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WHAT ARE WE TALKING ABOUT?

The word Assets (i.e. fixed assets) is used to indicate capital goods purchased by the company for use in the production process over a period of several years.

Assets are therefore capital goods that are used by the business to produce other goods, remaining part of the company for long periods of time. This is why they are considered "fixed" from an economic point of view (and hence capitalised and shown under non-current assets in the balance sheet).

Examples of such assets are plant and machinery, cars, computers, buildings, etc. (which are tangible fixed assets), as well as patent rights, software, etc. (which are intangible fixed assets).

The cost of such assets is not deducted in full during the period when they are bought (unless they cost less than 516 euro), but is spread over time based on tables prepared by the Finance Ministry for tax purposes. The process of spreading the cost of fixed assets is known as Depreciation (which includes the amortisation of intangible fixed assets).

Companies are required to keep an Asset Register. In its classic form, this register is made up of a number of pages, one for each asset purchased. Each page is therefore headed up with the description of a particular asset and shows all of the movements affecting that asset over time: from its purchase, through its depreciation, to when it is disposed of.

The purpose of this manual is to provide users with all of the information they need to make best use of the "ASSETS" module in Super Strike.
FIXED ASSET FILE

The Assets File is of *vital* importance. Everything stems from this application. I would therefore advise those who are going to use it to pay a great deal of attention to how they manage this file and to follow the instructions given below very carefully.

How to access the file:

Once you are logged in to Super Strike, click on ‘Assets’ and then on ‘Assets Registration’ in the pull-down menu.
When an asset is purchased, it has to be input into the Assets File. As mentioned previously, all of the information about the fixed asset (description, cost centre, group, sub-group, etc.) will have to input through the template shown in the following screen-shot.

The ‘Registration Number’ is a 9-character numerical code which acts as the individual asset's ID. This registration number is assigned automatically by the system when the asset is input, depending on the group that is selected.

Let's now fill in the following fields which are obligatory:
• Description: for example, “MERCEDES BENZ W211 LIGHT PASSENGER MV”. The description has to correspond to the characteristics of the asset concerned (it can be taken from the purchase invoice or order confirmation). In the case of cars or items of machinery, I advise you to add the number plate or serial number as this will help you in any future search.

• Group (GR): This is a 2-character numerical code which is used specifically to identify the type of asset being input. Open the pull-down menu and choose the group that the asset belongs to.
In this case, we have chosen group ‘20’. The ‘Group’ is very important as this determines the depreciation rate that will be applied automatically to the new asset.

- **Sub-group (SGR):** this is a 4-character numerical code. This is a further specification of the Group. It can also be called a sub-category. In CMC, the sub-group makes it possible to manage the hire charges (which are figurative costs) to be debited to individual job orders.
• Currency (ZAR): The currency in which the asset is bought.

• Unit of measurement (UOM): Unit of measurement of the asset Default amount (nr.)

• Project/Cost centre (Proj/CC): this is undoubtedly one of the most important fields, so a great deal of care should be taken when filling it. This is the Cost Centre or Project where the asset is physically located. In Cost Accounting, indicate the cost centre to which the depreciation should be charged. All of this is to know how much a particular asset cost a specific project. As for all the fields mentioned above, point the cursor to the CC and open the pull-down menu.

• Start date: this is the date from which the asset is in that cost centre or project. Normally, it is the date of purchase (invoice date).
• Depreciation plan (DP): From the pull-down menu, it is possible to choose either ‘FI’ (Fiscal) or ‘GE’ (Internal). In the first case, 'FI' tells the system that the depreciation to be charged in future will be of a fiscal nature (which means that it will end up in the financial statements). 'GE' can be used to keep a parallel bookkeeping system to the fiscal one (to carry out simulations, for example).

• Category: This field is codified automatically by the system as it is linked to the ‘group’. Each group has various categories which are linked automatically to the depreciation rates laid down in the Finance Ministry tables.

• Start date: the date from which the asset belongs to that category. Normally, it coincides with the date of the CC/Project.

Once the figures in the above fields have been verified, click on a “New Single”

As you can see, the screen that will be shown gives the registration number (assigned automatically by the system), the description and the date of purchase.
Now fill in the following fields:

- **Year of construction**: this is the year that the fixed asset was produced (shown on the invoice).

