

ANNEXURE-10a

SOP FOR FIXED ASSETS MANAGEMENT:

Version:/...../.....

Proposed by

Approved by:

OBJECTIVE:

- This Policy document establishes best policy & procedures for acquisition, accounting, use, & disposal of Fixed Assets. These procedures provide reasonable standards of compliance with Accounting Standards.
- It standardizes the procurement of Fixed Assets in accordance with the Capital Purchase Budget.
- It emphasizes on the identification of Fixed Assets and its recording in Fixed Assets Register & its periodical physical verification. Adherence to these procedures will facilitate accurate record keeping related to the acquisition, control, and disposition of Fixed Assets.
- The combination of accurate accounting records and strong internal controls must be in place to protect against misappropriation & wrong valuation of the Fixed Assets.

1. SCOPE:

- This policy document applies to the assets managed by the company at all its units.
- Additions and deletions made to the fixed assets.
- Proper documentation Physical Verification of these assets.

2. FIXED ASSETS DEFINITION:

Fixed Assets can be defined as those assets which are acquired by the COMOS with the intention of use in the process of production of goods & provision of services and not with the intention of sale in the normal course of business.

3. FIXED ASSETS CLASSIFICATION :

Fixed Assets can be broadly classified as follows:

- a) Land,
- b) Building,
- c) Plant & Machinery,
- d) Furniture & Fixtures,
- e) Office Equipment,
- f) Vehicles,
- g) Intangibles &
- h) Others.

4. ACQUISITION OF ASSETS:

4.1 Purchased Fixed Assets: The purchasing and procurement of COMOS fixed assets shall be carried out in strict compliance with the COMOS's policy on same outlined at the Procurement to Payment section on the COMOS website. The principles of openness, transparency, and value for money shall be applied by way of seeking quotations and tenders as appropriate in accordance with COMOS Policy. For.

4.2 Donated Fixed Assets: Where COMOS receives an asset as a gift or donation, the same should be accepted vide a formal acceptance agreement and this should simultaneously be informed to the Accounting section of COMOS for valuation of asset acquired as well as for making necessary entries in records and registers.. These Valuations are generally based on a market value (i.e. a building would be recorded at its current market value, other items based on whether new or used etc.)

4.3 Recording of Fixed Assets (Fixed Asset Register) : COMOS has developed a centrally maintained consolidated Fixed Asset Register (FAR) format., that will meet its custodial obligations and insurance needs, as well as funding bodies' requirements.. Under the FAR, there will be common criteria for the recognition of fixed assets that will be reconciled to the COMOSs' financial statements. The FAR will make it easier to account for depreciation and ensure accuracy in tracking and accounting for fully written off assets and disposals.

4.4 What gets capitalised in the Fixed Asset Register? All COMOS fixed assets with an individual item cost of Rs. 10,000 (inclusive of taxes) and above will be captured on the Fixed Asset Register. This process within the Fixed Asset Register module will be managed and maintained centrally by the Accounting section. For definitions of a fixed asset please see above clause 2 & 3. The fixed asset register to be maintained as per the format prescribed under the applicable laws, if any with respect to the same. It will be mandatory to include the following details in relation to each fixed asset, Fixed Asset No./ Serial No. , Item Description, Location (Building, floor and room number), Purchase Date, Purchase Cost, Depreciation, Depreciated Value, Current Depreciation, Total Depreciation, Supplier Value in Rs, Month Purchased, Invoice No. /Reference.

The following items are optional fields but, in the case of certain equipment items, may assist in easier identification and verification of said assets:

Serial Number, Model Number, Manufacturer Purchase Order Number. All movable fixed assets, which have been included in the FAR, should be appropriately tagged with the Asset Tag Number, to clearly identify it as being COMOS property. Tags will be provided by the Finance/Accounts Office once the asset has been appropriately set-up and recorded in the FAR. What are Asset Tags and how will they is generated? Tagging is the process of numbering fixed assets and allows the tracking of the movement of fixed assets from location to location. Tagging allows the positive identification of assets. It can provide an accurate method of identifying individual assets,

- Aid in the taking of physical inventory,
- Control the location of all physical assets,
- Act as theft deterrence,
- Aid in preventive maintenance of fixed assets, and
- Provide a common ground of communication for the Finance Office and the assets' users.
- The tag number is entered in the asset master record on the FAR at the point of tagging by the Finance/ Accounts Office. The asset tag itself will be issued by the Finance/Accounts Office to the asset assignee (with responsibility for the asset) for attachment to the asset.

Asset tags should be consistently placed in the same location on each similar asset type. The tags should be placed, if possible, where they can be easily accessible for viewing and easily identifiable without disturbing the operation of the asset. This will assist in the audit inventory process, if at any time required.