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FIXED ASSETS

CHEAT SHEET & PRACTICAL GUIDE

Learn Today, Lead Tomorrow.

1 WHAT IS FIXED ASSETS?

Fixed Assets (PPE) are tangible assets that are held for use in the business operations for more than one period (usually more than one year) and are not intended for sale.

KEY POINTS

- Used in operations to generate income.
- Have a useful life of more than one year.
- Not held for sale in the ordinary course of business.
- Recorded at cost less accumulated depreciation and impairment.
- Depreciation follow company policy.

2 FIXED ASSETS PROCESS FLOW

1. Identify Need & Approval
2. Acquire Asset
3. Record in Fixed Assets Register
4. Tag & Safeguard Asset
5. Use & Maintain Asset
6. Depreciate (Monthly) Follow company policy
7. Review & Impairment Check
8. Dispose / Write-off Asset (If applicable)

FIXED ASSETS MANAGED & CONTROLLED

3 IMPORTANT DOCUMENTS

- Fixed Assets Policy
- Asset Purchase Requisition
- Purchase Order / Invoice
- Goods Received Note (GRN)
- Fixed Assets Register
- Asset Tag Register
- Depreciation Schedule
- Asset Disposal Form
- Disposal Approval
- Supporting Documents

MALAYSIAN COMPLIANCE & GOOD PRACTICES

- Follow company policy & approval authority.
- Assets must be tagged and recorded.
- Take reasonable care of assets.
- Perform regular physical verification.
- Dispose assets properly with authorization.
- Retain supporting documents for audit & tax.

4 TYPICAL FIXED ASSETS CATEGORIES

Category	Examples
Plant & Equipment	Machinery, tools, factory equipment
Motor Vehicles	Cars, vans, trucks
Computer Equipment	Laptops, desktops, servers, printers
Furniture & Fittings	Office furniture, partitions, cabinets
Office Equipment	Photocopier, air conditioner, projector
Renovation	Office renovation, fixtures
Other Assets	Electrical installation, signage, etc.

5 DEPRECIATION POLICY (EXAMPLE)

Depreciation follow company policy.

Common depreciation rates:

Asset Category	Depreciation Rate (per annum)
Plant & Equipment (PPE)	10%
Motor Vehicles	20%
Computer Equipment	40%
Furniture & Fittings	20%

Note: Actual rates and useful life are based on company policy and nature of the asset.

6 FIXED ASSETS JOURNAL ENTRIES (EXAMPLE)

A. Purchase of Fixed Asset (Cash / Bank)

Account	Debit (RM)	Credit (RM)
Fixed Assets (PPE)	10,000	–
Bank / Cash	–	10,000

B. Monthly Depreciation

Account	Debit (RM)	Credit (RM)
Depreciation Expense	100	–
Accumulated Depreciation	–	100

C. Disposal of Asset

Account	Debit (RM)	Credit (RM)
Accumulated Depreciation	6,000	–
Loss on Disposal	500	–
Bank / Cash	–	4,500
Fixed Assets (PPE)	–	11,000

Note: Amounts are for illustration only.

7 FIXED ASSETS REGISTER (SAMPLE)

Asset No.	Description	Date Acquired	Cost (RM)	Useful Life	Rate (%)	Accum. Dep. (RM)	NBV (RM)
FA001	Machine A	01/01/2024	20,000	10 yrs	10%	1,000	19,000
FA002	Van	15/02/2024	80,000	5 yrs	20%	8,000	72,000
FA003	Laptop	10/03/2024	6,000	3 yrs	40%	1,600	4,400
FA004	Office Table	20/04/2024	2,000	5 yrs	20%	200	1,800
TOTAL			108,000			10,800	97,200

Note: Register should be updated regularly and supported by physical verification.

8 PHYSICAL VERIFICATION

Conduct physical count / verification at least annually (or as required).

- Match physical assets with Fixed Assets Register.
- Check asset tag, condition & location.
- Record discrepancies and investigate.
- Update register accordingly.

Note: Maintain Physical Verification Report and keep on file for audit purposes.

9 DISPOSAL / WRITE-OFF PROCESS

1. Identify asset to be disposed / written off
2. Obtain approval from authorized person
3. Remove asset tag and record disposal details
4. Update Fixed Assets Register
5. Record disposal in accounting records
6. File supporting documents

10 RESPONSIBILITIES

Asset Custodian

- Safeguard assets.
- Use assets for business purposes only.
- Report loss, damage or theft immediately.

Finance / Accountant

- Record accurately.
- Compute depreciation monthly.
- Maintain Fixed Assets Register & records.

Management / Approver

- Approve acquisition & disposal.
- Review reports & variances.
- Ensure compliance with company policy.

11 INTERVIEW QUESTION

Q Why are fixed assets important?

A Fixed assets are important because they support business operations over the long term, help generate income, and must be properly recorded and depreciated to present a true and fair view of the company's financial position.