

Microsoft Dynamics™ AX

Feature for India
(Financial statements-
Schedule VI and Depreciation
of fixed assets-Schedule XIV)

White Paper

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Introduction

This information provides an overview of the Financial Statements- Schedule VI feature for Microsoft Dynamics™ AX that is specific to users in India. It includes a description of the feature, a list of forms and fields used and added for the feature, and procedural information to use the feature. The feature is available only if the configuration key for India is selected.

Financial statements-Schedule VI

The financial statements maintained by Indian companies comprise three entities.

- Balance sheet
- Profit and loss account
- Notes (Annexure to the balance sheet and profit and loss account)

The Companies Act, 1956, has specified a format for the financial statements based on Schedule VI. The setting up and generating the financial statements with respect to Schedule VI are addressed in this feature.

Refer to the following topics for more information:

- [Set up the format for the financial statement report](#)
- [Forms that are modified for this feature](#)

Set up the format for the financial statement report

Refer to the following information to define the format for the financial statement report.

Enter the Schedule number in the Chart of accounts.

The schedule number creates an annexure in the financial statement report.

1. Click **General ledger > Chart of accounts > Overview** tab.
2. Press **CTRL+N** to create a new ledger account and enter the required details.
3. Click the **IND Localization** tab and enter the schedule number for the ledger accounts in the **Schedule number** field. The schedule number specified for the ledger accounts appears in the financial statement report.

Note:

The schedule number entered here does not refer to Schedule VI given by the Companies Act 1956.

View the schedule number in the financial statement rows.

1. Click **General ledger > Setup > Financial statement rows (name) > Lines** button
2. Click the **Overview** tab. Select the ledger accounts in the **Financial statement rows (name)** field. You can view the schedule number in the **Schedule Number** field on the **Special Report** tab. You cannot modify the schedule number

Define the format for the financial statement report in the Financial statement form.

1. Click **General ledger > Setup > Financial statement > Setup** tab
2. Select from the following options for the report page in the **Orientation** field. The report is printed on this page.
 - Auto
 - Portrait
 - Landscape

3. Enter the indentation in millimeters in the **Left Margin** field to set the left margin.
4. Click the **Header / Footer** tab.
5. Enter the header note in the **Header** field, and the footer note in the **Footer Note 1** and **Footer Note 2** fields. These notes form a part of the financial statement report.
6. Click the **Auditor Details** tab. Enter the details of the auditor and a reference footnote for the details of the auditor.
7. Click the **Company Details** tab and enter the details of the officials of the company, such as name and designation.
8. Click the **Other information** tab. Enter the place, date, and any additional footnote information that becomes a part of the report.
9. Click the **Column** button. Type **Schedule** in the **Name** field and select the **Schedule** option in the **Column type** field. This creates the **Schedule** column in the financial statement report.
10. Click **General ledger > Reports > Transactions > Periodic > Financial statement** to generate the financial report.

Forms that are modified for this feature

Refer to the following information for additional forms and fields that you will use with this feature.

Form name and locator	Description
Chart of accounts (form) General ledger > Chart of accounts > IND Localization tab	Schedule Number field Enter the schedule number for the ledger account. You can view this number in the financial statement report.
Financial statement row (name) (form) General ledger > Setup > Financial statement rows (name) > Lines button > Special Report tab	Schedule number field View the schedule number for the ledger account. You cannot modify the schedule number in this field.
Financial statement (form) General ledger > Setup > Financial statement > Setup tab	Orientation field Select from the following options listed below in the Orientation field to set up the report page. Auto Portrait Landscape Left Margin field Enter the indentation in millimeters to set the left margin.
Financial statement (form) General ledger > Setup > Financial statement > Header / Footer tab (Header section)	Header field Enter the header note for the financial statement report.
Financial statement (form) General ledger > Setup > Financial statement > Header / Footer tab ((Footer section) > Footer Notes tab	Footer Note 1 field Enter the footer note for the financial statement report. Footer Note 2 field You can enter an additional footer note for the financial statement report.
Financial statement (form) General ledger > Setup > Financial statement > Header / Footer tab ((Footer section) > Auditor Details tab	Reference Footnote 1 field Enter a reference footnote for the details of the auditor in the financial statement report. Auditor Details field Enter the details of the auditor, such as name and

	designation.
Financial statement (form) General ledger > Setup > Financial statement > Header / Footer tab ((Footer section) > Company Details tab	Reference Footnote2 field Enter the reference footnote for the details of the company in the financial statement report. Company Official1 field group Enter the details of the officials of the company, such as name and designation. Company Official2 field group Enter the details of the officials of the company, such as name and designation. Company Official3 field group Enter the details of the officials of the company, such as name and designation.
Financial statement (form) General ledger > Setup > Financial statement > Header / Footer tab > Other information tab(Footer section)	Place & Date field Enter the place and the date that the financial statement is prepared on. Additional Foot Notes field You can enter an additional footer note for the financial statement report.

