



**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF FIXED ASSET MANAGEMENT PRACTICE:  
THE CASE OF MOHA SOFT DRINK INDUSTRY SHARE  
COMPANY**

**BY:**

**BIZUNESH TEMESGEN**

**ID NO. SGS/0061/2011B**

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**ADDIS ABABA, ETHIOPIA**

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**ADVISOR:  
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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY SCHOOL OF  
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REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
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## ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Abraham Gebregiorgis (Asst. Prof.)

A handwritten signature in blue ink, consisting of a stylized 'A' followed by several horizontal strokes.

Advisor Signature

**St. Mary's University, Addis Ababa, Ethiopia June, 2021**

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## **Declaration**

I, Bizunesh Temesgen Aberu hereby declare that the thesis work entitled “Assessment of Fixed Asset Management: The Case of MOHA Soft Drink Industry Share Company” submitted for the award of master’s degree in accounting and Finance (MBAAF) of St. Mary’s University School of graduate Studies is genuine work done originally by me. Any literature materials or works done by other researchers and used for this study cited within this dissertation has been duly acknowledge and listed in the reference section.

Bizunesh Temesgen

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Signature

**St Mary’s University, Addis Ababa, Ethiopia June, 2021**

## **ABSTRACT**

*The main purpose of this study is to assess the fixed asset management practices in the case of MOHA soft drink industry S.C. One of the reasons for managing fixed asset through the best management system is to make the organization more profitable, because they are usually high value and need to be managed properly. To conduct the study both qualitative and quantitative data were gathered through questionnaire and interview from the respondents and documentary view. It was used a purposive sampling technique, in collecting the relevant primary data. The collected data (N=63) were analyzed using descriptive statistics and SPSS 2021 tool was used to run the data. The study has found that there's no internal auditor at a branch and a head office level this indicated that the fixed asset management practice in the company has a gap. The fixed asset management practice in the MOHA soft drink industry share company has challenges, such as transferring or moving assets without informing the accounting department. As a result, the gap on fixed asset management practice has created a problem and weaken the internal control system. Therefore, it is recommended to improve on the gap identified and strengthen the internal control system.*

**KeyWords:- Fixed Asset Management Practice and MOHA Soft Drink Industry Share Company.**

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Finally, I would like to thank my sisters and special my mother TisgeKere for giving birth to me at the first place and supporting me spiritually throughout my life. And would like to extend my regards to all who have contributed directly or indirectly for achieving my dream, which I was looking for.

Sincerely yours,

Bizunesh Temesgen Aberu

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## **LIST OF ABBREVIATION AND ACRONYMS**

AASHTO	American Association of State Highway and Transportation Officials
AIPA	American Institute of Public Accountants
CEO	Central Executive Officer
FHWA	Federal Highway Administration
GFMAM	Global Forum for Maintenance and Asset Management
GMP	Good Manufacturing Practices
IAM	Institute of Asset Management
IAS	International Accounting Standard
IBM	International Business Machines Corporation
IFRS	International financial reporting standards
IT	Information Technology
KII	Key informant interviews
MoFED	Ministry of Finance and Economic Development
MOHA	Mohammed Hussein Al-almudi
NSW	North South West
OECD	Organization for Economic Co-Operation and Development

# CHAPTER ONE

## 1. INTRODUCTION

This chapter organized provided introduction consist of background of the study, statement of the problem, research questions, objectives of the study, significant of the study, scope of the study and limitation of the study.

### 1.1. Background of the study

Fixed assets are assets that are used in the running of a firm and are of a permanent nature. These assets are earning assets that support the company's earning power and value. Here attention must be given to the management of fixed assets as they represent sizable outlay and involve the long-term financial commitment Das (2017).

Assets of the types which are considering here are physical items such as plant, machinery, land buildings, vehicles, pipes and industrial equipment, and associated information and technical control and software systems that are used to serve a business function. At the outset and given that asset management links closely with financial management, it is important to recognize the accounting definition of assets, and in particular the split between fixed assets (Nursalam, 2016).

Fixed assets are defined by the Ethiopian Council of Ministers financial regulation No 17/1997 as assets costing birr 200 or more than their operational usage and having a useful economic life of more than one year (MoFED: 2007:8).

“Fixed Asset Management as” the coordinated activity of an organization to realize value from assets”.Activity can take many forms, both tangible and intangible. Examples of activities in relation to realizing value from assets can be different sets of approaches, planning, and implementation of plans. When it comes to generating and harvesting value as a result of improved asset management this often involve the balancing opportunities and risk as well as cost and performance. (Standard Norge, 2004)

The main goal of fixed asset management is to achieve the best possible match of assets with service delivery strategies and to ensure that assets made available are properly cared for in order to maximize their service potential. Its life cycle is divided into four stages: planning, acquisition, maintenance, and disposal or replacement (Lepani, 2008).

The main objective of fixed asset management in the MOHA soft drink industry was for the study to provide MOHA management with an opportunity to pay close attention to fixed asset management as one of the basic components of whole life asset management. Moreover, it was very important to change the attitudes of managers and concerned bodies.

This study deal with to examine fixed asset management practice of MOHA Soft Drink Industry S.C. of Tekelehaymanot branch against the following fixed asset management cycle, principles, and best practice. There is common understanding on the principle of fixed asset and fixed asset management, however, the application various from organization to organization making the need to continuously conduct research on fixed asset management for better organizational efficiency and effectiveness.

## **1.2 Background of the Company**

According to the company profile of MOHA (Mohammed Hussein Al-almudi) Soft drinks Industry S.C was established on May 15, 1996 acquiring Nifas Silk Plant, TekleHaimanot Plant from the Ethiopian Privatization Agency with paid capital of Birr 108,654,000 The Company currently has seven operating units including Summit Plant, Bure Plant, and the recently inaugurated Hawassa Plant in the Southern Nations & Nationalities People's Region.

The major products of MOHA Soft Drinks Industry S.C. are Pepsi Cola, Mirinda Orange, 7-Up, Mirinda Tonic, Mirinda Apple (all Pepsi Brands), and Kool (Bure Kool and Tossa bottled water products.) The Annual Turn-over of the company has reached to Birr 556 million and sales stands at an average annual growth rate of 12%.

MOHA Soft Drinks Industry S.C. has adhered to Pepsi Cola International Standards and Good Manufacturing Practices (GMP). MOHA holds 52% of the market share in soft drinks industry in the country. With an expansion and replacement of obsolete machinery, production capacity of the plants has increased substantially.

MOHA, in addition to the initial purchase price of the Soft Drinks factory, has invested Birr 8 million for the expansion of new projects, Birr 153 million for refurbishment and replacement of existing plants and Birr 241 million for marketing, infrastructure, excluding advertisement and sponsorship expenses. Also, a significant growth over the years of production, sales and

profitability due to reorganization of operations has been achieved. Productivity has improved tremendously with major cost savings and has insured a regular supply of high-quality products. It has also succeeded in reaching new market areas across the country.

MOHA was established with the following objectives:

- To manufacture, buy, sell, bottle, distribute and otherwise deal in non-alcoholic beverages mineral and aerated waters and the ingredients thereof in Ethiopia and elsewhere.
- To manufacture, sell and distribute bottles, corks, corkscrews, and all types of crates.
- To manufacture sell and distribute carbon dioxide.
- To invest in other business enterprises; to establish and manage in or abroad, such subsidiaries, grandees or agencies as may be deemed desirable.
- And generally, to carry on and engage in other activities which the company may deem necessary incidental or related to the attainment of any of the above purposes.

### **1.3. Statement of the problem**

Fixed assets are acquired with huge amount of capital and play an important role in attaining goals and objectives of a company. It helps in building capacity of the firm. The responsibility of management is to ensure procedures are in place to manage and safeguard the asset of the company. This means fixed asset management decision makers should established policies and procedure to maintain strong control system. Absence of fixed asset management system and its poor application leads to haphazard ways of doing business, poor application of fixed asset planning, acquisition, operation, maintenance, and disposal. This incurs a big loss to the company (Clark, 2002).

Asset management starts with careful planning. If asset requirement is not well planned and based on evaluation of existing needs, the acquisition will result in wastage of resource. The process of acquisition need be done by ensuring cost effectiveness. This covers activities such as designing, comparing, and contrasting prices, quality check etc. unless these are appropriately applied, there will be a mismatch between the procurement and use. This downplays organizational profitability deterring organizational cost effectiveness (Khan.et al, 2007).

It is not only planning and procuring asset which is important but also operation and maintenance effective utilization. The survival of the company depends on the efficient utilization of asset (Khan.et al, 2007). It is obvious that a strong fixed asset management system and control is a means for company success, but if not, the consequence is great and cause for company's failure (Clark,2002). In addition, it has a major negative effect on firm's an asset profitability and sustainability. Disposal is another important cycle of asset management. When is considered underperforming, it needs to be carefully examined by team of experts and clear recommendations shall be made for joint decision on making. Disposal should be treated from the perspective of the effects of the decision on service delivery and departmental responsibilities. If this is not the case, comprehensive understanding cannot be maintained, and it becomes harmful to the company.