- **Nature**: by opening the pull-down menu, it will be possible to say whether it is a tangible fixed asset (car, machinery, etc) or an intangible fixed asset (software, goodwill, patents, etc.). The default setting is ‘0’ (tangible asset).

- **Reason for input**: this is a descriptive field where you can specify how the asset was acquired: new, second-hand, internal transfer, leasing, etc.

- **Unit of measurement/quantity**: The unit of measurement derives from the first input screen, whereas the quantity may be useful when assets that cannot be split individually have been acquired. For example, if we buy 10,000 nails, we are not going to capitalise them individually, but codify them under a single registration number by quantity.
• Contract: if the asset to be input into the asset file is being acquired under a finance lease, we should indicate the contract number.

• Supplier: open the pull-down menu and choose the supplier of the asset in question. I would strongly advise you always to give it a value as this is useful for reporting purposes and for squaring the general accounting records with the asset register.

• Value as new: this is the purchase cost of the asset (as per the invoice). This represents the historical cost of the asset on which the depreciation rates are applied.

• Depreciation plan (DP): Fiscal (FI) or Internal (GE): choose one from the pull-down menu.
• Type: When inputting the asset, we have the chance to say whether it is to be depreciated or not: The settings to be used are ‘1’: to be depreciated, ‘2’: not to be depreciated.

• Start date of depreciation: by default, the system assigns a start date of 1/1 of the year of purchase. It is possible to intervene manually to assign a different start date (e.g. if we buy an asset in November, the law only allows us to depreciate it for 2 months), but these are decisions that are taken by management, above all at the year-end.

• Original cost: insert the purchase value of the asset.

The ‘S’ button allows you to ‘Suspend’ the depreciation of an asset for a specific period of time. Let's suppose that one of our assets is not used or is not included in the company's production process for six months or a year; with this function we
can define a range of dates, telling the system not to calculate any depreciation for that period. As mentioned previously, the law only allows us to depreciate an asset for the period that it is effectively used.

Fill in the following fields:

- D.P.
- Year
- Start date of suspension
- End date of suspension

The "Origin data" button allows you to add any other information relating to the purchase of the asset.
For example: consignment number, invoice details. I would advise everyone to make use of these fields as they will be useful for reporting purposes and for squaring with the general accounting records.

The "Depreciation Data" button gives you access to a screen that provide specific information on each asset, such as: Historical cost, accumulated depreciation, depreciation charge, depreciation rate, residual book value. The following screen-shot is only for consultation.

The information input to create an asset file is sufficient. At this point, the only thing left to do is to save, using the 'Save' button.

The record has now been added to the file. If improvements are made to an asset (in the form of extraordinary maintenance) or additional parts are bought and added to it, there is no need to open another file. In technical terms, a ‘SUB’ is created, maintaining the same registration number as the ‘Father' asset.
Proceed as follows: interrogate the principal asset, again by clicking on "Asset Registration", then click on the "Search & Summary" button, then start the search.

At this point, click on another item and proceed as explained above.

**DISPOSAL**

This procedure makes it possible to eliminate an asset once it has been disposed of. A disposal takes place essentially when an asset is sold to a third party.

However, a disposal may also take place for other reasons apart from a sale, such as: theft or demolition (topics that we will look into later).
Click on 'Assets Registration'

Look up the record that you want to eliminate (whether because of a sale or following a theft or demolition) by clicking on 'Details'.
Now click on ‘DISPOSE’.
Another window will open.

Fill in the following fields:

- ‘THIRD PARTIES’: Fill in this field if the disposal involves a sale to third parties (with an invoice); find the subject by opening the pull-down menu;
- ‘REASON FOR DISPOSAL’, choose between : sale, demolition, theft, etc. In this specific case we would choose ‘2’ (sale to third parties).
• ‘Disposal Date’. This is the date on which the sale takes place, in this case (otherwise, the date on which it was lost or stolen, etc). In the case of a sale to third parties, the ‘date’ has to agree with that of the invoice.

In the case of a sale to third parties, you can tie details of the transaction (visible by opening the pull-down menu) to the asset.
• ‘Sale value’: this is the value at which the asset was sold (as per the invoice). In the case of a theft or loss, the value has to be ‘0’.
Click on ‘Forward’. A new screen will appear with the details of the disposal, showing any capital gains or losses.
At this stage, recording the disposal has been completed. Click on “End” and then “Save”.

**TRANSFER**

The 'Transfer' procedure allows you to move an asset "physically" from one project to another, from one asset to another or from one group company to another.

