Sage FAS Fixed Assets | White Paper

The Cost of Spreadsheets in Fixed Asset Management

sage

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EXECUTIVE SUMMARY

The importance of properly managing fixed assets is often overlooked by businesses. Because of the time and manpower required to inventory and track fixed assets, this part of the business is often ignored. Yet assets like land, buildings, transportation, and manufacturing equipment represent the largest investments most companies make. While sound fixed asset management can lead to a substantial tax savings in depreciation deductions, poor fixed asset practices can threaten the accuracy of financial reports, causing re-reporting and negatively impacting the bottom line. Establishing the highest standards of depreciation accuracy and best practices in fixed asset management will pay off in savings and efficiency whether you are a:

• Corporate accountant managing fixed assets

• CFO striving to optimize business efficiencies and plan capital budgets

• Government asset manager complying with GASB 34/35 standards

• CPA providing tax, depreciation, and auditing services to your clients

• Nonprofit executive seeking to gain maximum leverage from already-strained resources

While spreadsheets are used by companies for a wide range of tasks, a majority of companies continue to use spreadsheets for financial tracking and reporting. However, in the post-Sarbanes-Oxley legislation world, it is more important than ever for companies to keep tighter track of their financial data, including their fixed assets.

The negative aspects of spreadsheets, when it comes to tracking and depreciating fixed assets, are substantial. They include the manual creation of formulas, lack of audit trails, security concerns, and the potential for fraud, to name a few.

It is important that companies understand the deficiencies with spreadsheets and implement solutions designed specifically for the intended purpose of fixed asset management. Sage has developed and supports a complete fixed asset solution to meet the needs of all types of companies and organizations, including those specifically designed for businesses, nonprofit organizations, and government entities.

"According to CCH, the federal tax code has grown from 400 pages in 1913 to an astounding 70,320 pages in 2009."

INTRODUCTION

Spreadsheets have become one of the most prevalent software applications used in businesses today. They are used for everything from simple calculations to impromptu databases for tracking a wide range of information, including employee hours, expense reports, and fixed assets. And while spreadsheets are inherently useful in business, they are constantly being used for tasks in which they are ill-suited. And because the importance of accurately tracking fixed assets is often overlooked, a vast majority of companies rely upon the readily available spreadsheet for tracking value, depreciation, and tax calculations. Unwittingly, this results in the direct loss of money and time.

Insurance Premiums

Insurance premiums are based on the total value of fixed assets. If assets in possession or assets that have been lost, destroyed, or disposed of are not accurately tracked, it is very possible that this could result in higher insurance premiums than necessary.

Tax Payments

Again, the spreadsheet seems innocuous enough. After all, the user tells the spreadsheet what to do. However, how many people have time to keep up with the ever-evolving tax code in the United States? (And that is just for federal taxes!) According to CCH, the federal tax code has grown from 400 pages in 1913 to an astounding 70,320 pages in 2009.[1] It takes an army to keep up with these regulations. So unless a company or organization is diligent at staying on top of tax law, it may be missing out on deductions and calculations that could save the company tremendous amounts of money. And once again, the total value of the assets comes into play when it comes to calculating tax payments. If the total value of the assets used for calculating tax payments is overinflated, the tax payment may be too high, as well.

Another tax that is often overpaid is the property tax of the depreciable fixed assets. By failing to account properly for assets in the accounting records, it is easy to overinflate the amount of tax paid.

Ghost Assets

"Ghost assets," those assets that remain on the books but no longer exist, can haunt the financials of companies for years. It is imperative that companies keep close track of their fixed assets to avoid overpayments. According to Asset Management Resources, a leading provider of asset inventory and reconciliation services, "After 14 years of experience, AMR has repeatedly found that 65 percent of fixed asset data is incomplete, inaccurate, or altogether missing, while 10 percent to 30 percent of fixed assets are no longer owned."[2]

Since fixed assets hold such a large presence on balance sheets and represent the bulk of investments for many companies, a company might be overpaying taxes and insurance on those assets by up to 30 percent. In addition to this negative impact to the bottom line, large inaccuracies in fixed asset reporting risks cause flaws in the overall accuracy of financials, posing a threat to executives responsible for ensuring regulatory compliance.

