1 year into depreciation ($4800 of $24000)

Object	Account	Source	Debit	Credit
New (moved to)	Asset Account	MA	24,000.00	
Original (moved from)	Asset Account	MA		24,000.00
New (moved to)	Accum Depreciation	MD		4,800.00
Original (moved from)	Accum Depreciation	MD	4,800.00	
New (moved to)	Accum Depreciation	DP		19,200.00 (48 months)
Original (moved from)	Accum Depreciation	DP	19,200.00 (48 months)	
New (moved to)	Depreciation Expense	DE	19,200.00 (48 months)	
Original (moved from)	Depreciation Expense	DE		19,200.00 (48 months)

NOTE - Post puts out no additional records. In reality the future accum depreciation ($19,200) detail records are edited to reflect the new object# and accounts.

When splitting an Asset, all the cost basis and depreciation accounting are automatically created in the background.

Accounting for a SPLIT: In this example an automobile for $24,000 will be split in half 1 year into depreciation ($4800 of $24000)

Object	Process	Account	Source	Debit	Credit
New (split to)	Split Add	Asset Account	AS	12,000.00	
New (split to)	Split	Asset Clearing	SA		12,000.00
Original (split from)	Split	Asset Account	AS		12,000.00
Original (split from)	Split	Asset Clearing	SA	12,000.00	
New (split to)	Split	Accum Depreciation	DP		12,000.00 (48 months)
New (split to)	Split	Depreciation Expense	DE	12,000.00 (48 months)	
Original (split from)	Split	Accum Depreciation	DP	12,000.00 (48 months)	
Original (split from)	Split	Depreciation Expense	DE		12,000.00 (48 months)

NOTE - Original object would have depreciated $4800 past, so $7200 for future.
New object will depreciate $12000 for future.