Depreciation of fixed assets-Schedule XIV

In accordance with Schedule XIV, the depreciation of fixed assets that forms a part of the balance sheet is generated based on Schedule VI. Fixed assets are displayed in the balance sheet in the following manner.

Gross block – Accumulated depreciation = Net block

The Gross block represents the total amount of the fixed assets and Accumulated depreciation is the amount that represents the decrease in the value of the property over a certain period. Specific details about the Gross block and Accumulated depreciation are in the Depreciation schedule report. The depreciation amount is calculated on the basis of the rates defined in Schedule XIV of Companies Act for each category of the asset.

Refer to the following topics for more information:

- [Setup for the report on the depreciation schedule](#)
- [Depreciation transactions](#)
- [Generation of the report on depreciation of the fixed assets \(schedule XIV\)](#)
- [The columns of the depreciation schedule report](#)
- [Forms for this feature](#)
- [Form that is modified for this feature](#)

Setup for the report on the depreciation schedule

You must set up the capital items and the fixed assets to run the depreciation schedule report.

The value of supplies and materials, along with the labor and other costs associated with the construction of a location for a company is treated as capital-work-in-progress. The supplies used in the work that is still in progress are called capital items.

To calculate the values related to the capital items in the depreciation schedule report, follow the steps listed below.

Create ledger account for capital items in the chart of accounts.

1. Click **General ledger > Chart of accounts > Overview** tab.
2. Create a new ledger account for the capital items in the **Chart of accounts** form.

Note:

You must set up different ledger accounts for capital items and for other item groups so that the amounts in the Inventory schedule report that you generate using the **Financial Statement rows (name)** form match the inventory amount in the balance sheet.

Create a capital item group

1. Click **Inventory management > Setup > Item groups**.
2. Press **CTRL+N** to create an item group for the capital items.
3. Select the **Asset group** check box to include the capital item group to the asset group. The item group that this check box is selected for reflects in the Depreciation schedule report.
4. Select the **No negative issue** check box to prevent the issue of negative inventory. The inventory available should be more than the inventory issued.
5. To attach the capital work in progress account to the capital item group, click the **Purchase order** tab, and in the **Receipt** field, select the ledger account that is created for capital work in progress in the **Chart of accounts** form.
6. Click the **Inventory** tab. In the **Issue** field, select the capital work in progress account that is created in the **Chart of accounts** form.

Note:

You also can select any other ledger account created for capital items in the **Issue** field.

Create an inventory model group for the capital items

1. Click **Inventory management > Setup > Inventory > Inventory model groups**.
2. Create a new inventory model group for the capital items. You can select the **FIFO** (First in First Out) option for the inventory forecast model.

Note:

On the **Setup** tab, you should not select the **Physical negative inventory** check box or the **Financial negative inventory** check box for the inventory module group for capital item group.

Create capital items in the Items form

1. Click **Inventory management > Items > Overview** tab.
2. Create a capital item and select the item group created for capital items in the **Item group** field.
3. Click the **General** tab and select the inventory model group created for capital items in the **Inventory model group** field.

Set up the asset group

1. Click **General ledger > Setup > Fixed assets > Fixed asset groups**.
2. Create new asset groups.
3. Click **General ledger > Fixed assets**.
4. Create the fixed assets in the **Fixed assets** form.

Depreciation transactions

Receipt of capital goods

The receipt of capital goods is the purchase of capital goods from a vendor.

1. Click **Accounts payable > Purchase order**.
2. Create a new purchase order with the required details and invoice the order.

Acquisition of fixed assets

You can use a fixed asset journal to record the transaction of the purchase of the fixed assets.

1. Click **General ledger > Journals > Fixed assets > Lines** button.
2. Press **CTRL+N** to create a new voucher line.
3. Select the **Acquisition** option in the **Transaction type** field to create an acquisition transaction for the fixed assets created in the **Fixed assets** form.
4. Validate and post the journal.

Sale of fixed assets using the free text invoice

Record the transactions of the sale of a fixed asset to a customer using a free text invoice.

1. Click **Accounts receivable > Free text invoice**.
2. Press **CTRL+N** to create a new invoice line.
3. Select the customer in the **Customer account** field and enter the required fields on the **Overview** tab.
4. Click the **Invoice lines** tab and enter the invoice amount.
5. Select the fixed asset in the **Fixed asset number** field.
6. Post the **Free text invoice** form.

Transfer of capital items to the fixed assets.

You should transfer the capital item by issuing the inventory items to the **Fixed assets** journal.

1. Click **General ledger > Journals > Inventory to fixed assets > Lines** button.
2. Press **CTRL+N** to create a new voucher line.
3. In the **Fixed asset number** field, select the fixed asset created in the **Fixed assets** form.
4. You can select the **Acquisition adjustment** option in the **Transaction type** field.
5. Select the capital item in the **Item number** field that was created in the **Items** form, and enter the quantity of the capital items in the **Quantity** field.
6. Validate and post the journal.

