Creating an asset register

An asset register is a list of the assets owned by a business. It contains pertinent details about each fixed asset to track their value and physical location.

The register shows the quantity and value of things like office equipment, motor vehicles, furniture, computers, communications systems and equipment. It also shows where these assets are kept or used. Sometimes a serial number is also put on the item and recorded. Any assets that are sold are also recorded here.

Here is a checklist that will help you to prepare an asset register for your business.

Checklist		
1.	**Why do you need such a register?** Having this information can help you check whether all these assets are still in your possession. The total value of these assets can also be cross-checked with your balance sheet or ledger. The document becomes a reference for business purposes and for asset tracking. It is also used for depreciation purposes. When businesses calculate depreciation for fixed assets, the register is updated. It offers a complete listing in one location of all assets, which provides an easy way for accountants to find information regarding the assets and their values.	
2.	**Creating an asset register** Create a spreadsheet on which you will list all of your business's assets. The first step is to gather information that is common to all assets in the organisation, classify the assets into categories and assign them unique IDs. Data typically captured in an asset register includes: • Description of the asset	

	• Unique code number or reference for the asset • Date of acquisition • Original cost • Depreciation charged on an annual basis • Accumulated depreciation charge • Net book value • Date of disposal • Profit or loss on disposal • How the capital expenditure was financed – hire purchase, loan etc.	
3.	**Create an account record for each new fixed asset** • Use an asset account record to capture the cash paid for the asset, calculate periodic depreciation expenses and track the current asset's book value. • The book value of an asset is the acquisition cost less total accumulated depreciation.	
4.	**You also need to record leased assets** There are two types of leasing arrangements: operating lease and finance lease. A finance lease finances the cost of a leased asset. These finance leases must be recorded in the assets register. An operating lease is when the leased item is 'given back' at the end of the lease period.	
5.	**Select an appropriate depreciation period** The depreciation period is the period during which the value of the asset will be expensed. A percentage of the asset's value is converted from an asset to an expense at the end of each accounting period during the depreciation period of the asset. The amount of the asset's value that is expensed in each accounting period is determined by the depreciation method, which	

	is explained later. • The depreciation period is based on the projected useful life of the asset. • Often, the depreciation period for a specific asset is dictated by tax regulations.	
6.	**Conduct periodic audits to verify the accuracy of the asset register** Just keeping the register is not enough. You should verify the assets physically once in a while. Assets that have been lost, sold, stolen or have become non-functional no longer have value to the business and, therefore, the remaining book value of such assets must be written off.	