Ghost assets that are not identified can cause lost productivity because missing or unusable assets are not available when needed. Capital budgets are rendered inadequate because management is unaware of critical assets needing replacement.

To be conservative, the following is an illustration of a company with only 12 percent ghost assets and what the financial impact to the company would be with regards to income tax, personal property tax, and insurance.

Number of Fixed Assets	500
Total Cost of Depreciable Fixed Assets	$2,000,000
Average Value of Each Asset	$4,000
Percentage of Ghost Assets	12%
Total Cost of Ghost Assets	$240,000
Tax Rate–Federal and State	36% on 40% avg. remaining asset life
Personal Property Tax	3.4% on 70% of assets
Insurance Rate	1 cent per $1
Potential Overpayment–Federal and State Income	$34,560
Potential Overpayment–Personal Property Tax	$5,712
Potential Overpayment–Insurance	$2,400
Total Potential Annual Overpayments	$42,672

"After 14 years of experience, AMR has repeatedly found that 65 percent of fixed asset data is incomplete, inaccurate, or altogether missing..."

[1] http://www.cch.com/WBOT2009/WBOT_TaxLawPileUp2009_(27)_f.pdf
[2] Michael N. Day and Stephen Talbot, "Data Validation the Best Practice for Data Quality in Fixed Asset Management," (White Paper) Asset Management Resources, www.amrnow.com

Depreciation Calculations

There are numerous ways to calculate the depreciation of a fixed asset: declining balance, Sum of-the-Years Digits, and straight-line are just a few examples of the acceptable methods of depreciation. Different types of assets can be depreciated in varied ways over different periods of time. This requires the spreadsheet user to know how to develop these formulas in the spreadsheet and ensure they are being applied properly. If an asset is not depreciated correctly, this can result in a direct financial loss for a company. The original spreadsheets were developed more than 25 years ago, and their functionality and user interface have not changed very much since. The original intention was to allow for storing of bookkeeping data in an electronic form. Since then, however, they have been used for a wide variety of purposes. And while they will be a necessary part of business for years to come, they are deficient with respect to some of the tasks for which they are being employed.

Sarbanes-Oxley

Section 404 of the Sarbanes-Oxley (SOX) legislation has spelled out the requirements that public companies must adhere to, and represents best practices for public and private companies alike. There are three primary concerns that arise when discussing SOX: errors, oversight, and security. But how prevalent is the worry of errors when considering spreadsheets? Recent studies have shown that between 1-5 percent of all formula cells contain errors.[3] If you extrapolate that out over a large spreadsheet containing thousands of cells, the chance of a material deficiency in a company's financial reporting is greatly magnified.

It is important to remember that the officers and the auditors are held personally responsible for mistakes on financial spreadsheets which can result in fines, imprisonment, or the public scrutiny that comes with explaining why the error occurred. Fixed assets directly affect the financial documents that public companies are required to file quarterly and annually, so the method for tracking these assets is required to be maintained with the same requirements as other financial information.

For public companies, third-party oversight is required to confirm the financial data being reported While you may know that the spreadsheet was prepared accurately and checked carefully, there are no controls to prevent the data from being changed either accidentally or maliciously. It makes it impossible for the third parties to verify the accuracy themselves.

"Recent studies have shown that between 1–5 percent of all formula cells contain errors."

SPREADSHEET ERRORS

Many studies have been conducted concerning the accuracy of spreadsheets."For example, in 2007, researchers from Tucks School of Business at Dartmouth College found that 64 percent of 25 financial spreadsheets it audited contained errors. Of those spreadsheets with errors, they found ten had an error exceeding $100,000, six over $10 million, and one in excess of $100 million." A July 2002 article in the Journal of Property Management states that, "30 to 90 percent off all spreadsheets suffer from at least one major user error. The range in error rates depends on the complexity of the spreadsheet being tested. In addition, none of the tests included spreadsheets with more than 200 line items, where the probability of error approaches 100 percent."[4]

And the list of cases where companies had issues due to spreadsheets costing them hundreds of thousands to millions is extensive. Two international organizations, the Spreadsheet Productivity Research Interest Group (SPRIG) and the European Spreadsheet Risks Interest Group (ESPRIG), detail the abundant number of companies that have been adversely affected by spreadsheet errors.