Depreciation of the fixed assets

Run the depreciation for the fixed assets using the fixed assets journal.

1. Click **General ledger > Journals > Fixed assets > Lines** button.
2. Enter the required fields in the **Journal voucher** form.
3. Click the **Proposals** button > **Depreciation proposal** option to run the depreciation.
4. Press the **Select** button and select the fixed asset that the depreciation is run for.
5. Validate and post the journal.

Generation of the report on depreciation of the fixed assets-schedule XIV

1. Click **General ledger > Reports > External > Depreciation schedule**.
2. Enter the closing date of the previous financial year in the **Closing date prior year** field. This is the period that you report the depreciation for.

3. Enter the closing date for the current financial year that the depreciation is reported for in the **Closing date this year** field.
4. Select the fixed asset group in the **From** field and the **To** field. This is the range of the asset group that will appear on the depreciation schedule report.
5. Indicate whether to print the current transactions, operating transactions, or tax transactions in the **Posting layers** field. Transactions posted in the selected layer are reflected in the depreciation schedule report.
6. Enter the schedule number of the depreciation schedule report in the **Schedule** field.
7. Enter the header and the footer information. Use this information to attach notes to the report.

The columns of the depreciation schedule report

Refer the following information about the columns in the depreciation schedule report.

Column name	Description
a) Description	The name of the asset group or the capital items that you generate the report for.
b) Opening balance	The amount of the closing balance of the asset group or the capital items for the previous financial year.
c) Additions during the year	<p>The additions made to the asset group or the capital items during the year. These additions increase the value of the fixed assets.</p> <p>The types of transactions that increase the value of the asset groups are listed below.</p> <p>Acquisition (+) Write up adjustment (+) Write down adjustment (-) Revaluation Transfer of the capital items to the fixed assets. Purchases of capital items.</p> <p>Note: The net balance of the acquisition adjustment = [Acquisition adjustment (+) - Acquisition adjustment (-)] The net of revaluation = [Revaluation (+) - Revaluation (-)] The + sign indicates an increase in the value of the fixed asset and the – sign indicates a decrease in the value of the fixed assets.</p>
d) Deductions during the year	<p>The cost of the assets sold or scrapped during the year.</p> <p>Disposal-Sale (-) Disposal-Scrap (-) Transfer of capital items to the fixed assets.</p>
e) Balance of the asset	b+c-d
f) Depreciation opening balance	The amount of the closing balance of the accumulated depreciation of the asset group for the previous year.
g) Depreciation during the year	<p>The total amount of the accumulated depreciation calculated during the year.</p> <p>You can view the values for the following types of depreciation transactions in this column. The types of transactions are listed below.</p>

Column name	Description
	Depreciation Depreciation adjustment (Net) Extraordinary depreciation Note: Net Depreciation adjustment = [Depreciation adjustment (+) - Depreciation adjustment (-)]
h) Deduction in depreciation during the year	The total amount of balance of the accumulated depreciation of the assets sold or scrapped during the year.
i) Total depreciation balance	f+g-h
j) Current balance	The net amount of the balance of the asset group or the capital items for the current year. e-i
k) Previous balance	The net amount of the balance of the asset group or the capital items for the previous year.

Forms for this feature

Refer to the following information for forms that you will use with this feature.

Form name and locator	Description
Depreciation schedule (form) General ledger > Reports > External > Depreciation Schedule	Use this form to generate the report about the depreciation of the fixed assets.
Depreciation schedule (form) General ledger > Reports > External > Depreciation Schedule	Period field group Closing date prior year field Enter the closing date for the previous financial year. This is the period that you report the depreciation for. Closing date this year field Enter the closing date for the financial year that you report the depreciation for. Asset group field group From field Select the starting range of the fixed assets. The range you select here is reflected in the depreciation schedule report. To field Select the ending range of the fixed assets. The range you select here is reflected in the depreciation schedule report. Notes field group Schedule field Enter the schedule number. This forms the annexure of the report. Header field Enter the header information. Use this to attach notes to the report. Footer field Enter the footer information. Use this information to attach notes to the report.
Depreciation schedule (form) General ledger > Reports > External >	General tab Enter the closing date for the previous fiscal year and for

Form name and locator	Description
Depreciation Schedule	the current financial years to report the depreciation of the fixed assets for the period. Select the range of the fixed assets that will appear on the depreciation schedule report. You also can attach the annexures and notes to the report using this form.

Form that is modified for this feature

Refer to the following information for additional form and fields that you will use with this feature.

Form name and locator	Description
Item group (form) Inventory management > Setup > Item group > Overview tab	<p>Asset group check box Select this check box for a capital item to view it in the depreciation schedule report.</p> <p>No negative issue check box Select this check box to prevent the issue of negative inventory. The inventory available should be more than the inventory issued.</p>

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