

# A STUDY OF FIXED ASSET MANAGEMENT

## Authors

**Dr. Tahir S. Zari (Associate Professor)**

I/C Director,  
Deshbhakta Ratnappa Khumbhar  
College of Commerce, Kolhapur

**Ketan Kiran Bade**

MBA IInd year Student,  
Deshbhakta Ratnappa Khumbhar  
College of Commerce, Kolhapur

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## 1. ABSTRACT

*This research paper delves into the critical realm of fixed asset management, exploring the strategies, challenges, and impacts of efficient management practices on organizational performance. Fixed assets management refers to the systematic process of acquiring, tracking, maintaining, and disposing of physical assets owned by a business or organization. These assets, also known as property, plant, and equipment (PP&E), have a long-term useful life and are not easily converted into cash. The goal of fixed assets management is to optimize the utilization of these assets, ensuring they contribute effectively to the organization's operations while minimizing the total cost of ownership. This study investigates the methodologies employed in acquiring, maintaining, and depreciating fixed assets, examining their implications on financial health, operational efficiency, and strategic decision-making within businesses. The analysis focuses on various aspects of fixed asset management, including depreciation methods, asset tracking systems, lifecycle management, risk assessment, and regulatory compliance. Methodologically, a mixed-methods approach is employed, combining quantitative analysis of financial data pertaining to fixed assets with qualitative assessments through case studies and expert interviews. By synthesizing these diverse methodologies, the research aims to provide comprehensive insights into the correlation between robust fixed asset management practices and organizational success. The findings of this study aim to offer practical implications for businesses, guiding them in formulating and implementing optimized strategies for managing fixed assets.*

*( **Key Words**- Fixed Asset Management, Depreciation Methods, Asset Tracking, Lifecycle Management, Risk Assessment, Technological Integration, Financial Health.)*

## 2. RESEARCH PROBLEM

The researcher selected topic "**A Study of Fixed Asset Management**" offers MBA students an opportunity to acquire practical knowledge and skills applicable to various aspects of business management, aligning with the core principles of financial management, strategic decision-making, operational efficiency, and value creation. The topic "A Study of Fixed Asset Management" holds significant relevance for an MBA research project due to several compelling reasons. Fixed assets represent a substantial portion of a company's investments. Understanding how to effectively manage these assets is crucial for optimizing financial performance, which aligns with the core principles of financial management taught in MBA programs. MBA students often aspire to leadership roles where strategic decision-making plays a pivotal role. Knowledge of fixed asset management aids in making informed decisions regarding asset acquisition, maintenance, depreciation, and disposal, impacting a company's long-term financial health. Efficiently managing fixed assets ensures optimal utilization, reducing downtime and enhancing operational efficiency. This knowledge is valuable for MBA graduates seeking roles in operations management or consulting. Effective management of fixed assets can contribute to value creation for a company by improving productivity, reducing costs, and supporting sustainable growth—a crucial aspect of strategic management taught in MBA programs. Understanding fixed asset management involves evaluating risks associated with asset maintenance, technological obsolescence, and regulatory compliance. This aligns with MBA coursework on risk management and governance. The integration of technology in asset management, such as asset tracking systems and predictive maintenance using IoT, aligns with the current trends in business technology, providing practical insights for MBA students aiming to embrace digital transformations.

## 3. INTRODUCTION OF THE STUDY

### ASSETS

Assets are the properties of a business and things that are resources owned by a company and which have future economic value that can be measured. Assets are found on the right-hand side of the balance sheet and referred to as "Sources of Funds."

### FIXED ASSETS

Fixed asset are the assets which are acquired and are used over a long period of time in the business with the objective of making profits. Other names used for fixed assets are non-current assets, long term assets or hard assets. Generally, the value of fixed assets generally reduces over a period of time (known as depreciation).

## FIXED ASSET FORMULA

$$NET\ FIXED\ ASSETS = TOTAL\ FIXED\ ASSETS - ACCUMULATED\ DEPRECIATION$$

## TYPES OF FIXED ASSETS

### 1. TANGIBLE ASSETS

### 2. INTANGIBLE ASSETS

#### 1. Tangible assets :-

Tangible assets are physical assets that have a physical form and can be seen, touched, and measured. They have a definite monetary value and are typically used in producing or distributing goods and services. Some examples of tangible assets include:

- **Real estate:**

Land, buildings, and any improvements on the land such as houses, factories, or offices.

- **Machinery and equipment:**

Tools, vehicles, manufacturing equipment, computers, and other physical assets used in operations.

- **Inventory:** Goods or products held by a company for sale or used in production.