[3] Raymond R. Panko, "What We Know About Spreadsheet Errors," Journal of End User Computing's Special issue on Scaling Up End User Development, Volume 10, Number 2, Spring 1998, pages 15–21, panko.cba.hawaii.edu/ssr/Mypapers/whatknow.htm.
[4] http://panko.shidler.hawaii.edu/SSR/Mypapers/whatknow.htm

Here are just a few examples:

Eastman Kodak Company restated financial results for the first and second quarters of 2005 by $2 million and $13 million, respectively, due to an erroneous spreadsheet that calculated severance and special pension-related termination benefits."[5]

"Shares of RedEnvelope Inc. tumbled more than 25 percent . . . after the online retailer of specialty gifts drastically reduced its fourth-quarter outlook and said its chief financial officer will resign . . . " Stanford Group analyst Rebecca Jones Kujawa said in an interview. " . . . they were underestimating the cost of goods sold . . . it is likely CFO Eric Wong is being pushed out because of this error, which could demonstrate a material weakness in controls over financial reporting, an issue that usually leads to a lengthy review of accounting practices." RedEnvelope spokeswoman Jordan Goldstein said the budgeting error was simply due to a number misrecorded in one cell of a spreadsheet that then threw off the cost forecast and was unrelated to the CFO change."[6]

"CECO's in-house accounting staff has discovered an accounting error in the spreadsheet calculations used by the Company's construction division for its 'percentage of completion' accounting. The net effect will be a cumulative reduction in revenue of $1,969,000 over the four year period 2000 to 2003 with an equivalent charge to pretax net income."[7]

"The indirect cost electronic spreadsheet for Habitat Management direct salaries and benefits, titled 'Short Form Method,' had a cell that was linked to an incorrect spreadsheet. This resulted in an overstatement of the direct cost base by over $2 million."[8]

14 WAYS A SPREADSHEET FALLS SHORT

There are many reasons why spreadsheets are not the panacea for all business needs. With so many potential causes and opportunities for errors, companies must look to software solutions that are designed for specific, specialized tasks to eliminate these errors and ensure sound financial tracking and reporting.

1. No Predevelopment Design

Studies have shown that most spreadsheets are developed in an ad hoc fashion. Their ultimate purpose is a concept in the developer's mind, but columns and rows are added as additional requirements are uncovered, items are moved around, and formulas are developed without much forethought. The ultimate goal is eventually reached, but many times the method by which the ends are reached are not the most efficient or effective way as is made possible by designing the spreadsheet before the data is entered. Oftentimes this can lead to errors.

Utilizing a program that is designed specifically for the required task ensures data is logically laid out and data associated with a specific fixed asset is properly associated and maintained. Best-of-breed fixed asset software ensures all the relevant data is maintained for each asset and all calculations are correct.

"The indirect cost electronic spreadsheet for Habitat Management direct salaries and benefits, titled 'Short Form Method,' had a cell that was linked to an incorrect spreadsheet. This resulted in an overstatement of the direct cost base by over $2 million."

[5] http://www.marketwatch.com/News/Story/Story.aspx?guid=%7B276FD56F%2D00CA%2D42AE%DAD70%2DC66DF57
1FC77%7D&dist=rss&siteid=mktw11/09/2005
[6] http://www.eusprig.org/stories.htm
[7] http://www.bizjournals.com/cincinnati/stories/2005/02/07/daily31.html
[8] http://www.sao.state.ut.us/reports/03-37.pdf

2. A Spreadsheet's Purpose Is Often Not Documented

Once a spreadsheet has been developed, the information it contains is often seen by others in the organization as useful even though they may not know where the data came from or for what purpose it was intended. And because notations are typically not added detailing the spreadsheet's purpose, information can be propagated throughout the organization that may be erroneous. To make things worse, many times the person who developed a spreadsheet has moved on and no longer works for the company, resulting in no way to determine the validity of the information it contains, what the spreadsheet was designed for, or how recently the data it contains was obtained.

Fixed asset software is designed to be intuitive so that no matter who the user is, information can be easily entered or referenced. If the person who developed the spreadsheet no longer works for the company, then it is likely that there will not be anyone to answer any questions that may arise.

