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FIXED ASSET VERIFICATION

SOME ASSETS ON YOUR BALANCE SHEET DON'T EXIST.

Your fixed asset register may tell one story. The physical floor may tell another. Physical verification reveals missing, transferred, duplicated and obsolete assets—closing the gap between what is recorded and what actually exists.

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FIXED ASSET VERIFICATION

Some Assets on Your Balance Sheet Don't Exist.

What the Register Says. What the Floor Shows.

It is not a provocation. It is arithmetic.
Practitioners who conduct physical verifications routinely find that a meaningful share of the fixed asset register cannot be located — equipment scrapped without de-recognition, items transferred between sites and never updated, assets recorded twice under different descriptions. The register was never wrong on purpose. It simply drifted, quietly, for years.

ASSET ID	DESCRIPTION	LOCATION
FA-0114	CNC lathe, Bay 3	Plant A
FA-0237	Forklift, 2.5 t	Plant A
FA-0411	Chiller unit, roof	Plant A
FA-0508	Server rack, R7	Location: unknown
FA-0662	Packing line motor	Plant B
FA-0719	Compressor, 30 kW	Plant B

Register extract — illustrative

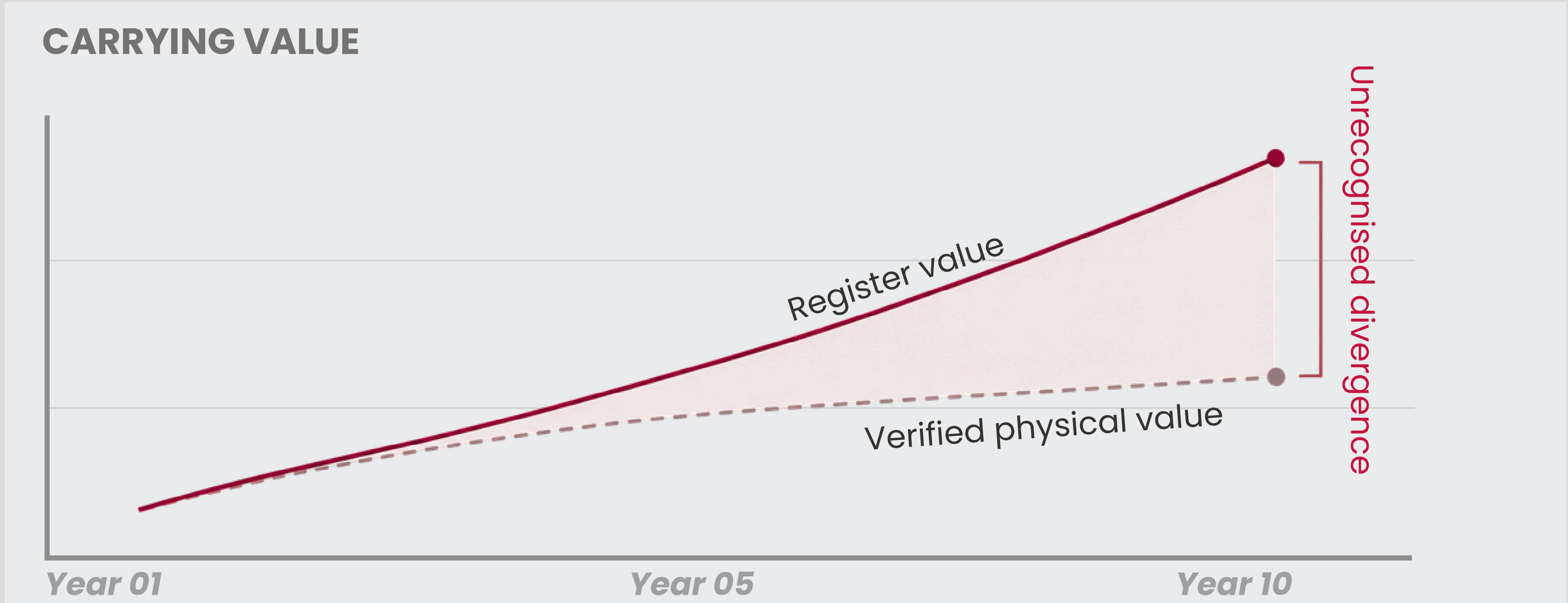
A fixed asset register is a living record. Left unverified, it becomes a historical document.

THE PROBLEM

The Register and the Reality Diverge Silently

Divergence has no alarm. Assets are purchased and capitalised diligently, because that touches the payment cycle. Everything afterwards depends on someone remembering to file a form.

