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Dec. 01, 2008

From the Dec. 2008 Issue

Asset depreciation is important; we all know that. Since assets are often one of the largest line items on a financial statement, effective strategic management of depreciation can give a business and its creditors a more precise knowledge of its overall fiscal strength, while poor depreciation management can lead to missed tax benefits.

If you have clients who still use spreadsheets to manage their fixed assets, or if you, as a professional accountant, manage depreciation issues for your clients using manual spreadsheets, you've missed the bus entirely. For very small concerns with a handful of fixed assets, say a building, a couple of vehicles and some equipment, this method is probably adequate. But for larger entities, especially those with assets spread across multiple geographic locations, the old Excel standby just can't provide the same benefits as a true fixed asset management system.

First of all, using spreadsheets is extremely time consuming, and the annual barrage of tax law and depreciation changes, such as special bonus depreciation rules, make keeping up with the issues even more demanding. For clients who have an in-house bookkeeper managing this spreadsheet, there is also the risk of this one person with knowledge of it parting ways with the company and leaving the customized and likely complex set of macros for somebody new to try to figure out.

Secondly, managing fixed assets is much more than just an issue of properly depreciating these items. Asset management programs offer a varying degree of additional functions, from asset budgeting and capital management, to tracking physical location and responsible party, to managing maintenance schedules and

speeding asset audits. An effective asset management system also provides

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have shown this number to be as high as 40% when including items that are poorly described or unidentifiable. These “ghost assets” directly result in inflated insurance and property tax burdens for a business, since it is paying premiums and taxes on items that may not be in existence. Furthermore, if an insurance claim is necessary, inadequate asset records may not stand up to the scrutiny of insurance adjusters.

While a myriad of business issues affect asset management strategies, depreciation functions generally remain the key area of focus for many financial managers. The programs included in this review all provide automated calculations that conform to the latest depreciation laws and GAAP standards, while a couple of the systems also offer IFRS guidance, which is likely to be enforced in coming years.

Asset depreciation and management systems vary greatly in pricing, based largely on the level of support they provide for asset base sizes, reporting functionality, compliance issues and analysis capabilities. But another key differentiator is the added features some of the systems offer for managing other asset issues, such as life events, location tracking and inventory. Also of note is the integration capabilities offered that can allow export of data into accounting, trial balance and tax preparation systems.

The right system for either an individual business or for a professional serving many business clients is greatly dependent on taxation issues that affect them, the complexity of their asset bases, and the specific features and reporting capabilities they require. If you or your clients are still using spreadsheets, it's definitely time to move to a dedicated asset management system, but it is imperative to take the time to identify your actual needs.

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– ProSystem *fx* Fixed Assets

As a part of the ProSystem *fx* family of tax, accounting and practice management applications, CCH's ProSystem *fx* Fixed Assets offers a broad-featured depreciation management and tracking system...

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CCH Small Firm Services – Fixed Asset Manager for TaxWise & ATX

The Fixed Asset Manager offered under the TaxWise and ATX brands are two different programs, each keyed to the specific methods of tracking and entering depreciation in the specific tax package with which it is designed to integrate.

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CMI Software, Inc. – CMI Fixed Assets

Designed primarily for use by professional accountants and larger in-house corporate managers, the CMI Fixed Assets system provides a scalable and thoroughly comprehensive asset depreciation and management solution.

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Intuit – ProSeries Professional Fixed Asset Manager

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system designed for either in-house use by businesses or by financial professionals managing multiple clients.

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Pro-Ware – Asset Keeper

Designed for use by professional accountants serving multiple client companies, the Asset Keeper system offers a comprehensive depreciation management system that handles all calculations for compliance requirements and financial statement preparation.

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Real Asset Management International

– Asset Station

Real Asset Management International offers a broad suite of asset accounting, tracking and management systems for mid-sized and larger enterprises, government entities and other organizations, providing comprehensive depreciation functionality with support for both GAAP and IFRS standards, along with extensive reporting capabilities, including GASB 34 compliance.

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Red Moon Solutions LLC – Fixed

Assets Manager

Fixed Assets Manager provides a comprehensive asset tracking and depreciation system that offers complete financial and tax

reporting for corporate users, with the ability to manage any number of

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reviewed here, is the vendor's general business solution, offering comprehensive depreciation management with fully compliant IRS and GAAP rules built in.

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Thomson Reuters – Fixed Assets CS

Thomson Reuters' CS Professional Suite has long offered one of the most comprehensive collections of programs and hosted solutions for the accounting profession, with excellent integration between the systems as one of its paramount features.

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WorthIT Software – WorthIT Fixed Assets

The fixed assets management applications from WorthIT Software are designed to give businesses and financial service providers such as accountants a streamlined asset management system for location tracking, depreciation accounting, projections, capital budgeting and financial analysis.

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2008 Review of Client Write-Up Systems — Comparison Chart

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