3. Meaningless Cell References

In looking at the formulas within a spreadsheet cell, the formulas often refer to a range of columns or rows. It is impossible to determine what information is being extracted without scrolling over or down to verify that the correct information is being utilized. Instead of referring to "Sales by Month" or "Depreciation of an Asset," the formulas refer to columns A through C and rows 2 through 15,000. Because these formulas do not tell you what they are looking for, it is all too easy to mistake which range is to be used, and unintended information can be selected.

4. Dependencies Are Difficult to See

The more information a spreadsheet contains, the more likely it is that information is being calculated based on other information in the same spreadsheet or even other spreadsheets! It is sometimes impossible to see where information is gathered or calculated. Decisions are made based on calculations generated by a formula that looked up information that was calculated by information that was derived by looking up other information and multiplying it by two! And since it is impossible to locate the original information, how can one be certain that the final calculation is correct? This presents a significant problem for those companies maintaining SOX compliance, not to mention the financial health of any company.

5. Formulas Are Created Manually

People are hired to fill specific roles, and oftentimes programming skills are not a requirement of a given position. The majority of fixed asset managers may be proficient in the use of spreadsheets, but their general expertise most likely lies elsewhere. In essence, when spreadsheets are used for tracking fixed assets, the spreadsheet creator must manually create the formulas for calculating the desired results. As the spreadsheet grows, the complexity of these formulas increases, and the chance for "user error" grows as well. One misplaced parenthesis and the calculation outcome can be dramatically different. That error could result in substantial losses as well as cause a company to report financial information improperly and not be compliant with SOX requirements.

Additionally, if the person creating the spreadsheet and developing the formulas is less than experienced, it is entirely possible that formulas may be incorrect from the purely logical standpoint. All information that is calculated based on the erred formula will therefore be incorrect, and any decisions made based on this information will be flawed. Even simple mistakes, such as an error in cutting and pasting, when developing a spreadsheet can have large ramifications:

"It was literally a cut-and-paste error in an Excel spreadsheet..."

"TransAlta Corp. said . . . it will take a $24 million charge to earnings after a bidding snafu landed it more U.S. power transmission hedging contracts than it bargained for, at higher prices than it wanted to pay.

But the company's computer spreadsheet contained mismatched bids for the contracts, it said.

"It was literally a cut-and-paste error in an Excel spreadsheet that we did not detect when we did our final sorting and ranking bids prior to submission," TransAlta chief executive Steve Snyder said in a conference call."[9]

With best-of-breed fixed asset software, teams of experts develop and verify the calculations. This includes the calculations involving tax regulations and Generally Accepted Accounting Principles (GAAP) guidelines, thereby taking the guesswork out of the results and dramatically reducing the time it takes to arrive at the necessary results.

6. "Sort" of Confusing

Unlike databases, spreadsheets are dynamic in that there is no guarantee that the information intended to belong to specific data will remain tied. And then comes time for the "Sort" function. An improper sort and information or formulas intended for one item is relocated to another item. So now, instead of that building valued at $100,000 being depreciated over 39 years, it is now being depreciated over five years. The more fixed assets a company has, the greater the likelihood this mistake may be overlooked.

"A snafu in the posting of minimum bid prices for the first phase of North Port's abandoned lot auction led to confusion as the cost of some lots seemingly tripled overnight.

The Fisher Auction Company Web site alerted potential bidders of the price shift in a bold, red notice printed above the revised list: 'The original list of minimum bids provided to us and displayed on our Web site on Dec. 23, was incorrectly sorted, resulting in the minimum bids for lots not being aligned with the proper lot. We regret any inconvenience this may have caused."[10]

By utilizing a quality fixed asset software solution, information is stored in a relational database: The data associated with each individual asset is inexorably linked to that asset. This allows complex groupings, searches, and reporting to be done with the confidence that changes will not be made, and incorrect information will not be associated with an asset.

7. Formulas in Every Cell

Spreadsheets are not intuitive, and do not "see" the intentions of the user. So each cell contains either the raw data or the formula for determining the data. An improper cell reference can result in completely unintended values. Many spreadsheet users will develop the formula to be applied in a single cell and reference that cell in subsequent calculations. However, if the user fails to "lock" the referenced cell in the calculation, subsequent cells will make calculations based on other cells. In the case of fixed assets, it is very easy for this to result in improper calculations of depreciation or taxes.