- **Cash and cash equivalents:** Physical currency, coins, and cash in bank accounts.

- **Furniture and fixtures:** Office furniture, shelving, display cases, and other business fixtures.

- **Vehicles:** Cars, trucks, vans, or any other vehicles used for business purposes.

#### 2. Intangible assets:-

Intangible assets, in contrast, lack physical substance and are non-physical assets with long-term value. These assets usually represent legal or contractual rights and can provide economic benefits over an extended period. Examples of intangible assets include:

- **Intellectual property:** Patents, trademarks, copyrights, and trade secrets that protect inventions, brand names, artistic works, or unique processes.

- **Goodwill:** The value of a business's reputation, brand recognition, customer loyalty, and other factors contributing to its overall worth.

- **Software and licenses:** Non-physical computer programs, software, and licenses for their use.

- **Contracts:** Long-term agreements, licenses, or lease contracts that hold value.

- **Brands:** Brand names, logos, slogans, and the associated brand recognition and reputation.

- **Customer lists:** Databases or lists containing customer information and relationships.

- **Research and development (R&D):** Investments in developing new technologies, products, or processes.

## **FIXED ASSETS MANGEMENT**

Effective management involves accurate record-keeping, regular maintenance, depreciation tracking, and compliance with relevant accounting and tax regulations. Proper fixed assets management can lead to improved financial reporting, better decision-making, and increased operational efficiency for the organization. Fixed assets management is the systematic process of acquiring, recording, maintaining, and disposing of tangible assets owned by a business or organization. These assets are essential for its operations and are expected to provide long-term benefits. The management of fixed assets involves tracking their usage, maintenance, depreciation, and overall value throughout their lifecycle. Effective fixed assets management ensures proper financial reporting, compliance with accounting standards, and efficient utilization of resources. It is crucial for businesses to maintain accurate records and implement strategies to optimize the lifecycle of fixed assets.

Fixed assets management refers to the process of effectively tracking, maintaining, and optimizing the use of a company's tangible assets throughout their lifecycle. These assets can include property, equipment, machinery, vehicles, and other long-term resources essential for the business's operations. Efficient fixed assets management involves accurate record-keeping, regular maintenance, depreciation tracking, and strategic planning to ensure optimal utilization, minimize downtime, and maximize the assets' value over time. By implementing a robust fixed assets management system, organizations can enhance financial reporting, comply with regulations, and make informed decisions regarding asset acquisition, disposal, and replacement. Fixed assets management refers to the process of acquiring, tracking, maintaining, and disposing of physical assets owned by a business or organization. These assets, also known as capital assets or property, plant, and equipment (PP&E), have a long-term useful life and are not intended for immediate resale. The key aspects of fixed assets management include proper recording, depreciation calculation, regular maintenance, and ensuring compliance with accounting and tax regulations. Effective fixed assets management can help organizations optimize their asset utilization, minimize costs, and make informed decisions about capital investments.

### **4. OBJECTIVES**

1. To study track purchases of fixed assets
2. To study manage the purchase, management, valuation, and disposal of an organization's fixed assets
3. To study record maintenance and depreciation of fixed assets
4. To study keep a current listing of approved vendors

## 5. SCOPE OF STUDY:-

- **Acquisition:** Identifying the need for new assets, evaluating purchase options, and managing the procurement process.
- **Record-keeping:** Maintaining accurate and up-to-date records of fixed assets, including their cost, depreciation, and location.
- **Depreciation and Valuation:** Calculating and managing depreciation to reflect the diminishing value of assets over time. Regularly assessing the value of assets to ensure accurate financial reporting.
- **Maintenance and Repairs:** Ensuring proper maintenance and timely repairs to extend the useful life of assets and minimize downtime.
- **Asset Tracking:** Implementing systems to track asset location, usage, and condition, which helps with resource allocation and decision-making.
- **Disposal and Replacement:** Managing the process of selling, scrapping, or replacing assets when they become obsolete or non-functional.
- **Compliance:** Ensuring adherence to accounting standards, tax regulations, and internal policies related to fixed assets.

## 6. Research Methodology:-

The research methodology for investigating Fixed Asset Management in an MBA research project involves a dual approach encompassing quantitative analysis and qualitative exploration. Quantitatively, this study entails an analysis of financial reports, balance sheets, and depreciation schedules obtained from diverse companies, employing statistical tools to evaluate the efficiency and impact of various asset management strategies. On the qualitative front, the methodology involves interviews with industry experts and case studies to glean practical insights into best practices, challenges, and real-world applications of fixed asset management. Ethical considerations include ensuring data confidentiality and obtaining informed consent, while the analysis process emphasizes triangulation to validate findings derived from both quantitative and qualitative analyses. Ultimately, the methodology aims to provide actionable recommendations for optimizing fixed asset management practices, aligning with the core objectives of an MBA program focused on practical, data-driven insights applicable to business management.

