



QAD FIXED ASSETS

Well-managed assets are essential for predictable yet agile production and profit for manufacturers. CFOs know that fixed asset spend is a material item on the balance sheet and a key attribute of company valuation, but also that fixed assets are mainly purchased to support revenue generation. CFO and Fixed Asset managers also are keenly aware that fixed assets auditors consider assets a key compliance item. Effective fixed asset accounting and reporting is imperative to a manufacturer's success.

Unfortunately, fixed assets accounting and reporting tools and processes often require special handling, which interferes with accuracy and timeliness. Some fixed assets accounting solutions do not capture and report on the complete "acquire to retire" asset life cycle, which is necessary to produce accurate financial statements and to meet auditor requirements. Some solutions fail to streamline accounting flows for asset activation and transaction processing, and lack built-in compliance processing for accounting and tax regulations. In addition, fixed assets accounting choices are often made without considering the importance of integration with other systems-of-record, like core financials, enterprise asset management and ERP.

As regulations and auditor requirements change, and as assets turn over and the asset mix modifies, Fixed Asset managers need to respond rapidly and effectively to changes, but may be impeded by ineffective accounting and reporting tools.

HOW SHOULD A FIXED ASSETS MANAGER ENSURE COMPLETE ASSET LIFE CYCLE ACCOUNTING?

The fixed assets accounting solution should capture and report on all phases of an asset's life cycle and that should include a variety of options to deal with varying rules and asset classifications.

WHAT ARE THE RISKS OF INACCURATE AND NON-HARMONIZED FIXED ASSETS REPORTING?

The balance sheet may misrepresent asset values, leading to adverse audit findings and perhaps even the restatement of financials.

WHAT ARE THE BENEFITS OF A FIXED ASSET SOLUTION THAT IS WELL-INTEGRATED WITH ERP?

An ERP-integrated fixed assets solution updates the general ledger directly for all asset related postings, meaning no offline calculations or manual journals are required. This reduces errors and risk. In addition, new enterprise asset records can be created directly within the fixed assets solution.

Outcomes

REDUCE TOTAL COST OF OWNERSHIP by replacing third party fixed assets provider with an integrated ERP-fixed assets solution

- Third party fixed assets software costs cost approximately \$20,000 per year

REDUCE THE NUMBER OF GHOST ASSETS IN THE FIXED ASSETS REGISTER. “Ghost assets” are assets no longer in use or are missing, but still retain value on the fixed assets register. This results in an overstatement of asset balances leading to higher taxes on business assets and inflated insurance costs.

- Estimated ghost assets percentages in manufacturing are often between 15% and 30% of the balance sheet value.
 - For every million dollars in asset value, overpaid taxes on ghost assets can total \$18,000 per annum (using an average of 6% state tax and 30% ghost asset value)
 - For every million dollars in asset value sunk costs for insurance, overpayments can total \$3,000 per annum (one cent per dollar for 30% ghost asset value)

IDENTIFY UNUSED ASSETS FOR DISPOSAL TO INCREASE POSITIVE CASHFLOW. Sale of assets no longer required will generate one time cash gains.

IMPROVED VALUE FOR MONEY ON CAPITAL SPEND through improved information on asset usage

- Transfer idle assets to factory locations where to maximize usage

REDUCE THE NUMBER OF ADVERSE AUDIT FINDINGS through clear asset identification of assets at audit time