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[9] http://www.theregister.co.uk/2003/06/19/excel_snafu_costs_firm_24m/
[10] http://www.venicegondolier.com/NewsArchive3/010106/tp3vn4.htm

8. No Version Controls

The version of a spreadsheet is extremely important for knowing the present inventory, tracking any changes in the inventory, and calculating financials. But when that spreadsheet is used by several different people, it is impossible to track which is the most current. Many times people will save the file to their hard drive, update their portion of the information, and then save it back to a central server location. Unfortunately, if someone else made changes or additions to the file on the server, it can be overwritten and their changes will not be reflected. It becomes clear that it is impossible to know with certainty that all assets have been accounted for, and the possibility of an inaccurate inventory grows with each day a shared spreadsheet exists.

Software designed specifically for fixed asset tracking, accounting, and reporting ensures that the data is always current. This eliminates the concern of version control or multiple versions "floating out there."

9. No Audit Trails

With spreadsheets, the only documentation of changes that can be uncovered is based on the last person to access the spreadsheet and the date it was last modified. Any changes previous to that would require a manual logging of what changes were made. This leaves spreadsheets vulnerable to both accidental and intentional changes that can materially affect the integrity of data. If a spreadsheet has been consistently used in one way for years and someone else makes a change to suit another need than what was originally intended, the final results could be changed to suit their purpose while feeding incorrect information to other sources.

With the selection of proper fixed asset inventory and accounting software, an automatic audit trail function exists, detailing when changes were made to the information concerning an asset and what information was changed. This trail exists for the life of the asset, even after an asset is disposed of.

10. Inconsistent Data Entry

Often times, people use different terminology for identical items. This can create confusion when trying to group items for performing calculations or performing inventory checks. While one person may enter an item and label it as "Office Chair" someone else may enter "Chair" for an item that is identical. Performing inventories and calculations are greatly facilitated if like items are entered with the same description.

Fixed asset software allows for the creation of "smart lists," which ensures consistent data entry and expedites the accurate entry of assets.

11. Security Concerns

Spreadsheets offer limited security to vital, sensitive data. While access can be limited by the implementation of a password, anyone who obtains the password can access the spreadsheet. Spreadsheets do not limit access by the combination of a username and password. Once a person has entered the proper password, all of the information is accessible. It is possible to restrict the entering of data in a spreadsheet, but once again, if the password for the protected cells is obtained, anyone can make changes. These security features, however, are predominantly in place to simplify things for the user (for example, to hide data so the spreadsheet reader only sees the data of importance).

It is imperative that a company maintain strict controls on who can access the data, the extent of data a person can access, and which people are able to enter or update the data. The best fixed asset software allows companies to assign user "roles," which defines who can access the data, how much of the information concerning an asset that person can see, and whether or not they are permitted to make changes to the data. In addition, these roles are protected by user name and password combinations.

For greater security and to ensure compliance with Sarbanes-Oxley requirements, the fixed asset software should utilize Microsoft® Windows® Authentication. Windows Authentication allows you to enforce stricter rules regarding usernames and passwords, making your data more secure. For example, you can require that passwords have a minimum number of characters, contain both upper-case and lower-case characters, and expire after a certain amount of time.

12. Fraud

Spreadsheets can leave a company vulnerable to fraud from the spreadsheet users themselves. The flexibility and freedom for manipulating data and formulas provided by spreadsheets is also an Achilles' heel when it comes to fraud. Users can change the formulas or input data to manipulate the data to show whatever they intend. One of the most notable cases involving the fraudulent use of spreadsheets involves two executives at HealthSouth who utilized spreadsheets to overstate the company's value.

Another case involved a currency trader at Allfirst Financial, Inc. who defrauded his company of more than $600 million. "The risk assessment analyst apparently did not alert senior management to the dangers inherent in the pricing spreadsheet at that time, but instead undertook to follow up herself. Some months later, the treasury risk control analyst informed her that he was working on a full automation of the revaluation process that would utilize direct data feeds from Reuters and thus bypass Mr. Rusnak's computer.