There are basic principles such as holistic, systemic, risk based, optimal, sustainable and integrated to be applied in fixed asset management. In order to differentiate between the practice of asset



management and simply managing one's assets, the Institute of Asset Management, (2014) has developed a set of seven vital principles that underlie all truly effective asset management systems. An organization without guiding principles of fixed asset management tend to lose values to adhere with and intended goals and objectives to achieve. Moreover, clear understanding or awareness on the conception of fixed asset management process and procedures by all employees in critical in today's dynamics of fixed management. Poor conception and management of fixed asset by the company workers attributes to failure of fixed asset management (Institute of Asset Management, 2014).

Nevertheless, fixed asset management has paramount of importance, as stated above, the study on this subject is very much limited. The researcher of this study tried to look into various documents in the field of fixed asset management with reference to government, non-government and private organizations. However, very limited is found particularly in relation to the context of Ethiopia. Those available are non-comprehensive for instance, the study by Praveen Irrinki (2012).” Fixed Asset Management at Kesoram Cement in India” did not cover the necessary aspects of Fixed Asset management and didn't show fixed asset management system such as planning, acquisition, maintenance and disposal though these are useful for the success of an organization. Moreover, this study depended on only secondary data and thus did not consider other aspects that could be obtained from primary sources.

A study by Eyob (2016) on “Management of Fixed Assets: did not deliberate on perception of employees about fixed asset and its management process and procedures. Addisalem et al (2014) also carried out a study on “An Assessment of Fixed Asset Management and looked into only internal control over fixed asset management.

Therefore, the motive that derived the researcher to conduct this study is the knowledge gap in relation to measuring the impact of fixed asset management on organizational success or failure. In this research tried to investigate the principle, application of Fixed Asset Management cycle and principles, and their impact on the efficiency and effectiveness of a company. This is done by taking MOHA Soft Drink Industry S.C. Teklaymanot Branch as a case in point. Apparently, the main purpose of this research is to assess the application of fixed asset management practice, life cycle and principles, associated problems and their impact on organizational effectiveness.

## **1.4. Research questions**

1. How the employees understand the fixed asset management?
2. How does fixed asset management principles, policies, procedures, cycles are in place and operational; and what are associated problems/challenges?
3. How is the impact of fixed asset management on the effectiveness of the company?

## **1.5. Objectives of the study**

### **1.5.1. General objectives**

The main objective of the study is to examine the effectiveness of Fixed Asset Management Practice of MOHA Soft Drink Industry S.C of Teklehaymant Branch against fixed asset principle, management cycles, principles and their impact on the efficiency and effectiveness a company.

### **1.5.2 Specific objectives**

1. To examine the fixed asset acquisition management and practice
2. To assess the fixed asset management.
3. To assess the fixed asset disposal management practices.

## **1.6. Significant of the Study**

This study could be a building block for other similar research endeavors in the field of fixed management practices. The findings and recommendations of the study can be used for further self-evaluation and decision making by MOHA Soft Drink Industry S.C in general and Teklehaymanot Branch in particular. It will help to improve fixed management practices of the organization. Similar private organization can make use of the findings and recommendations for self-study, evaluation and application of best practices solving problems in fixed asset management.

The study will generate evidence which can be used by the government as a reference for policy dialogue and formulation in areas of fixed asset management cycles, principles, and best practices. This study will also help to conduct similar research in government, non-government, and private organizations both in economic and service sectors.

### **1.7. Scope of the study**

The study is conducted to assess fixed asset management practice of MOHA Soft Drink Industry S.C of Teklehaymanot Branch. Based on the existing practice of the organization with regards to the procedures and principles of fixed asset management is assessed. It is the implication to cost efficiency and effectiveness.

### **1.8. Limitation of the study**

As with any other study, this study is subject to some limitation. This research was limited to document review of the purposely sampled branch; and it excluded another branch to explorer the intent of the study.

### **1.9. Organization of the paper**

The researcher has rest parts are divided into four chapters. Chapter two is review of related literature on Fixed Asset Management. Chapter three consists of the research design, research approach, population of the study, sources of data, and method of data analysis. Chapter four focuses on data presentation and analyzes. Chapter five includes summaries of findings, conclusion, and recommendations.

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

In this chapter covers, related literature on Assessment of Fixed Asset Management Practice include meaning of fixed asset and management, the nature of fixed assets, fixed assets planning, fixed asset management of acquisition, maintenance, disposal or replacement, Asset life cycle, fixed asset management principles and asset policies.

Asset defines asset as physical items such as buildings, plant, machinery, vehicles, pipes and wires, and associated information and technical control and systems that are used to serve a business or organizational function. Given that asset management links closely with financial management, Hasting argues that it is important to recognize the accounting definition of assets and, in particular, the split between fixed and current assets. (Hastings, 2010).

Asset management is the act of leading, acquiring, using, securing, and disposing of assets in order to maximize their service delivery potential while managing the risks and costs associated with them during their entire life cycle (AASHTO, 2002). Asset management is defined in its broadest sense as a systematic process of maintaining, upgrading, and operating assets, combining engineering principles with sound business practice and economic logic, and providing tools to facilitate a more organized and flexible approach to making the decisions required to meet the public's expectations (OECD ,2001).

.According to the North South West (NSW) government manual (2004) asset management process starts from acquiring and maintaining an asset to a more strategic planning approach includes the development of asset strategy, capital investment, asset maintenance and disposal.

Woodhouse (2004) defines Asset management as a set of process, tools, performance measures and shares understanding that helps individual improvements or activities related to asset together. He formulated the definition, when applied to physical asset as the set of disciplines, methods, procedures and tool to optimize the whole life of business.

According to Lepani (2008), it is the whole life cycle management of fixed assets in order to maximize their contribution and "value add," which includes everything from initial planning to

asset disposal or replacement. Asset Management involves the process of planning and monitoring of physical assets during their useful lives. It requires an appropriate level of management interest concern and accountability that is maintained well beyond the stage of acquisition.

Ethiopian federal democratic republic government procurement and property administration proclamation number 649/2009 define a fixed asset as, tangible asset costing birr 1000 or more than is on operational use and that has a useful economic life or more than one year. Such as furniture, computers, heavy equipment, vehicles, ships, and craft, building roads, sewers, bridges, irrigations systems and dam. Fixed assets are the long-term tangible assets that are used by business in generating income. Fixed assets are long-term tangible assets that businesses utilized to generate revenue. Fixed assets, which have a useful life of more than one year, offer the firm with long-term financial gain. Fixed assets or capital assets and are denoted by the term property, Plant and Equipment in the balance sheet. Fixed assets cannot be easily converted into cash. Plant assets or fixed assets are long-term assets that are tangible in nature, utilized in the operations of the firm, and not held for sale in the ordinary course of business.(Mosich and Larson, 1982).

## **2.2. Asset management**

The concept of asset management has developed rapidly over the last decade. There are a number of guidelines, best practices, models and strategies that have been introduced in various countries for both private and public organizations. Organizations have been continually updating their asset management framework and aligning their approaches with their organisational objectives and aims. The practice of asset management in private and public organizations is becoming integrated and interrelated and is continually assisting both to improve their framework and approaches.

The asset management function is needed to provide asset knowledge and the capacity for related management and decision support activities within the context of an organization's core business (Hastings, 2010). In the area of capital planning and budgeting which involves:

- asset (and associated capability) development planning and implementation
- asset continuity planning and implementation
- Logistic support facilities 'development and management.

In the area of operating budget which involves:

- Procurement planning and management e.g., for consumables and spares
- Organization wide, asset related systems and procedures e.g., computer systems applications in asset management and maintenance, shutdown/turnaround planning
- Development and management of maintenance outsourcing
- Awareness and management of regulatory compliance.

The main function of asset management is to provide the organization with information and knowledge that supports the asset lifecycle decision process, from planning to disposal, as required by the asset owner and/or manager. A comprehensive asset management strategy will be needed at all organizational levels, from delivering data for asset planning, providing information to decision makers before making acquisitions and developments, and providing the systems and data needed to support assets decision throughout asset's lifecycle. An Asset management process is separated from daily organizational operations and does not usually involve the direct design or building of the assets themselves. It is also usually separated from maintenance or facilities management, but the technical services process that support maintenance of the assets are a part of the asset management process. The terms and definitions may vary from organization to organization (Hastings, 2010).

The Asset Management Council, a Technical Society of Engineers in Australia, developed a conceptual asset management framework titled the Capabilities Assurance Model. It describes the philosophy and principles which lie behind the asset management discipline. The Council has also developed a Process Model that identifies disciplines, elements and standards which describes the scope of asset management (Asset Management Council Inc. and The Institute of Asset Management, 2010). These two models are being applied by the Asset Management Council to (2010, p. 4):

- Identify current practices in asset management
- Identify requirements for new standards in asset management practices
- Develop and align competency sets for the purpose of the assessment and accreditation of individuals working in the asset management profession
- Formulate course material in the fundamentals of asset management discipline

- Define the framework and range of practices for annual Asset Management Awards presented to participating organizations.

