

## SECTION 12: FIXED ASSETS MANAGEMENT

To ensure accountability, safekeeping and disposals of assets all Local-level Governments are required to maintain proper accounts and records on all acquisitions and disposals of all assets. This includes maintaining of Assets Register.

### 12.1 Meaning of Fixed Assets (also called Non-current Assets)

All tangible assets owned or newly acquired with a life expectancy of more than one year and of significant value. It is essential to keep a record of these assets in a register. This record is called a **FIXED ASSETS REGISTER**.

### 12.2 Types of Assets

This register should be divided into sections for the following different types of assets.

- 1 (a) Land (b) Buildings
- 2 Furniture & Fittings
- 3 Office Equipment – (Computers, Photocopy machines etc.)
- 4 Motor Vehicles
- 5 Marine Vessels
- 6 Plant & Machinery
- 7 Tools & Equipment
- 8 Others

If there are several items in stock it will be necessary to have separate registers for different classes of assets.

### 12.3 Fixed Assets Register

The sole purpose of maintaining the register is for the safe custody of valuable assets. The information such as maintenance history and costs will be useful in making replacement decisions.

If an asset is expensive to maintain, it may be prudent to replace it rather than spending heavily in maintenance and repairs.

When assets are disposed of, all the details of the method of disposal should be recorded in the register.

Since only “cash basis” accounting system is being used presently there is no need to calculate depreciation or to do any revaluation at this stage.

## 12.4 Details of Fixed Assets on Records

The following Details should be recorded for each item of asset.

- 1 Date of purchase.
- 2 Identifying particulars (serial number/model number)
- 3 Quantity.
- 4 Unit cost (and total cost if more than one item of the same type in stock)
- 5 Life expectancy.(estimate)
- 6 Maintenance requirements (preventive maintenance e.g. Regular service for cars)
- 7 Maintenance history.(corrective maintenance)
- 8 Physical location.
- 9 Officer responsible.
10. Disposal details. (If sold, at what price, who authorised the sale etc)

## 12.5 Disposal of Fixed Assets

Any disposal of an asset must be recorded in the Board of Survey Register designed for the purpose with information of opening balance, receipt, disposal and value by quantity and cost. A technical report on the asset disposed must be attached to the Board of Survey Register and filed.

## 12.6 Physical Inspection of Fixed Assets

### Inspection

If an asset register is not in place the starting point will be a physical INSPECTION of all the existing assets. Responsible officers should carry out the physical stock take and all the information required (as listed above) should be entered in the Fixed Assets Register.

In the case of some old assets certain information such as date of purchase may not be available. The word "unknown" could be written in the column for "date of purchase".

However when new assets are acquired after the register is set up, all the information listed above should be recorded as soon as the asset is received.

### Annual Inspection

At the end of every year a physical verification of all the assets should be carried out by responsible officers and cross-checked with the records shown in the Fixed Assets Register.

Any discrepancies should be highlighted and investigated to establish the reasons for the shortage. A Board of Survey form (FF103) is contained in volume two (2) of the Financial Management Manual.