Nevertheless, during her quarterly review after the close of the first quarter of 2001, the risk assessment analyst and her soon-to-be successor asked Mr. Rusnak directly to e-mail them the spreadsheet and, upon reviewing it, immediately discovered it was corrupt: the cells for the yen and Euro—the two currencies in which Mr. Rusnak traded the most—had links to Mr. Rusnak's computer that detoured outside of Reuters."[11]

By being able to manipulate the inputs and formulas, the trader was able to hide significant sums that were based on fraudulent or bogus assets and liabilities. By implementing a fixed assets software solution, companies can ensure that they are protecting the net worth of the company and prevent theft or corruption.

13. Reporting Deficiencies

While spreadsheets allow for the creation of reports, they often require the programmer to create these reports from scratch. It can sometimes be difficult to tie different information about an asset for display on the same report. Many times spreadsheet users will copy and paste values in a separate worksheet to assist in the creation of a report. If the data used in the report is not tied directly to the original cell containing the data, changes to the original data are not updated and the report is incorrect.

Robust fixed asset accounting systems come with common reports already built, and can easily be changed to show the data necessary in the report without changing the data or its association with a fixed asset.

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[11] Report to the Boards of Allied Irish Banks, p.l.c., Allfirst Financial Inc. and Allfirst Bank Concerning Currency Trading Losses, Promontory Financial Group And Wachtell, Lipton, Rosen & Katz, March 12, 2002, published by Allied Irish Banks plc, published by Allied Irish Banks plc http://www.aibgroup.com (Follow the links to Investor Relations 14 Mar 2002).

14. Changing a Worksheet Can Be Difficult

Once a worksheet has been developed, it can be very difficult to add new information. Improperly inserting columns or rows can affect the calculations or source data. Many times spreadsheet users find it "easier" to build a brand new spreadsheet from scratch. However, with software designed specifically for the task intended, it is easy to add information without damaging the integrity of the information associated with a particular asset.

RECOMMENDATIONS

While the spreadsheet is an integral part of business operations, it is clearly evident that it cannot perform all the tasks businesses face. And while importance on tracking and monitoring fixed assets is often overlooked, the return on investment that can be attained by maintaining a current inventory and properly accounting for fixed assets in a "best of breed" solution can be substantial. By implementing a dedicated asset inventory and asset accounting solution, companies can achieve many benefits:

- **Improved Accuracy:** Best-of-breed fixed asset accounting solutions have built-in calculators that take federal tax law and GAAP, so you can know for certain that your company's fixed assets are being properly accounted for and the correct depreciation is being applied. Additionally, the database storing the information ensures version control, so no matter how many people you have entering data or tracking fixed assets, they will always have the most current information.

- **Financial Savings:** By implementing a software designed for tracking and accounting for fixed assets, your company could potentially reap substantial savings by reducing tax and insurance overpayments or ensuring the data in financial reports does not need (at a substantial cost in real dollars and customer reaction) to be restated because of calculation errors.

- **Reporting Compliance:** A full-featured fixed asset accounting solution will offer common reports built into the software to facilitate rapid, accurate access to the information most commonly needed, including the ability to print essential reports and IRS forms.

- **Reduced Working Hours:** The amount of time that can be spent tracking and accounting for fixed assets can be substantial. Add the amount of time it would take to monitor all legislation affecting fixed assets, which can oftentimes be hidden in seemingly unrelated legislation, and it becomes a full-time job alone! However, with all of the tax monitoring and calculations incorporated in a high-quality fixed asset accounting solution, the time necessary for tracking and monitoring fixed assets is greatly reduced.

- **Theft Reduction:** When companies employ a best practice of carefully tracking and monitoring their fixed assets, they can be quickly alerted to assets that disappear and can isolate and eliminate the source of this loss. This can result in substantial financial savings for companies.

Sage has been an industry leader in fixed asset solutions for 25 years. Sage has led the fixed asset software industry with the comprehensive line of Sage FAS solutions. Sage FAS has received a 5-star rating from The CPA Technology Advisor, which noted, "The availability of various 'sized' [Sage] FAS products, designed for entry-level, small, medium-sized or larger businesses, promises users a clear migration path should their needs change. The program's GL integration and customization capabilities further add to its value for mid-sized and larger firms."[12] The Sage FAS Fixed Assets family includes FAS CIP Accounting for assets that are being constructed but are not yet in service, FAS Asset Inventory for a comprehensive tracking of fixed assets, FAS Asset Accounting for detailed accounting and depreciation of fixed assets, and FAS Report Writer for creating customized reports.