The Asset Management Council in Australia and the Institute of Asset Management in the UK have also been developing various concepts on asset management. The common interest to develop a unified framework for asset management has led these two organizations working closely together. This cooperation, on behalf of the Global Forum for Maintenance and Asset Management (GFMAM) is aimed to develop and recommend an asset management concept that is acceptable on a global scale. At the same time, there has been an increased international effort to try to align concepts and guidance on asset management framework and practices thereby avoiding every country in the world developing duplicate and potentially contradictory guidance (Asset Management Council Inc. and The Institute of Asset Management, 2010; Frank, 2007; Rebecca & Richard, 2006; Walter & Sisli, 2007).

Asset Management is a term that describes the set of activities associated with asset related tasks such as identifying funding requirements, acquiring assets, providing logistic, maintaining assets, disposing and renewing assets, so as to effectively and efficiently meet the desired objective (Nicholas & John, 2010).

The main objectives of asset management are to improve decision-making processes for allocating funds among the agency's assets so that the best return on investment is obtained. To achieve this objective, asset management embraces all the processes, tools, and data required to manage asset effectively (Nemmers 2004).

Asset Management is a term that describes the set of activities associated with asset related tasks such as identifying funding requirements, acquiring assets, providing logistic, maintaining assets, disposing and renewing assets, so as to effectively and efficiently meet the desired objective (Nicholas & John, 2010).

(Standard Norge, 2014) define Asset management as “the coordinated activity of an organization to realize value from assets”. This definition is followed by explanatory text regarding the word activity and the realization of value. Activity can take many forms, both tangible and intangible. Examples of activities in relation to realizing value from asset can be different sets of approaches, planning and implementation of plans. When it comes to generating and harvesting

value as a result of improved asset management this often involve the balancing opportunities and risk as well as cost and performance

Government Regulation Number 71 Year 2010 concerning Government Accounting standards defines fixed assets as tangible assets that have a useful period of more than 12(twelve) months to be used in government activities or utilized by the public. Asset management is defined as something that is systematic and coordinates activates through practice so that an organization can optimally regulate its physical assets and show their performance in accordance with the organization's strategic planning (NSW Department of Local Government, 2006). According to Siregar (2004) asset management will involve a series of important activities as follows:

- Planning with phases of activity: asset identification and inventory, legal audit, valuation, study of economic potential and asset optimization.
- Utilization in the form of use for direct operational purposes of the local government; cooperated (used) with third parties.
- Evaluation and Monitoring which includes valuation of asset performance based on economic benefits of assets, update of asset data, addition or disposal of assets, maintenance improvement of assets, settlement of all obligations related to the existence of assets.

According to the Minister of Home Affairs Regulation No.19 Year 2016 concerning Guidelines for the Management of Regional Property. Management of regional Property is the entire activity that includes needs planning and budgeting, procurement, use, utilization, security and maintenance, assessment, transfer, disposal, elimination, administration and guidance, supervision, and control.

Fixed assets represent a significant value investment for any organization. It is important that assets are accounted for in an institution. A fixed asset management program managers the organization's fixed asset by controlling, safeguarding, and assigning accountability of this type or property. A fixed asset management program is important for many reasons such as the control of loss of assets due to pilferage, theft, and neglect. A reliable fixed asset management program has an additional fundamental value in maximizing the use of assets within the organization by sharing these assets between departments. Another interesting point is the importance of an accurate fixed asset



management program to meet the growing demands for improved control and accountability over fixed assets. In addition, a good, fixed asset management can prevent unnecessary expenses for buying unneeded assets for the organization.

According to Brady (2001), “A fixed asset management program is effective and efficient if it facilitates the attainment of the goals and objective of the organization (Pg 16).” Furthermore, he recommends the use of certain fixed asset management principles. These principles will help in meeting the goals and objectives of the organization by building; effective and efficient operation of the fixed asset program, in making sound decisions, in reducing costs, and providing incentives for management improvements. These fixed asset management principles are:

- Make surplus assets the first source of supply: Fixed assets managers must encourage and promote the usage of surplus assets. Policies and procedures must be in place so that surplus asset is used before purchasing any new asset.
- Maximize the reuse of fixed assets: A sound policy to reuse assets is needed.
- Manage the fixed asset program effectively and efficiently: Managers should use these two words collectively, producing the desired effect and being productive without waste.
- Trained fixed asset managers provide superior service: Technology, administration, personnel, and management functions, are the day-to-day challenges encountered by a fixed asset manager. A manager must be adequately trained to meet these challenges.

## **2.2.1 Fixed assets management cycle**

### **2.2.2. Fixed assets planning**

Planning is the first steps of the cycle before any purchase. It is the overall framework of decision making within the organization. It is needed for fixed asset to acquire, replacement, and disposal. In fixed asset, planning for replacement should be very important; it should be planned at the time of acquisition and updated throughout the asset life. Strategic planning leads the decision-making process for all spending in successful businesses. Leading companies also use their strategic planning process to evaluate (1) their clients' and stakeholders' demands, as well as (2) the political and economic environment in which they operate.

The basic goals and objectives of an organization are defined by a strategy plan, whereas the precise procedures, technologies, and types of resources, including capital, required to fulfill the performance goals are described in greater detail by an annual performance plan.

Leading companies their strategic planning process to align project outcomes, particularly capital projects, to their overall goals.

The fixed asset requirements are planned separately but should align with strategic planning because it affects the company's goal and objectives. Fixed asset maintenance should also be planned; it considers maintenance cost and all maintenance stages (Lepani, 2008). An asset management plan is defined as: a document which sets out the Asset Strategy in order to help determine which assets should be acquired, renewed, improved, maintained or disposed of, once alternatives to investing in property assets have been explored' (CIPFA, 2008; Scottish Executive & COSLA, 2003 cited in Ngwira and Manase 2016).

According to Gopalakrishnan & Sundaresan (2003), the quintessence of any manager's job is planning and control. The assets management plan assists with decisions over which assets to renew, improve, maintain or dispose of by translating asset management planning into action. This is done through the development of integrated plans for capital investment (acquisition /development); asset maintenance; asset disposal; and workspace and accommodation plans (Scottish Executive & COSLA, 2003; CIPFA, 2008; OGC, 2003 cited in Ngwira and Manase 2016). The developed integrated plan is the end of outcomes of the asset management planning process. The asset management plan is the blueprint for the asset management planning process. The asset management plan aligns asset objectives with organizational objectives and ensures overall efficient and effective use of assets in the medium/long term. It also provides: a platform for structured and rigorous forward thinking; a basis for corporate and consultative strategy development; an explicit description of the direction of the organization (or a particular aspect of that organization, in this case, assets); a basis for future decision-making and gives a clear statement for communicating the strategy to the organization (Ngwira and Manase, 2016).

### **2.2.3 Acquisition**

The cycle continues with the acquisition stages through purchase, gift or other, of an asset. Since the cost of fixed asset is huge, proper market assessment should be made to arrive on the right quality and price. And it also supports the management for the decision for expansion and constriction (Kimmel, et al., 1998). Fixed asset is recorded at cost in accordance with the cost principle of accounting. Cost consists of all expenditure necessary to acquire the asset and make it ready for its intended use. For example, the purchase price, freight cost paid by the purchaser, and installation costs are all considered part of the cost of factory machinery. The determination of which cost to include in plant asset account, and which cost not to include is very important. If a cost is not included in plant asset account than it must be expensed immediately, such costs are referred to as revenue expenditures. Capital expenditures, on the other hand, are costs that are not expensed immediately and instead are recorded in a plant asset account. This distinction is important because it has immediate implications for the income statement. When noncash assets are used to pay, the cost is assessed by the cash paid in a cash transaction or by the cash equivalent price paid when noncash assets are employed. The cash equivalent price is the more clearly determinable of the fair market value of the asset given up or the fair market value of the item acquired.

According to William and Merry (2011) the acquisition cost of fixed asset is measured by cash. It should be measured by actual cost, if the actual cost is not known it could be valued by estimated cost. The acquisition cost is not only the purchase price of the item, but it includes freight and transportation charges, installation costs, site preparation expenditures, professional fee, legal fee and the like. The cost of noncash assets is determined by the cash paid in a cash transaction or the cash equivalent price paid when noncash assets are used to pay. Current market values are not used after acquisition (Kimmel, et al., 1998).

Payment is made as per the terms of the purchase order. The payment includes the acquisition cost, freight, and all other costs to put the asset. Once the materials are purchased it is received by proper receiving documents identified by tagged and recorded within the fixed asset register.

There is a certain guideline for identification and tagging of fixed asset after the items are acquired

- It's the department responsibilities to assign, record and give Fixed asset identification number(tags) except vehicles
- All fixed asset and controlled items will be assigned an asset number up on receipt and before the item is placed into service
- the department will give tag number to an asset in a conspicuous and convenient location

Tags will remain on the asset throughout the life of the asset. Damaged tags will be replaced as needed. (Kimmel, et al, 1998).