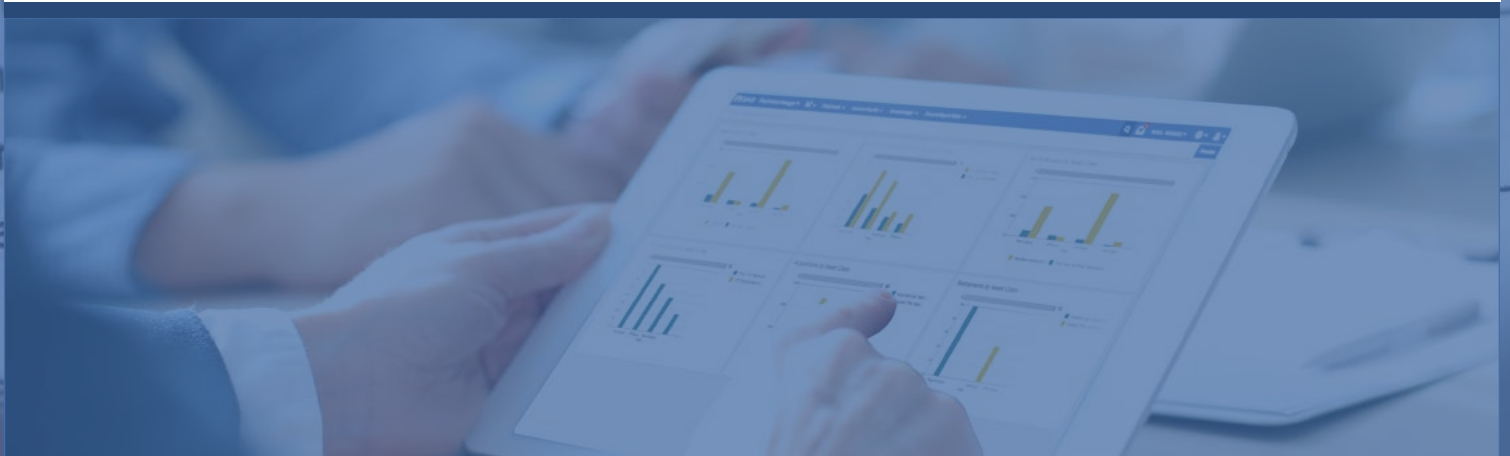
Key Strengths

- **Manage asset activities from acquisition to retirement**
- **Visibility and control:** The fixed assets register is integrated with **QAD Adaptive ERP**, providing asset valuation, location and asset parent and child relationship information
- **Asset life cycle tracking:** A clear audit trail of asset updates and a comprehensive set of standard reports for all stages of the asset life cycle provides full life cycle visibility
- **Accurate and compliant accounting:** Includes manufacturing industry depreciation methods and options to easily customize for non-standard methods
- **Reduce time and effort to process and track assets** with harmonized transaction flows and Fixed Asset Action Center KPIs providing relevant and timely asset status indicators.
- **Eliminate complex integration development costs** through native integration with **QAD Adaptive ERP**, **Financials** and **QAD Enterprise Asset Management**.

Core Capabilities

QAD Fixed Assets provides streamlined user flows that automate the asset life cycle from acquisition through retirement. The Fixed Assets Action Center and built-in reporting includes relevant information about asset balances and status for easy review by the Fixed Assets Manager. Key capabilities include:

- Provides a comprehensive set of manufacturing industry depreciation methods to process useful economic life of different asset types
- Makes it easy to customize depreciation calculations for non-standard methods and country-specific or taxation requirements
- Create and maintain asset parent and child relationships
- The asset status field helps track stages of the asset life cycle
- Multiple posting and non-posting books support local, global and taxation reporting
- Excel integration for easy asset creation and import and export of data
- The QAD Enterprise Platform allows for the development of non-invasive no-code/low-code extensions to QAD Fixed Assets
- Identify assets during audit with picture attachments
- Role-based [Action Centers](#) for Fixed Assets Manager and Clerk with predefined menus with the ability to personalize



For related information please see:

[How Effective Fixed Asset Management Contributes to Profitability](#)

[QAD Financials Solution Page](#)

[QAD Financials Data Sheet](#)

For more information on how QAD Fixed Assets can help your company, please contact your account representative, or [contact QAD](#) at +1-805-566-6100 or email info@qad.com.



Copyright © 2020 QAD. All rights reserved. The word and design marks set forth herein are trademarks and/or registered trademarks of QAD and/or related affiliates and subsidiaries. All other trademarks listed herein are the property of their respective owners.

www.qad.com

100 Innovation Place, Santa Barbara, CA 93108