Disposals go unrecorded. Inter-site transfers are made by operations without notifying finance. Components are cannibalised into other machines. Tags fall off. Each event is minor. Compounded over a decade, they make the register a description of the past.



The gap opens without a single control failing loudly

Capitalisation is enforced by the payment process. Everything after it depends on discipline.

WHY IT HAPPENS

Nobody Is Rewarded for Reporting a Loss

The incentive structure works against accuracy. A plant manager who reports missing equipment invites scrutiny. A finance team already stretched at close has little appetite to open a reconciliation with no defined endpoint.

Verification is therefore deferred — to next quarter, to the new system, to the incoming controller. It remains deferred until an auditor, an insurer or a tax authority makes it urgent.

01		02		03		04		05
Weak incentive to report a loss	→	**No verification** cycle scheduled	→	**Growing variance** register vs floor	→	**External trigger** audit · insurer · tax	→	**Unplanned** remediation

Deferred to next quarter. Then the new system. Then the incoming controller.The work waits until someone outside the firm makes it expensive not to do.

BUSINESS IMPACT

You Are Insuring and Depreciating Thin Air

Ghost assets carry real cost. Depreciation continues on equipment that no longer exists, understating profit. Insurance premiums are calculated on inflated declared values. Capital plans are built on a base that overstates capacity.

Under the UAE corporate tax regime, the accuracy of the asset base and its depreciation now carries direct fiscal consequence — and an audit finding on fixed assets is difficult to explain and slow to remediate.

DEPRECIATION
Charged on equipment that no longer exists, understating profit.

INSURANCE
Premiums calculated on inflated declared values.

CAPITAL PLANNING
Built on a base that overstates real capacity.

TAX & AUDIT
Direct fiscal consequence; findings are slow to remediate.

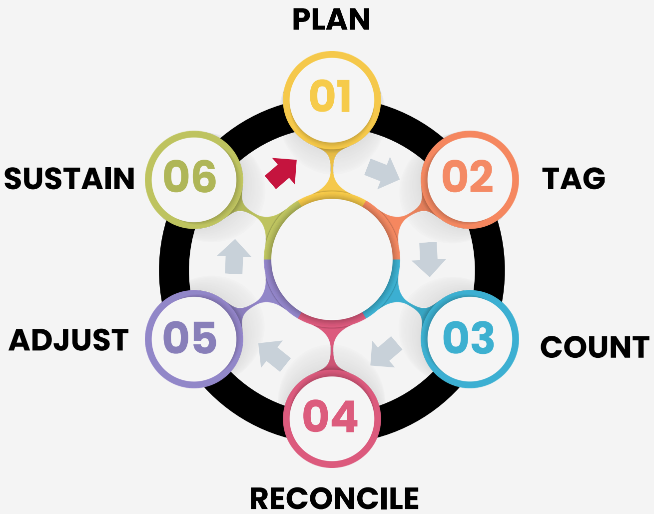
One unverified register — four simultaneous exposures

An unverified register overstates assets, overpays premiums and understates profit simultaneously.

THE FRAMEWORK

Verify Once. Then Never Fall Behind Again.

The cycle only holds if step six closes the loop.



01-PLAN
Define scope, materiality thresholds, cut-off date and reconciliation rules before counting begins.

02-TAG
Apply durable, unique identifiers with a taxonomy that survives transfers.

03-COUNT
Verify physically against the register, capturing location, condition and custodian.

04-RECONCILE
Classify every variance: found, missing, misclassified, unrecorded.

05-ADJUST
Post write-offs and reinstatements with documented approval.

06-SUSTAIN
Embed movement, transfer and disposal workflows so the gap cannot silently reopen.

The count restores accuracy. Only the sustain step preserves it.

CONCLUSION

An Accurate Register Is a Governance Asset

Verification is often framed as an audit obligation. In practice it is one of the fastest ways to improve the credibility of the balance sheet — and the confidence of everyone who signs it.

MCA Management Consultants conducts physical verification, tagging and register reconstruction for organisations across the Gulf.

The register you can defend is worth more than the register you inherited.

CAN YOU DEFEND YOUR FIXED ASSET REGISTER?

MCA Management Consultants supports organisations across the Gulf with physical asset verification, tagging, reconciliation and register reconstruction—turning an inherited register into a defensible governance record.

FOR A WORKING SESSION
CONTACT US AT

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