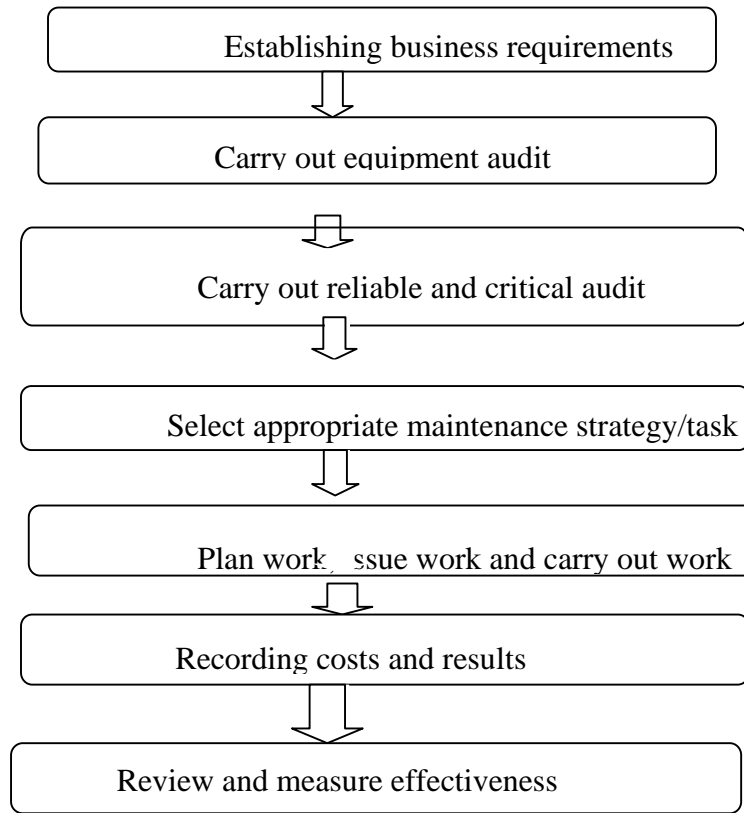
#### **2.2.4. Repair and maintain the assets**

“Restoring to or maintain a state in which an item can perform an initially designated function, and any actions targeted at this are maintenance activities,” according to the definition of maintenance. Muyingo& Lind (2009). Maintenance is also regarded as an investment because resources are expended now to do maintenance in order to save money or obtain greater benefits in the future. to if the resources are not spent. However, despite this opinion maintenance is generally separated from “true investment” because it is matter of restoring and old function or keeping up an old function (Lind &Muyingo, 2009).

All acts taken to retain content in or restore it to a predefined condition' has also been characterized as maintenance. It includes inspection, testing, servicing, and classification as to service ability, repair, rebuilding, and reclamation' (Collins English Dictionary, 2003). It included the routine recurring work required to keep a facility (plan, building, structure, ground, facility, utility system, or other real property) in such condition that it may be continually used, at the capacity and efficiency for which it was constructed, and for the purpose for which it was intended (Dictionary of Military and Associated Terms, US Department of Defense 2005).

It is required to initially create a maintenance program in order to achieve cost-effective maintenance. Measurement is impossible without a clear explanation of requirements, accomplishments, and feedback. Only after each stage has been completed can effectiveness be measured by monitoring key performance indicators. Management and optimization are impossible without measurement. The stages of the maintenance program are:

Figure 1: Stages of Maintenance



(Simon, 2007)

### 2.2.5. Fixed asset disposal

Disposal of stores is one of the most important functions of fixed asset management in any organization (Osibanjo, 2007 cited in Kodua Mensah, 2014). This has become necessary as the equipment and other items tend to become surplus, obsolete, and unserviceable, over a period of time due to its long usage. The disposal of this type of stores is needed to be done on periodic basis (CSIR, 2007 cited in Kodua Mensah, 2014). Fixed assets to be disposed of still have value for money in them and even when they undergo wear and tear and may still have financial value for the institution in question. Furthermore, to get value for money in disposing of fixed assets and equipment methods the disposal could generate huge sum of money if the following methods resale, trade in, auction and disposal should be based on a fair market value for each surplus item.

Disposal of assets is the withdrawal of assets from use upon the completion of its useful life (Obaidullah 2006 cited in Kodua Mensah, 2014). Therefore, disposal as any event getting rid of public assets through the law of the stat, in creation, variation, and transfer to the state agency in need of the assets. Asset's disposal or rationalization is an option when an asset is no longer required or becomes uneconomical to maintain or rehabilitate. It provides the opportunity to review the configurations, type and location of assets, and the service delivery processes relevant to the activity. Similarly, an optimized decision-making tool is essential for arriving at an optimal decision about assets rationalization (Newira and Manase, 2016).

Excessive sales forecasting and planning are a common source of surplus materials, as are changes in the designs and specifications of fast-moving technological products. Excessive forward buying, planned overbuying and overproduction represent another major source of generation surpluses, as are inventories (Gopalakrishnan & Sundaresan, 2003).

#### **2.2.6. Fixed asset management monitoring and evaluation**

The organization should periodically evaluate the various fixed asset management process for effectiveness and efficiency. This information should be used to enhance or modify current processes. Managerial reports should identify trends for key performance measures. According to Brady, "Fixed assets performance measurements are the collection of specific information regarding the results of the fixed assets management function. It includes the measurement of the job that is being accomplished and is considered the basis of managing by results" (Pg.114, 2001) continues describing that the benefits of performance measurements are strengthens accountability, enhances decision-making, improves customer service, enables businesses to determine effective resource use and supports strategic planning and goal setting.

#### **2.2.7. Fixed asset management process integrating with technology**

Nowadays, many companies are managing their fixed assets using a database, which was not regularly done in the past. The high costs, accountability and control of many fixed assets have made the use of IT software extremely valuable in organizations. Implementing a sound fixed asset administration program includes the combination of people, processes, and tools. Without appropriate processes in place, the reliability of the data that the tools provide will be questionable. Software tools facilitate a business ability to automate a process, while providing valuable data

about all its managed assets. World –class companies nearly all-around turn to innovation as a implies of minimizing the workload and tying the settled record into the general ledger. The burning issue in fixed asset management Fixed asset software has overwhelmed the market in later a long time as companies proceed to explore for a total asset administration arrangement, one viewpoint that has become increasingly important to organizations is not only making sure the right asset is being used, but also ensuring that the asset in question is fulfilling its intended use. Many companies look for software that will make the organization more productive and efficient. Recent statistic show that companies lose billions of dollars annually in theft. But those losses have been decreased as much as 75% among companies actualizing asset management programs with the help of bar coding, which can give companies with real-time information on the location, description, history, and status of every fixed asset (Automatic, 1996).

Integration of a general ledger and asset management system can provide many benefits according to Peterson (2002). These benefits can be reconciliation of the financial asset register with the physical inventory, improved accuracy of information, elimination of duplicated records, improved decision making, easier auditability and tighter control of capital investment. Institutions should keep in mind that fixed asset management tools are not a panacea. They will automate, but not replace, the processes that support a fixed assets management program. Furthermore, data alone are not useful. According to Peterson (2002),”data must be organized so as to provide information that is useful at the time needed”.

### **2.3. Principle of fixed asset management**

The Institute of Asset Management, (2014) has developed a set of seven vital identify in principle that underlie all truly effective asset management systems, according to the IAM, good asset management must be encompassed (1) Holistic: Looking at the enormous picture is basic in asset management. Instead of taking a compartmentalized approach, asset management must consider the combined suggestions of overseeing everything together. This implies that an organization must consider the combination of its distinctive asset kind. An organization must see at how assets are practically interdependent and what commitments they make inside their own asset systems.(2)Systematic: Accuracy and strategy are vital when it comes to asset management. In arrange to be viable, asset management must be connected inside a highly organized system. This permits decisions and activities to be steady, repeatable, and straightforward.

(3) Systemic: In order to properly establish total net value, assets must be examined within their system's context. If assets are only examined in isolation, then it is difficult to correctly assess and optimize their performance, cost, and risks. (4) Risk-based: Making risk transparent is essential to an organization's survival. Enterprises that do not adequately account for risk in their asset management threaten not only the assets themselves, but the organization's overall operations. Thoroughly identifying potential risks and their associated costs and benefits will help organizations to set priorities and allocate their resources and expenditures appropriately. (5) Optimal: Optimization or seeking and implanting the best possible value compromise between competing objectives and factors, is the ultimate goal of effective asset management. Asset management considers the costs, benefits, risks, and performance aspects associated with assets over their life cycle and balances them out to make decisions. how the assets should be used. (6) Sustainable: An organization embraces good asset management; they are also embracing long-term thinking -something that is not always a business priority. However, in order for assets to give their best to an organization, they must be sustainably managed. This implies is that asset management must consider the long-term impacts of short-term exercises and guarantee that future requirements and obligations (such as progressing frameworks execution, societal obligation, and environmental or economic sustainability) are adequately provided for. (7) Integrated: is all asset management principles will be fully effective only if they are working together. Integration means that asset management is more than just the sum of its principles. It's recognition of interdependencies and combined effects, as well as the need for a joined-up approach to delivering optimal value.

