

Capital Asset Review and Evaluation Services – *Ghost Assets*

According to an article in The CPA Journal, historically, a range of 15 to 25 percent of tangible personal property costs needs to be removed from a company's property record in order to expunge "ghost assets."

The Capital Asset Review & Evaluation Services ("CARES") solution is a service Marshall & Stevens performs to assist our clients with optimizing and enhancing asset management and fixed asset records. The policies and procedures we incorporate ensure collection of data is accurate, asset records are cleansed, and property records are complete and updated.

Public and privately-held companies engage us to inspect facilities in order to identify assets in use and remove nonexistent or retired assets from the fixed asset ledger. The savings typically exceed the cost of the service in year 1, and the company benefits for years into the future.

Benefits:

- 1. Cost Savings:**
 - a. Property Tax saving – *stop paying taxes on assets that are not in use*
 - b. Insurance Cost saving – *stop insuring assets not in use*
- 2. Financial Reporting:**
 - a. Sarbanes Oxley compliance - *Support management's statements of established and maintenance of adequate internal control of fixed assets*
 - b. Provide accurate fixed asset data
 - c. Optimize return-on-asset ratios
- 3. Management:** Proper metrics to judge facility management workforce
- 4. Acquisitions:** During the purchase price allocation process, don't "mark to market" assets that are not being acquired. Start with a clean fixed asset list.

Users of this Service: Public and Private Companies

Public Companies: Sarbanes-Oxley Act Section 404 requires maintaining accurate financial reporting standards including capital assets.

Private Companies: Any private company that aspires to go public will become subject to Sarbanes-Oxley when filing a registration statement with the SEC in anticipation of an

IPO. Additionally, any company that might be acquired by a public company or that has a significant business partnership with a public corporation will need to assess the impact of Sarbanes-Oxley on future and current business relationships.

Capital intensive, acquisition oriented, or renovation intensive businesses benefit from updated fixed asset records aiding in planning, financial management, asset management, insurance, and tax reporting.

Industries Served

- Agriculture
- Automobile, Truck, and Bus Manufacturing and Assembly operations
- Broadcast, Entertainment, and Telecom
- Construction
- Education
- Energy Generation and Distribution
- Food Service and Production
- Government
- Healthcare and Medical Facilities
- Hospitality
- Manufacturing Plants including Steel Mills, Paper Mills, Chemical Plants, etc.
- Material Handling
- Mining & Oilfield
- Religious Institutions
- Research and Technology

A Trusted Name

Established in 1932, Marshall & Stevens is a recognized leader in valuation, serving companies, boards, financing sources and trusted advisors throughout the world. Our in-house specialists provide a full complement of valuation-related services, from Fairness Opinions, Solvency Opinions, transaction advisory, and the valuation of businesses and business assets, both tangible and intangible.



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