Let’s look at the first case (the simplest). An asset that is currently assigned to a project, for example: ‘001073’ (warehouse CMC) is to be transferred to another cost centre. The main reason for this type of transfer is because we want to charge the cost of the asset to a specific project.

**From one cost centre to another**

Proceed as follows:

To start with, call up the registration number of the asset involved in the transfer.

Still in ‘Asset Management’, click on ‘Search and Summary’. Having selected the registration number, place the cursor over the ‘Proj./CC’ field
Enter the new CC and move to 'Start date'. We then assign a start date to the new cost centre. From that date, the asset forms part of the new project.
Don't forget the: ‘dp’, ‘cat’ and ‘start date’ fields. They are obligatory.

**From one asset to another**

This type of transfer takes place rarely. It can be used, for example, when a registration number was erroneously opened as an individual 'item' when it should have been created as a 'sub-item'. Example: there is a car in the asset register and improvements are made to it, but these improvements have been capitalised separately. These improvements increase the value of the car, so they ought to be recorded as a 'sub-item'. Proceed by clicking on ‘Transf. Asset to Asset’.
The following screen will open.

Enter the destination registration number (field: existing) and the date on which the transfer is to be made. Now click on 'End' remembering to 'Save'.
From one company to another

An asset can be transferred from one group company to another. For example: an asset in CMC's warehouse will have to be used at the Laos site (a branch). The asset will not only have to be physically transferred, but it will also have to be recodified in the asset register to the other unit (Laos), maintaining all of the original information (registration number, description, category, etc.), except for the cost centre, obviously.

Proceed as follows:

The transfer is split into two stages. The first is to download the asset from its unit of origin, while the second uploads it to the new company.

In the 'Assets' form, click on 'Transfer between branches'

The following screen will open:
Fill in the following fields:

- **Registration number**: key in the registration number to be transferred.

- **Transfer date**: this is the date on which the asset is transferred (it is the date up to which the asset stays at the company of origin; depreciation will be charged to that company up until that date).

- **Company code**: Code of the destination company

- **Multicurrency/Historical exchange rates**: specify if the destination company has a multicurrency accounting system or one that uses historical exchange rates.

- **Convert currency of origin at**: indicate the currency and the date of the exchange rate used. The date has to agree with that of the internal debit note issued to account for the transfer.
Click on OK and a message will tell you that the transfer (download) has taken place successfully.

At this point, enter the name of the 'destination company' in the asset form and click on 'Transfer between branches'.

On the next screen, only enter the CC field (project/cost centre) and click on 'OK'.
At this point, the transfer has been completed.

**DEPRECIATION CALCULATION**

Depreciation is an economic/accounting procedure designed to charge the income statement with the cost of assets that produce benefits over time. So through the depreciation process, the cost of such assets gets split over various years according to the estimated useful life. In fact, when a company buys an asset that is going to be used for several years, such as a piece of machinery, the cost will be spread over the number of years that the machine is expected to function. Otherwise, the cost would all be charged to the year in which it was purchased, which is contrary to the principle of matching costs with revenues. The depreciation procedure is prescribed by the Italian Civil Code (art. 2426) for the preparation of annual financial statements. Another thing is the depreciation calculated in accordance to fiscal rules. This is applied when filling in the company's tax return.

In Super Strike proceed as follows. Click on “Calculate Assets Depreciation”.
You will access the following screen:
Fill in:

- Depreciation plan
- Year: insert the year for which depreciation is being calculated.
- End date of the calculation: insert the date when the calculation ends, for example: 31/12/2009.
- Date of purchase: this is voluntary. If the company wants, depreciation can be charged only on certain assets bought during a specific period.
- Cost centre: again, it is possible to charge depreciation only for certain cost centres.

The following fields, including "Cost Centre", are merely filters (rarely used) to charge targeted depreciation.

In Super Strike, the calculation of depreciation only has the specific function of updating the archives (fixed asset file, asset register). Showing for each asset the charge for the year and the related increase in accumulated depreciation. The accounting entries have to be carried out manually.

Depreciation can be calculated any number of times at any given date (of the current year, naturally).