### **2.3.1 Internal control**

Internal controls have defined in a different way. According to the council of the institute of chartered accountants of England and Wales, internal control has been defined as it is the whole system of control financial and others established by management to carry on the business of the company in an orderly and efficient manner, safeguard the asset and secure, as far as possible the accuracy and reliability to accounting records. Internal control method is one where within the bookkeeping work of the employee is complemented and confirmed by the work of another employee, but both workers are working without dependent. And without duplication of each other work. The International auditing Guideline issued by the international federation of



accountant, defined internal control as the plan of organization and all methods and procedures adopted by the management of an entity to assist in achieving managements

The international auditing Guideline issued by the international federation of accountant, defined internal control as the plan of organization and all the methods and procedures adopted by the management of an entity to assist in achieving managements objectives and efficient conduct of its business including adherence to management policies, the safeguarding of assets, the preparation of reliable financial information (duttachowdhury: 1988).

According to The American Institute of Public Accountants (AICPA), (1948), internal control comprises the plan of organization and all of the coordinated methods, and measures adopted with in a business to safeguard its assets, check the accuracy, and reliability of its accuracy, and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies, (Batra and Bagardia: 1992). A recent definition which is given by an organization of top federal government auditors from over 100 nations describes internal control as a management tool used to provide reasonable assurance that management objectives are being met (Sawyer and dittenthofr: 1996).

An internal control system consists of the various methods and measures designed into and implemented within an organization system to achieve the following four objectives: to safeguard asset, check the precision and reliability of bookkeeping information, advance operational effectiveness and empower adherence to endorsed administrative policies. A physical inventory of fixed assets should be taken periodically in order to verify the accuracy of the accounting records (Warren, Reeve, Fees). To evaluate the accounting system and internal control related to fixed asset covers the following aspects.

### **2.3.2. Segregation and rotation of duties**

Authorization of acquisition transfer and disposal of fixed assets are maintenance of records and documents, accountability for and safeguarding of fixed assets and independent checks (Ashok Akora 1996)

### **2.3.2. Accounting for disposals of plant assets**

Expenses for depreciation are recorded up to the date of disposal. This update the accumulated depreciation accounts are remove the balance of the disposed asset and related accumulated depreciation accounts, record any cash (and other asset) received or paid in the disposal and record any gain or loss computed by comparing the asset book value of asset received (chiapetta 15th edition).

### **2.3.3. Reporting of fixed asset**

The amount of each major class of fixed asset should be disclosed in the balance sheet or in notes. The related accumulated depreciation should also be disclosed either by major class or in total. If there are too many classes of fixed assets a single amount may be presented in the balance sheet supported by a separate detailed listing (Warren,1986).

### **2.3.4. Tag assets appropriately**

When a company has many fixed assets that are virtually identical, it's easy to make mistakes by establishing duplicate asset records or neglecting to retire the correct asset. The simplest way is to use bar code labels to assign each Asset a unique identifier. It has the added benefit of speeding up the inventory process by utilizing handheld technology that can scan and record each serial number in a matter of seconds. Labels are a crucial part of fixed asset management that is frequently overlooked you should look for a vendor that has a variety of labels that can be printed on-demand to fulfill your demands due to environmental requirements, bar code requirements, and custom printing needs. Choosing the correct bar code labels for assets requires an assessment of the assets to be labeled as well as the environment in which they operate (John Wiley and Sons, 2002).

There are many different types of high-quality, long-lasting pre-printed labels available. Labels for outdoor assets will need to withstand temperature changes as well as water exposure. Foil labels stand out and are easy to read, making them ideal for high visibility. You may wish to purchase labels that break when removal is attempted to prevent labels from being tampered with or moved to another assets. Machinery and equipment in some operating environments need unique labels that can endure extremely high temperatures, such as 250<sup>0</sup> and up. Some samples

of specific label types include select the right asset inventory hardware once the decision is made to identify fixed assets using bar code labels, the inventory process will greatly benefit from the increased speed and efficiency provided by bar code scanning machines. Hardware should be chosen to fit your company's needs, and there are many different sorts of handheld devices to choose from. (John Wiley and Sons, 2002).

Both baseline inventories for adding new assets and dynamic inventories for updating and verifying data on existing assets should be supported by inventory software. If your company has multiple locations, you will want the software to provide the ability to conduct concurrent inventories while centralizing the results. Other selection criteria might include the ability to create groups and lists for identification during property tax preparation and check-in /check-out feature that creates a history trail to prevent loss of theft of mobile assets. (John Wiley and Sons, 2002).

## **2.4. Empirical Review**

Asset Management is the set of activities associated with asset related tasks such as identifying funding requirements, acquiring assets, providing logistic, maintaining assets, disposing and renewing assets, so as to effectively and efficiently meet the desired objective (Nicholas & John, 2010).

“The process of efficiently maintaining, upgrading, and operating physical assets is referred to as asset management. It combines design principles with sound company practices and economic theory, as well as tools to assist decision-makers in becoming more organized and logical. Asset management, as a result, provides a framework for both short- and long-term planning (FHWA, 1999).

The fixed asset requirements are planned separately but should align with strategic planning because it affects the company's goal and objectives. Fixed asset maintenance should also be planned; it considers maintenance cost and all maintenance stages (Lepani, 2008).

An asset management plan is defined as: a document which sets out the Asset Strategy in order to help determine which assets should be acquired, renewed, improved, maintained or disposed of, once alternatives to investing in property assets have been explored' (CIPFA, 2008; Scottish Executive & COSLA, 2003 cited in Ngwira and Manase 2016).

According to William and Merry (2011) the acquisition cost of fixed asset is measured by cash. It should be measured by actual cost, if the actual cost is not known it could be valued by estimated cost. The acquisition cost is not only the purchase price of the item, but it includes freight and transportation charges, installation costs, site preparation expenditures, professional fee, legal fee and the like. The cost of noncash assets is determined by the cash paid in a cash transaction or the cash equivalent price paid when noncash assets are used to pay.

Maintenance is also regarded as an investment because resources are expended now to do maintenance in order to save money or obtain greater benefits in the future, if the resources are not spent. However, despite this opinion maintenance is generally separated from "true investment" because it is matter of restoring and old function or keeping up an old function (Lind & Musingo, 2009).

The researchers finally it will help to improve fixed asset management practices of the organization and it can support similar private organizations to use the findings and recommendations for self-study, evaluation, and application of best practices solving problems in fixed asset management.

The study will generate evidence that can be used by the government as a reference for policy dialogue and formulation in areas of fixed asset management cycles, principles, and best practices, and also help to conduct similar research in government, non-government, and private organizations both in the economic and service sectors.

This study support other similar research endeavors in the field of fixed asset management practices. The findings and recommendations of the study can be used for strengthening the internal control of the company and this finding used for initial data for strategic decision making of the company.

## **CHAPTER THREE**

### **3. RESEARCH DESIGN AND METHODOLOGY**

This chapter define the research methodology that are used to study the assessment of fixed asset management practice in MOHA Soft Drinks Industry S.C at Teklaymenot Branch. It also have given the population size; data collection techniques and the data was analyzed.

In addition to the above it was examined about the data analytical models and test of significance used in arriving at the conclusion.

#### **3.1. Research design**

Research design framework of methods and techniques chosen by a researcher to combine various components of research in a reasonable logical manner so that the research problem is efficiently handle. It is providing understanding about “how” to conduct research using a methodology. Every researcher has a list of research questions which need to be assesses can be done with research design. This research was used the descriptive research design. The main benefits of descriptive research design is that it were used both quantitative and qualitative data in order to find the solution to whatever is being study. This study was created using a descriptive research design that was combined with a qualitative and quantitative, but dominantly qualitative, research strategy. The descriptive research design studies are those studies which are concerned with describing the characteristics of particular individual or group.

#### **3.2. Research Approach**

Research approaches are mechanisms of attaining research objectives. The approaches are adopted to achieve the best possible of the research objectives. Research approaches are also adopted based on the feasibility of the selected approaches. The common research approaches are quantitative, qualitative and mixed research approaches.

In the quantitative method, the inquiry essentially uses postpositive arguments to include information from the consideration of cause and effect, to minimize individual variables and theories and queries, to use calculation and identification, and to test speculations, to apply personnel techniques such as tests and studies (Creswell, 2009). The approach to quantitative analysis uses two implementation methods known as the study and test plan. Outline analysis offers a quantitative or numerical overview of a population's patterns, behaviors, or views through analyzing a sample of that population. The

quantitative approach uses cross-sectional or longitudinal overviews that use self-administered semi-structured surveys or structured data collection interviews to generalize a sample to a population (Babbie, 1990). The data is collected on a measuring instrument and the data collected is analyzed using statistical methods and testing of hypotheses.

An alternate qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (i.e., the multiple meanings of individual experiences meanings socially and historically constructed, with an intent of developing a theory or pattern) or advocacy/participatory perspectives (Creswell, 2003).

