



Property Records Outsourcing Services

Accurate and up-to-date property records serve many purposes, from tax accounting to maintenance scheduling to insurance placement. Yet the task of physically inventorying fixed assets, creating computer records that deliver the reports needed and keeping records current requires both time and expertise.

Corporate Governance

From an accounting point of view, fixed assets is probably one of the simplest and most repetitive areas of accounting. Therefore, some management teams perceive fixed assets to be a low risk financial statement account and place little emphasis on the related internal controls.

As a consequence of major financial scandals, the requirements of corporate governance have increased dramatically over recent years. Under both the German Corporate Governance Code and Section 404 of the US Sarbanes Oxley Act, there is a greater focus on asset control.

This increased focus brings to light a variety of additional activities and controls that have rarely been the subject of much management scrutiny.

These activities and control issues include, but are not limited to, the following:

- Inadequate asset descriptions in the equipment sub-ledgers
- Application of the accounting threshold for capitalization to group purchase invoices as opposed to the unit cost of the individual assets
- Lack of a cost segregation analyses of transfers from construction in progress to the related fixed asset general ledger control accounts
- Inconsistent utilization of fixed asset sub-ledgers for land, land improvements, and buildings
- Poor internal controls and oral or written communication regarding fixed asset disposals, retirements, transfers to other cost centers or locations, and of asset impairments



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- Poor internal controls for the capitalization of repairs and maintenance expenses
- Lack of the performance of a physical inventory of fixed assets on a periodic basis
- Assignment of unreasonable useful lives of assets for depreciation calculation purposes
- Over depreciation of fixed assets in excess of gross book value
- Deletion of fully depreciated assets from the fixed asset sub-ledger
- Inconsistent application of IAS17 regarding leased assets, leading to various assets being inappropriately classified

How American Appraisal can assist you

American Appraisal is the leading worldwide independent valuation firm. Our global network enables us to advise global players, leading medium-sized businesses and strongly growing technology companies in a professional way. As a firm we have a wealth of experience, both in Central Europe and internationally in assisting clients meet their fixed asset management, accounting and property records challenges.

We can assist our clients by providing:

- Asset verification studies
- Asset impairment reviews
- Retrospective costing studies
- Updating of existing property records
- Reconciliation of physical asset data to existing property records
- Development of replacement cost studies for asset insurance and budgeting
- Review of construction in progress for appropriate capitalization and capital allowances claims
- Review of asset capitalization and depreciation policies
- Assessment of related lease obligations – including balance sheet classification, cost and possible economic enhancements



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