## **Study area**

The study area is “Kolhapur Zilla Sahakari Dudh Utpadak Sangh Ltd.” Kolhapur.

## **Methodology**

The data used for the analysis and interpretation is from annual reports of the company i.e., secondary forms of data. Ratio analysis is used for calculation purpose. The project is presented using tables, graphs and with their interpretations. No survey is undertaken or observation study is conducted by evaluating fixed assets performance of the company.

## **Data Collection**

### **Primary Data**

The primary data was collected mainly with interactions and discussions with the company's executives. It is collected by personal interaction with the officials of the finance and accounting department and also from annuals of the company. The financial data relating to the organization has been collected for the 5 years.

### **Secondary Data**

The data used for analysis and interpretation from annual reports of the company that is secondary forms of data. Trend analysis and Ratio analysis are the techniques used for calculation purpose. The project is presented by using tables, graphs and with their interpretations. No survey is undertaken or observation study is conducted in evaluating "Fixed Assets" performance of Kolhapur Zilla Dudh Utpadak Sangh Ltd. Kolhapur (Gokul)

## **Sources of Data**

The theoretical content is gathered from eminent text book reference and library at Kolhapur Zilla Dudh Utpadak Sangh Ltd. Kolhapur (Gokul). The financial data and information is gathered from annual reports of the company internal records. Interpretation, Conclusions and suggestions are purely based on my opinion and suggestions provided by the project guide. The study adopted various types of data collections, methods, samples of research approach for analyzing the financial statement in ‘Sterling Lead Private Limited Kop.’ The research methodology of the study covers following aspects. This study adopts a mixed-methods design, integrating both quantitative and qualitative techniques. This approach aims to provide a comprehensive understanding of the relationship between marketing strategy and financial performance.

**7. LIMITATIONS OF STUDY:-**

1. The study period of 46 days as prescribed by Shivaji university.
2. The study is limited up to the date and information provided by Kolhapur Zilla Sahakari Dudh Utpadk sangh Ltd. It may be varying from time and situation and situation.
3. The accounting procedure and other accounting principles are limited by the changes made by the company, may vary fixed assets performance.

**8. FINDINGS**

1. After analyzing the financial position of Kolhapur Zilla Sahakari Dudh Utpadk sangh Ltd. and evaluating its fixed assets management or capital budgeting techniques in respect of trend analysis and ratio analysis. The following conclusions are drawn from the project preparation.
2. The progress of Kolhapur Zilla Sahakari Dudh Utpadk sangh Ltd. shows that there is an increase in Net block considerably over the year that the investment in the net block is in increase trend. It increased during the year 2019-23 and it has 69.80%.
3. Regarding to the fixed assets to net worth ratio shows a continuous increase in net worth and fixed assets. This shows the satisfactory position of the company.
4. Regarding the long-term funds to fixed assets they show an increase.
5. Regarding the total investment turnover ratio it is observed sales had an increase from 2019-23
6. Regarding the Fixed Asset turnover ratio, sales had an increased,
7. Regarding the Return on total assets ratio it has been observed that There is profit. This shows the favourable position of the company.
8. From the above study it can be said that the Kolhapur Zilla Sahakari Dudh Utpadk sangh Ltd. overall financial position on fixed assets is satisfactory.

**9. SUGGESTIONS:**

1. It is suggested to improve the position of the company by effective's utilization of fixed assets.
2. Growth rate in fixed assets can be increase by employing more investment.
3. Total investment to sales can be improved.
4. Instead of disclosing the combined flows of debtors and loans advances as decrease/(increase) in trade and other receivables, their separate disclosure will be more meaningful.
5. Globalization of economics and the requirement of shares from investors in capital market. diverse and demanding audience to the company, need a clear and in-depth in information about the company's financial position in Annual report.

**10. Conclusion:**

The Fixed asset management of Kolhapur Zilla Sahakari Dudh Utpadk sangh Ltd. is quite comfortable with a judicious mix of debt and equity. The overall assessment of financial statement signifies efficient utilization of the investments, loans and advances. The profitability of the company appears to be impressive, as judged by increase in reserves and surplus.

The management discussions and analysis by Director's report and opinions expressed by Auditor's report through Fixed asset management statements is true and fair view in accordance with the provisions of the companies Acts, and accounting standards.

The overall fixed asset management of the company appears to be more than satisfactory.

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