Narratives, ethnographies, case studies, observations, and interviews are examples of qualitative research strategies, and the results are expressed subjectively through descriptions rather than numbers (Creswell, 2003, p.186-187). Furthermore, Open-ended questions are frequently used by qualitative researchers to allow participants to express their opinions. Interviews, observations, and the analysis of documents and other artifacts may be used to make touch with the study field in this method. Moreover, literature studies are carried out to the level necessary to enhance sensitivity in observation and interpretation (Atkinson and Hammersley, 1994).

### **3.3. Population and sampling techniques**

This study was used for research sampling method selected the responsible employees of the company. The method was used in gathering data primary and secondary data. The primary data was collected through interview and questionnaire to be concern representative of the organization that leads the research to get relevant information.

Subsequently, the total population of the study was 65 MOHA soft drink industry company staffs have direct relationship with the work of fixed asset management and this lead to secure convenience information of field asset management of the company. This research study was utilized method purposive method to cover the population.

### **3.4. Data source**

To conduct the research both primary and secondary data was used to undertake the study. Data collected from interview, questionnaire, and accounting policies manual examined in relation to procured and utilized fixed assets to measure organizational efficiency and effectiveness.

The questionnaires were the main primary source of data collection. The identified sample was served with the questionnaire directly by the researcher. To get quantitative data, one set of questionnaires was utilized for the respondents. The questionnaires were administered to the employees by the researcher. The questions involved the feelings of respondents regarding the assessment of fixed asset management practice in MOHA Company. The questionnaire also aimed at getting responses from the respondents about their views on fixed asset management and how it processed to comply with rules and regulations of the organization as well as regulatory body requirements.

The open-ended questionnaire enables the respondent to clarify issues further and provide in-depth findings for the study while close ended questions enabled the researcher to obtain background information (Kothari, 2004). The advantage of using questionnaires is the most feasible and allows the respondents moments of reflection on the subject. This is cost effective, free from bias and gives the respondent adequate time to respond to the question.

### **3.5. Data collection methods**

The questionnaire with both close and open-ended questions were developed, and data were collected from employees on how fixed assets managed and controlled their organization.

In addition to the above methods of data collected, secondary data were collected regarding how fixed assets are planned, procured, recorded, stored, supplied, maintained, disposed, and reported in Teklehaymanot MOHA Soft Drinks S.C.

The researcher was allowed the respondents sometime to fill in the questionnaire before returning. Along with some of the closed ended questions are five score Likert scales to provide respondents a wider range of alternative with end points where “5” the level of agreements are represented by 1 to 5. Strong agree 1, agree 2, 3 neutral, disagree 4, and strong disagree represented by 5.

The questionnaires were distributed to seven departments for MOHA soft drink industry share company employees. The method is used purposive sampling technique in which selected the total population which are a related study. To analyze the data, Likert items are used to measure respondents' attitudes about a certain question or phrase. It is most of the researcher coded as 5= strongly disagree, 4= Disagree, 3= Neutral, 2= Agree and 1= strongly agree. This research has 65 questionnaires so that coded used for a Likert scale measure with five points start from Strong

Agree -Strong Disagree the scaling method selected helps to collect responses of the respondents view on which answered the question. The questionnaire were developed from pre-made questionnaire for equivalent organization with little modification (Theodros Getachew, 2017).

### **3.6. Data Analysis**

The method utilized in the study to analyze the data collected from primary was analyzed by using SPSS Version 2021 and used descriptive statistics such as: percentage, frequency, mean and standard deviation those presenting through tables and figures.

Qualitative research is fundamentally interpretive i.e., the researcher was interpreted the qualitative data. The data collected from the interview and review of documents were interpreted qualitatively. To sum, the analysis of quantitative data and interpretation of qualitative data combined to seek convergence among the results. (Creswell, 2003).

### **3.7 Data processing, coding, and presentation**

To facilitate data entry and analysis the collected data has been checked for accuracy. To analyses and investigate fixed asset management practice in the case of MOHA soft drink industry share company. The data collection tools have two parts those are personal background and questionnaire MOHA Soft Drink Industry Share Company. There are applied and coded.

The first section of the questionnaires describes and measure the demographics assigned values and the second section of the questionnaires contains five sub sections.

### **3.8 Data Reliability**

#### **3.8.1 Cronbach Alpha Table**

##### **1. Fixed asset structure**

Cronbach 's Alpha	0.947	0.946	0.947
No of Items	1	2	3

Source own questionnaire survey

##### **2. Fixed asset acquisition management**

Cronbach 's Alpha	0.946	0.946	0.946	0.945
No of Items	1	2	3	4

Source of questionnaire results,2021



**3. Fixed assets management & accountability**

Cronbach 's Alpha	0.946	0.946	0.946
No of Items	1	2	3

Source of questionnaire results,2021

**4. Fixed asset management for maintenance**

Cronbach's Alpha	0.946	0.946	0.946	0.946	0.946	0.946	0.947	0.947	0.945	0.945	0.946	0.945	0.944	0.945	0.946	0.945	0.945	0.946	0.946
No of Items	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19

Source of questionnaire results,2021

**5. Fixed asset management and Disposal**

Cronbach 's Alpha	0.945	0.945	0.945	0.945	0.946	0.946
No of Items	1	2	3	4	5	6

Source of questionnaire results,2021

**Summary Cronbach Alpha Table**

Cronbach's Alpha	N of Items
.947	35

Source of questionnaire results,2021

Based on the original 35 item scale, the scales have been validated for internal consistency and arrived at fit measures (Cronbach’s Alpha value of 0.947) and indicate a good reliability of the scale in the sample under study. The coefficient alpha for each of the scales exceeded 0.70 (Burns, 2008). Thus, the measures were reliable. Internal consistency measure is the Cronbach Alpha coefficient. When using Likert scales, it is the most acceptable measure of reliability (Whitley, 2002, Robinson, 2009). Although there are no definitive standards for internal consistency, the majority of experts agree on a minimum internal consistency coefficient of .70 (Whitley, 2002, Robinson, 2009). For the purpose of this research study the data was organized and analyzed using descriptive statistics and present in a tabular analysis. The method is using descriptive statistics because of it helps to summarize and present the data collected using frequency counts, % age, mean, and standard deviations for easy and better understanding of the readers.

## CHAPTER FOUR

### 4. DATA ANALYSIS AND INTERPRETATIONS

The first part of this chapter divided into seven sub sections those are the respond's profile that gives details information about the respondents gender, age, field of study, educational background, work experience, current position, and departments. The second parts divided into five sub section those are fixed asset structure, fixed asset acquisition management, fixed asset management and accountability, fixed asset management for maintenance and fixed asset management and disposal analyzes and interprets data through descriptive analysis.

#### 4.1 Respondents demographic profiles

The sample size of the survey is 65 and accordingly questionnaires have been prepared and were given to the selected respondents in MOHA soft drink industry Share Company at Teklaymanot branch employees. The respondents were requested to fill in the questionnaires. Among them 63 of the respondents filled in the questionnaires accurately, which is a 96.92 percent response rate. The statistical tables of the respondents are presented below.

##### 4.1.1 Gender respondents (gender) in percentage (%)

Gender	Frequency	Valid Percent
Valid Male	41	65.1
Valid Female	22	34.9
Total	63	100.0

Source: questionnaire results, 2021

As shown the analysis table 4.1.1 are 41(65.1%) male and 22(34.9%) females, which gives 63 respondents. The higher in the number of male respondents had been resulted due to the nature of sample taken,

Table 4.1.2 Age respondents(grouping in years) in parentage (%)

Aged group	Frequency	Valid Percent
25-32	8	12.7
33-40	27	42.9
41-48	9	14.3
49-54	11	17.5
55 and above	8	12.7
Total	63	100

Source: questionnaire results, 2021

The above Table 4.1.2 shows the age distribution of the respondents. Most of the respondents are at an age group 33-40 and takes 42.9% of the total respondents 27, it was followed 49-54 grouping years (17.5%) is the total respondents are 11 and 41-48 age group 14.3%, and the respondents are 9. 25-32 years and 55 and above each aged group the result 8 respondent (12.7%).

Table 4.1.3 Educational Background of the respondents

Educational Background of the respondents	Frequency	Valid Percent
Diploma	9	14.3
Degree	46	73
Masters	8	12.7
Total	63	100

Source: questionnaire results, 2021

As shown in the above table the academic qualification is divided into six categories. 55(87.3%) of the respondents had academic qualification of college diploma, Bachelor's degree level the rest of respondents had academic qualification 8(12.7%) Master's degree level. It is shown that the company employees.

Table 4.1.4 Summary of number and percentage of respondents by department

Departments of the respondents		Frequency	Valid Percent
	Finance	28	44.4
	Human Resource	9	14.3
	Procurement and store supply	3	4.8
	Technique	11	17.5
	Production	3	4.8
	Marketing	4	6.3
	Quality control and food safety	5	7.9
	Total	63	100

Source: questionnaire results, 2021

The table 4.1.4 to indicted finance department of the respondents the most respondents of the total population which are 28(44.4%), Technique department is 11 (17.5%), Human resource 9 (14.3%), quality control and food safety department 5 (7.9%) marketing 4(6.3%) and 3 (4.8%) each procurement and store supply and production department.