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[12] http://www.cpatechnologyadvisor.com/article/article.jsp?id=1451

FAS CONSTRUCTION IN PROGRESS (CIP) ACCOUNTING

FAS CIP Accounting allows you to take control over your company's fixed assets even before they become fixed assets. Whether you are assembling multicomponent equipment, upgrading machinery, renovating buildings, or just accumulating separate invoices prior to placing a fixed asset into service, FAS CIP Accounting is the perfect solution to your construction in progress needs.

- Track all of your project details including status, contacts, notes, and related financial information— plus monitor both the physical and financial completion status of projects
- Copy, move, and split line items to ease expense handling
- Customizable to your business with over 45 user-defined fields covering all levels of detail
- Built-in security settings allow customized user profiles to specific product features and projects
- Consolidated reports offer a broad look at your business across all projects
- Create unlimited custom reports on every aspect of your project—including project status, asset financials, and invoice details—with optional FAS Report Writer
- Seamless integration with the entire line of Sage FAS fixed asset management solutions
- After a project is completed, you can instantly create new fixed assets in FAS Asset Accounting— including multiple assets from a single line item
- Easily import monthly invoicing transactions from your Accounts Payable system to keep your project up to date using the convenient "import wizard"

With multiple levels of detail tracking and numerous built-in reports, you can easily manage and report on unlimited projects including current project status, actual vs. budget variance, and project details. Manage both capitalized and expensed assets for convenient project tracking, and get key project information at a glance with the convenient "Project Snapshot" feature.

FAS ASSET INVENTORY

Sage FAS Fixed Asset Inventory better allows companies and organizations to track their fixed assets accurately. FAS Asset Inventory allows companies to create and track multiple physical inventories of assets quickly and efficiently. FAS Asset Inventory offers many features that enable companies to develop and maintain tighter internal controls, and accurately report on the true state of their fixed assets:

- Supports both "Baseline" (initial inventory) and "Dynamic" (ongoing) inventories
- Data recording for each asset including property type, class, acquisition date, supplier, GL asset account, location, and much more
- SmartLists and default values promote data integrity
- Predefined processes within the software can be established to ensure that inventories are created consistently throughout the entire company
- Import/export wizard allows you to easily import your existing data into the FAS Asset Inventory
- Customizable data fields and "Asset Templates" promote data integrity and accelerate the process of entering new assets
- Check-In/Check-Out feature with activity history enables monitoring of mobile assets
- Storage of digital photos, documents, and unique identification information of each asset eliminates duplication in asset tracking and facilitates clean audits

"The availability of various 'sized' [Sage] FAS products, designed for entry-level, small, medium-sized or larger businesses, promises users a clear migration path should their needs change."

- Control security by defining the editing and entry abilities of each individual user, ensuring only those who should be able to manipulate the data can do so

- Multiple inventories can be conducted concurrently at various sites and can be reconciled to one central location

- Seamless physical inventory reconciliation of data with FAS Asset Accounting data eliminates potential errors caused by retyping information

FAS ASSET ACCOUNTING

Sage FAS Asset Accounting is a robust tool that provides the complicated depreciation and tax calculations of individual assets, groups of assets, and your entire asset inventory. Often the accounting department does not have a direct view into the fixed asset inventory, and cannot accurately perform the calculations necessary to meet financial reporting requirements, thereby affecting a company's bottom line and ultimately resulting in overpayment of taxes and insurance.

Both FAS Asset Inventory and FAS Asset Accounting can be implemented utilizing the same centralized database, repairing the disconnect between accounting and the departments controlling the fixed asset inventory.