Bear in mind that there are two types of "depreciation": depreciation (of tangible fixed assets) and amortisation (of intangible fixed assets). These two categories are made up as follows:

1) Tangible fixed assets: all types of long-term production factors that are physically tangible (e.g. buildings, plant and machinery, motor vehicles, industrial and commercial equipment, computers, office furniture, etc.);

2) Intangible fixed assets: all types of long-term production factors that are not physically tangible (e.g. patents and trademarks, intellectual property rights, government concessions, R&D costs, publicity costs, etc.).
Such goods and services are bought or produced internally during one particular year, but then used over several years.

Usually, the "indirect method" is applied to tangible fixed assets, by using an accumulated depreciation reserve; whereas for intangible fixed assets the "direct method" is normally used, which means deducting the amortisation directly from the historical cost of the assets.

A word on the accounting entries:

The accounting entries needed for the "indirect method" of depreciation are as follows:

1 - purchase of a long-term asset (let's say an item of machinery costing 100)

Dr Machinery Cr Trade payables 100

2 - Booking the depreciation charge for the year (say at 20%):

Dr Depreciation of machinery Cr Accumulated depreciation of machinery 20

3 - To calculate the net book value of the machinery, the accumulated depreciation has to be deducted from the cost:

Machinery 100

- Acc. depr. of machinery 20

Net book value 80

The accounting entries needed for the "direct method" of depreciation (amortisation) are as follows:

1 - purchase of a long-term asset (let's say a patent worth 250)

Dr Patents Cr Trade payables 250

2 - Booking the depreciation charge for the year (say at 20%):

Dr Amortisation of patents Cr Patents 50
3 - To know the net book value of the patent, suffice to check the balance on the "Patents" account.

REPORTING

Click on "Fiscal Reports":

![Image of Fiscal Reports]

You will see a series of print-outs which will be explained in due course.

**Assets Register (or Assets Book)**

Assets Book: as we said previously, companies are required to keep an *Assets Register*. In its classic form, this register is made up of a number of pages, one for each asset purchased. Each page is therefore headed up with the description of a particular asset and shows all of the movements affecting that asset over time: from its purchase, through its depreciation, to when it is disposed of.

"The *register of depreciable fixed assets* has to be updated by a certain deadline: namely, the filing date of the company's tax return. For taxpayers that have a fiscal year that coincides with the calendar year and who file their tax return
electronically, this deadline is **30 September 2009**, so this is the date by which all purchases, disposals and depreciation for 2008 should be recorded.

Click on 'Assets Book'.

![Image of Assets Book]

Fill in:

- **Year**
- **Period when printing ends (DEC)**
- **Depreciation plan**

If you want to, you can also fill in the other fields (something that I discourage) so as to have a "filtered" asset register. Usually, when this program is run at the end of
the year, it is applied to all of the fixed assets owned by the company, not just to some of them.

Printing can be done on a test basis or definitively (at the year-end).

**Purchases (or Acquisitions)**

Click on 'Acquisitions' and you will see the following screen.

![Image of the Acquisition screen]

The purpose of this print-out is to see all of the fixed assets purchased during a particular period of time.

In this case, the filters (category, group, reason for purchase, etc.) can be very useful, above all when you have to square the general accounting records with the asset register.
If everything has been accounted for properly, the total of this print-out should be the same as the debit movements in the fixed asset account.

The print-out can be launched by 'category' or by 'supplier'. In the first case, the assets will be grouped by 'category', in the second case by 'supplier' (company name).

**Disposals (or Alienations)**

Click on 'Alienations'. This is the same type of print-out as the previous one, only that in this case it shows the assets that have been disposed of (you can use the same filters).

Again, the filters are useful for squaring purposes. If everything has been accounted for properly, the total of this print-out should be the same as the credit movements in the fixed asset account
Details of depreciation by Category/Year

Click on 'Detailed depreciation list by Category/Financial Year'

This print-out gives the details of each asset used in operations with information such as: purchase cost (historical cost), depreciation charge for the year, accumulated depreciation, net book value.

Like the previous print-outs, this one can also be filtered by category, reason for purchase, etc.
Download asset data in Excel

The Asset Purchases, Disposals and Inventory print-outs can be exported as an Excel file. Proceed as follows:

Click on 'UnLoad assets data to Excel'.

Choose between: Assets acquired, Assets alienated, Stocktaking by group/subgroup.

The fields to be filled in are exactly the same in the same print-outs in pdf, the only difference being that you will have to fill in the name of the text file that we will have generated.

Always remember to give the file the right extension (.txt)
Once generated, open the file in Excel and make any changes that may be needed.