## 4.2 ANALYSIS OF THE MAJOR FINDINGS

### 4.2.1 Fixed asset management structure

No	Question	Measurement	Frequency	Percentage
1	The existing fixed asset management structure realizes the accountability system	Strong Agree	21	33.3
		Agree	29	46.0
		Neutral	11	17.5
		Disagree	1	1.6
		Strong Disagree	1	1.6
		Total	63	100.0
		Mean	1.92	
		Std. Deviation	.848	

No	Question	Measurement	Frequency	Percentage
2	The fixed asset management structure is suitable to meet its objectives	Strong Agree	13	20.6
		Agree	43	68.3
		Neutral	7	11.1
		Disagree	0	0
		Strong Disagree	0	0
		Total	63	100.0
		Mean	1.90	
		Std. Deviation	.560	
3	The company structure is convenient for implementing preventive controls on fixed asset	Strong Agree	15	23.8
		Agree	32	50.8
		Neutral	13	20.6
		Disagree	3	4.8
		Strong Disagree	0	0
		Total	63	100.0
		Mean	2.06	
		Std. Deviation	.801	

Source: questionnaire results, 2021

The above tables summarize respondents 46% to reply the answer to be agree, 33.3% claim it is to be strong agree so that company have a good, fixed asset management practice in the company it implies that has a convenient for the implementing preventive controls on fixed asset. The rest of respondent 17.5% neutral and the 3.2% respondents are disagreed and strong disagree, so this shows that the majority respondents have a good, fixed asset management.

Based on the mean value of 1.92 and the standard deviation of .848. It shows that most respondents to have a tendency answer have a good, fixed asset management structure for 3 questions raised for fixed asset management structure realizes the accountability systems therefore any company have the fixed asset management structure is appropriate for achieving the company's goals.

The above table indicated the analysis the respondents answered that 88.9% the majority respondent strong agree and agree so that fixed asset management structure is suitable to meet its objectives and 11.1% neutral replied.

Regarding the above table, the company structure is suitable for implementing preventive controls on a fixed asset for this question requested on respondents replied that the majority respondents or 74.6% strong agree and agree, 20.6% neutral and 4.8% disagreed. The company structure is convenient for implementing preventive fixed assets before happening of loss. Preventive controls of fixed asset included segregation of duties to prevent wrongdoing, proper authorization to avoid improper use of organization resources, appropriate record keeping and physical control over assets. so, it has good, fixed asset management practice.

#### 4.2.2 Fixed asset Acquisition Management

No	Question	Measurement	Frequency	Percentage
1	Employees are aware of their responsibilities and limits in the requisition process	Strong Agree	18	28.6
		Agree	27	42.9
		Neutral	13	20.6
		Disagree	5	7.9
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	2.08	
2	All fixed asset purchases are fully centralized and controlled by assigned individuals	Strong Agree	21	33.3
		Agree	23	36.5
		Neutral	10	15.9
		Disagree	9	14.3
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	2.11	
		Std. Deviation	1.033	
3	There is adequate supervision and control against acquisition of excess and unnecessary fixed assets	Strong Agree	15	23.8
		Agree	18	28.6
		Neutral	20	31.7
		Disagree	9	14.3
		Strong Disagree	1	1.6
		Total	63	100.0
		Mean	2.41	
		Std. Deviation	1.057	

No	Question	Measurement	Frequency	Percentage
4	A clear and adequate written instruction on how to request for acquisition required through the department	Strong Agree	21	33.3
		Agree	24	38.1
		Neutral	14	22.2
		Disagree	3	4.8
		Strong Disagree	1	1.6
		Total	63	100.0
		Mean	2.03	
		Std. Deviation	.950	

Source: questionnaire results, 2021

The data in the above table shows that the majority of respondents replied 71.4% strongly agree and agree. So, employees are aware of their responsibilities and limits in the requisition process whereas 20.6% of the respondents are neutral, the remaining 7.9% respondents disagree.

Table 4.2.2. Above indicated that the respondents answered 69.8% of strongly agree and agree for all fixed asset purchases are fully centralized and controlled by assigned individuals. Most respondents had been more responsible and assigned however, 15.9% neutral and others 14.3% disagree.it was concluded that the company has good control.

The above analysis table 4.2.2 shows the respondents replied 52.4% of strong agree and agree so there was adequate supervision and control against the acquisition of excess and unnecessary fixed assets other respondents 31.7% neutral and, 15.9% of disagree and strong disagree that indicated have not been adequate supervision.

Table 4.2.2. Shows the respondent replied 71.4% of strong agree and agree so that a clear and adequate written instruction on how to request for acquisition required through the department whereas 22.2% of neutral and also 6.4% disagree and strong This is implying that this implies that the procurement process through the department and also the company has a clear written acquisition guideline.

### 4.2.3 Fixed asset management and Accountability

No	Question	Measurement	Frequency	Percentage
1	Accountability applied in the case of lose and damage on property.	Strong Agree	18	28.6
		Agree	25	39.7
		Neutral	14	22.2
		Disagree	6	9.5
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	2.13	
		Std. Deviation	.942	
2	Fixed asset management process is performed according to rules, regulations, and directives	Strong Agree	20	31.7
		Agree	31	49.2
		Neutral	12	19.0
		Disagree	0	0.0
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	1.87	
		Std. Deviation	.707	
3	There are adequate records of fixed assets maintained including tagging, identification numbers of locations, description, original cost and if appropriate, accumulate depreciation	Strong Agree	26	41.3
		Agree	28	44.4
		Neutral	8	12.7
		Disagree	1	1.6
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	1.75	
		Std. Deviation	.740	

Source: questionnaire results, 2021

Regarding the above table 4.2.3 to the accountability applied in the case of lose and damage on property happened by the negligence or shortage of knowledge of employees 68.5% of respondent replied strong agree and agree whereas 22.2% respondent answered neutral other also 9.5%



respondent disagree and strong disagree. The mean 2.13 this result indicated the organization have accountability applied in the case of lose and damage on property

As shows above table 4.2.3 seen fixed asset management process is performed according to rules, regulations, and directives asked for respondents are replied that 80.9% of strong agree and agree the others respondent of 19% neutral however it shows that have understand for this analysis the majority respondents agree fixed asset performed by organization rules and regulation.

Regarding to the above table 4.2.3. There are adequate records of fixed assets maintained including tagging, identification numbers of locations, description, original cost and if appropriate, accumulate depreciation the respondents replied 85.7% of strong agree and agree, 12.7% indicated neutral whereas 1.6% of disagree. We are concluded that all most 80% agree they have properly recorded.

#### 4.2.4.1.Fixed asset management for maintenance

No	Question	Measurement	Frequency	Percentage
1	MOHA soft drink S.C has a master machines and equipment list that needs preventive maintenance	Strong Agree	22	34.9
		Agree	20	31.7
		Neutral	16	25.4
		Disagree	5	7.9
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	2.06	
2	The organization has grouped machines according to their function (e.g., Power generation and distribution, water treatment, pumps, fire and safety etc.)	Strong Agree	35	55.6
		Agree	22	34.9
		Neutral	4	6.3
		Disagree	2	3.2
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	1.57	
		Std. Deviation	.756	

No	Question	Measurement	Frequency	Percentage
3	The preventive maintenance documents and manuals are updated whenever there are machines and equipment are bought and replaced.	Strong Agree	18	28.6
		Agree	25	39.7
		Neutral	17	27.0
		Disagree	2	3.2
		Strong Disagree	1	1.6
		Total	63	100.0
		Mean	2.10	
		Std. Deviation	.911	

Source: questionnaire results, 2021

As indicated in table 4.2.4.1 the question 1, The majority respondents to reply the answer 66.6% are strong agree and agree for has a master machines and equipment list that needs Preventive maintenance. 25.4 replied that neutral and 7.9% so that respondents result is shown argued.

The above in table 4.2.4.1 the question 2, the respondents replied that power generation and distribution, water treatment, pumps, fire, and safety were as better safety because of the majority respondent 90.5% strongly agree and agree and the remaining respondent 6.3% neutral and 3.2% disagree. So, the majority respondents which is 90 % agreed.

The table question 3 to asked for the respondents were replied preventive maintenance documents and manuals are updated every time there are machines and equipment are bought or replaced” the majority respondents replied show the above table 68.3% that manual are updated the other respondents 27% is replied neutral and 4.8% disagree and strong disagree. So, the majority respondents is shows and the mean and standard deviation that indicated it concluded that are very arguable of the preventive maintenance documents and manuals are updated.