- Seven books including Tax, Internal, AMT, ACE, and three user-defined to provide for required calculations and budgeting

- 50 IRS- and GAAP-recognized depreciation methods including MACRS 150 percent and 200 percent (formulas and tables), ACRS, Straight-Line, Modified Straight Line (formulas and tables), Declining Balance, Sum-of-the-Years-Digits, and user-defined depreciation methods

- Integrates with most General Ledger solutions or proprietary systems to eliminate errors caused by rekeying data and save time

- Customizable data fields, "Smart Lists" that provide predefined drop-down lists for fast and accurate data entry, a "Group Manager" that helps you organize and view only the assets you're interested in, and "Asset Templates" that promote data integrity and accelerate the process of entering new asset

- Comprehensive reporting including Depreciation Expense, Depreciation Summary, Depreciation Adjustment, Period Close Summary, Disposal, Partial Disposal, Worksheet, Transfer, Partial Transfer, Annual Activity, Asset Basis, Fixed Asset Summary, General Ledger Posting, Net Book Value, Quarterly Acquisition, Replacement Value, Interest on Replacement Value, Annual Projection, and Monthly Projection

- User-defined security levels ensuring only those who should have the ability to manipulate the data can do so.

USING FAS ASSET INVENTORY WITH FAS ASSET ACCOUNTING

There are many reasons why spreadsheets are not the panacea for all business needs. With so many potential causes and opportunities for errors, companies must look to software solutions that are designed for specific, specialized tasks to eliminate these errors and ensure sound financial tracking and reporting.

Setting up Database Fields

Setting up the databases is a simple, menu-driven process. Click "File" then click on "Edit Company" and then select "Fields." The field names are listed in alphabetic order. Select the field you want to edit and click on "Edit." You can now: change the name of the field, change the number of characters in the field mask, enter any default values, and create SmartLists for controlling what information is entered in the field. By following this process for each field you see across the top, you can track detailed information about each asset.

The database fields in FAS Asset Inventory and FAS Asset Accounting should be set up the same to ensure consistency in the data when it is viewed and reported. Once the database fields have been defined, information can be imported from your Microsoft Excel® spreadsheet, comma-delimited file, or other flat file formats. You can also manually enter the information for individual fixed assets.

Mobile fixed assets can be tracked utilizing the Check-In/Check-Out tool, maintaining all history of the asset for auditing purposes. FAS Fixed Asset Inventory includes a Group feature that allows you to create customized groupings of fixed assets for tracking, analysis, and reporting purposes. Groups can be easily established based on user-defined criteria.

FAS REPORT WRITER

FAS Report Writer gives you easy, point-and-click control over the format, appearance, and context of all your depreciation and asset management reports. You can customize the format of an existing report, or create a new report from scratch.

- The Customized Standard Reports feature lets you adjust the FAS standard reports to meet your needs
- Select any FAS Asset Accounting or FAS Asset Inventory data field you want to use as a column heading
- Define the range of assets you want to include in your report and even specify a wildcard entry, which will search the database for a partial match of what you're looking for
- Perform an unlimited number of sorts and subtotals
- Create an unlimited number of calculated columns
- Save report definitions for future use or editing
- Create graphs using Sage FAS data and use visuals to make your report stand out
- Export data to Excel, Word, Adobe® Acrobat®, WordPerfect®, ASCII files, Crystal Reports®, HTML, XML, and more

CONCLUSION

It is quite evident that while spreadsheets are an integral part of business, there are limitations that have a direct, negative impact when it comes to tracking fixed assets. By implementing a solution that is designed specifically for the tracking of fixed assets, companies can reduce overpayments on taxes and insurance while improving their bottom line.

With more than 50 supported depreciation methods, and a team of depreciation experts to produce an annual tax update, Sage FAS delivers the gold standard of accuracy in fixed asset management. But Sage FAS solutions address the entire range of fixed asset management duties, not just depreciation for tax. Sage FAS customers also gain control over fixed asset inventory, construction in progress, and compliance. Advanced reporting provides critical insight to help management make strategic decisions about fixed assets.

Sage FAS is designed to grow with your business. The fully integrated modules can be purchased and installed as your company's needs grow or budget allows. Every Sage FAS solution is available for Microsoft SQL Server™ to add speed, power, and scalability for rapidly growing businesses.

For more information about FAS Asset Accounting, FAS Asset Inventory, FAS CIP Accounting, or FAS Report Writer, please call 800-368-2405 or visit www.SageFAS.com.