#### 4.2.4.2 Fixed asset management for maintenance

No	Question	Measurement	Frequency	Percentage
4	MOHA soft drink S.C has spare part inventory periodically which are used for preventive maintenance	Strong Agree	28	44.4
		Agree	20	31.7
		Neutral	8	12.7
		Disagree	7	11.1
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	1.90	
		Std. Deviation	1.011	
5	There are skilled and experienced personnel that perform machines and spare parts inventory for preventive maintenance program.	Strong Agree	21	33.3
		Agree	24	38.1
		Neutral	17	27.0
		Disagree	1	1.6
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	1.97	
		Std. Deviation	.822	
6	The organization inventory system is capable of identifying spare parts obsolesce.	Strong Agree	13	20.6
		Agree	28	44.4
		Neutral	18	28.6
		Disagree	3	4.8
		Strong Disagree	1	1.6
		Total	63	100.0
		Mean	2.22	
		Std. Deviation	.888	
7	The inventory system can indicate how many spare parts and consumables are consumed in each machine	Strong Agree	19	30.2
		Agree	27	42.9
		Neutral	15	23.8
		Disagree	2	3.2
		Strong Disagree	0	0.0
		Total	63	100.0
		Mean	2.00	
		Std. Deviation	.823	

Source: questionnaire results, 2021

The above table question one indicated the company has spare part inventory periodically which are used for preventive maintenance the respondents replied 76.10% strong agree and agree which are the rest of respondents 12.7% neutral and 11.1% and disagree so this shows that a strong periodically used for preventive maintenance.

The same as above table question two there are skilled and experienced personnel that perform machines and spare parts inventory for preventive maintenance program indicated that the respondents replied 71.4% strong agree and agree which are the rest of respondents 27% neutral and 1.6% and disagree so this shows that have a good experienced.

The question asked to know inventory system is capable of identifying spare parts obsolesce the respondents replied that 64.4% strong agree and agree this shows clearly had capable identifying spare parts obsolesce. 28.6% respondents neutral on the other hand 6.4% disagree and strong disagree. It is concluded that the average of respondents was agreed.

The above question seven are the respondent replied that 73.1% strong agree and agree so that the inventory system can indicate that spare parts and consumables are consumed in each machine this requires that maintenance management attention for the inventory system. The other respondents 23.8% are neutral the rest of the respondents which is 3.2% disagree and strong disagree so, it indicates that have a better inventory system.

**4.2.4.3 Fixed asset management for maintenance**

No	Question	Measurement	Frequency	Percentage
8	Computerized work order system is in place to allow effective management of preventive maintenance work.	Strong Agree	12	19.0
		Agree	24	38.1
		Neutral	24	38.1
		Disagree	3	4.8
		Strong Disagree	0	0
		Total	63	100.0
		Mean	2.29	
		Std. Deviation	.831	

Source: questionnaire results, 2021

No	Question	Measurement	Frequency	Percentage
9	MOHA soft drink S.C has consistently kept preventive maintenance records in computerized maintenance management system	Strong Agree	12	19.0
		Agree	30	47.6
		Neutral	17	27.0
		Disagree	3	4.8
		Strong Disagree	1	1.6
		Total	63	100.0
		Mean	2.22	
		Std. Deviation	.870	
10	MOHA soft drink S.C has a well-equipped computerized preventive maintenance.	Strong Agree	10	15.9
		Agree	28	44.4
		Neutral	23	36.5
		Disagree	2	3.2
		Strong Disagree	0	0
		Total	63	100.0
		Mean	2.27	
		Std. Deviation	.766	

Source: questionnaire results, 2021

The above table shows a question asked to know computerized work order system is in place to allow effective management of preventive maintenance work. The respondent replied that 57.1% strong agree and disagree and also 38.1% neutral and 4.8% disagree. It is understood for the respondent replied that there have computerized work order systems

For the above table question, nine 66.6% of the respondent replied that strong agree and agree it has consistently kept preventive maintenance records in the computerized maintenance management system and, other respondents 27% neutral and also 4.6% replied that disagree and strong disagree so based on the replied it has computerized maintenance management systems

From the above table question ten shows that the respondents replied that 66.3% strong agree and agree 36.5% responds neutral the rest of 3.2% disagree so that show has a well-equipped computerized preventive maintenance.

#### 4.2.4.4. Fixed asset management for maintenance

No	Question	Measurement	Frequency	Percentage
11	Quality of preventive maintenance planning met the objective by using maintenance management system.	Strong Agree	7	11.1
		Agree	36	57.1
		Neutral	18	28.6
		Disagree	2	3.2
		Strong Disagree		
		Total	63	100.0
		Mean	2.24	
		Std. Deviation	.689	
12	The computer maintenance management system gives priority for very important machines.	Strong Agree	15	23.8
		Agree	21	33.3
		Neutral	24	38.1
		Disagree	3	4.8
		Strong Disagree	0	0
		Total	63	100.0
		Mean	2.24	
		Std. Deviation	.875	
13	The preventive maintenance program is integrated with environment, health and safety program by computer system	Strong Agree	13	20.6
		Agree	19	30.2
		Neutral	22	34.9
		Disagree	8	12.7
		Strong Disagree	1	1.6
		Total	63	100.0
		Mean	2.44	
		Std. Deviation	1.012	

Source: questionnaire results, 2021

No	Question	Measurement	Frequency	Percentage
14	Computer maintenance management system is used to order spare parts and consumables for the preventive maintenance program.	Strong Agree	13	20.6
		Agree	23	36.5
		Neutral	23	36.5
		Disagree	3	4.8
		Strong Disagree	1	1.6
		Total	63	100
		Mean	2.3	
		Std. Deviation	0.909	

Source: questionnaire results, 2021

As per the analysis results shows that 68.2% of the respondents was strong agree and agree so that this indicted have a good Quality of preventive maintenance planning met the objective by using a maintenance management system. The rest of the respondents were 28.6% neutral and also other disagree, respondents, 2.3%.

Regarding above table question 12 raising the respondents replied 57.1% of strong agree and agree the majority of the respondents have the computer maintenance management system gives priority for very important machines and 38.1% of the respondents were neutral this shows that not enough computer maintenance management system. The other respondents 4.8% of replied disagree.

As per the analysis results shows that the respondents replied which is 50.8% the preventive maintenance program is integrated with environment, health, and safety program by computer systems of strong agree and agreed were indicated the respondents, so it has a better preventive maintain is integrated. The other respondent replied 34.9% neutral of and the remaining of 14.3% are disagree and strong disagree.

The above table 4.2.4.4 question raising for the respondents responded 57.1% of strong agree and agree those indicated have computer maintenance management system is used to order spare parts and consumables for the preventive maintenance program but there is no strong systems is used in the organization because other respondents replied shown that 36.5 is neutral and the remaining has been 6.4% disagree and strong disagree.

#### 4.2.4.5. Fixed asset management for maintenance

No	Question	Measurement	Frequency	Percentage
15	MOHA soft drink S.C management is committed for preventive maintenance execution	Strong Agree	12	19
		Agree	30	47.6
		Neutral	17	27
		Disagree	3	4.8
		Strong Disagree	1	1.6
		Total	63	100
		Mean	2.22	
		Std. Deviation	0.87	
16	The critical machines and equipment are preventive maintenance.	Strong Agree	19	30.2
		Agree	25	39.7
		Neutral	17	27
		Disagree	2	3.2
		Strong Disagree		
		Total	63	100
		Mean	2.03	
		Std. Deviation	0.842	
17	Everyone in the organization understands that preventive maintenance is responsibility of every person, not just the maintenance department	Strong Agree	10	15.9
		Agree	20	31.7
		Neutral	24	38.1
		Disagree	6	9.5
		Strong Disagree	3	4.8
		Total	63	100
		Mean	2.56	
		Std. Deviation	1.028	
18	The preventive maintenance program is audited timely	Strong Agree	11	17.5
		Agree	29	46
		Neutral	19	30.2
		Disagree	4	6.3
		Strong Disagree		
		Total	63	100
		Mean	2.25	
		Std. Deviation	0.822	

Source: questionnaire results, 2021



No	Question	Measurement	Frequency	Percentage
19	There is a regular maintenance schedule followed to maintain the usefulness and value of the assets	Strong Agree	13	20.6
		Agree	32	50.8
		Neutral	14	22.2
		Disagree	4	6.3
		Strong Disagree	0	0
		Total	63	100
		Mean	2.14	
		Std. Deviation	0.82	

Source: questionnaire results, 2021

The above table 4.2.4.5. See that most of the respondents has been management is committed for preventive maintenance execution for these respondents were replied 66.6%of strong agree and agree this respondent is good respond and on the other hand replied 27% neutral and 6.4%disagree and strong disagree contrary of the above. The mean results show that the same question and the difference opinion.

According to the above table shows the respondents has been replied 69.8% strong agree and agree these are indicated that have a critical machines and equipment have preventive maintenance whereas other respondents27% neutral and the rest respondents 3.2% disagree and strong disagree that is the result shown.

As per the analysis results the respondents replied 47.6% of strong agree and agree based on this result shows less understanding of that preventive maintenance is responsibility of every person the other respondents answered 38% of neutral and 14.3% disagree and strong disagree the mean shows 2.56 and standard deviation is 1.028 there is no strong preventive maintenance responsibility for every person.

About table 4.2.4 .6 this statement the preventive maintenance program is audited timely based on the analysis the respondents replied that 63.5% strong agree and agreed. The majority results show that is audited timely. As the other result 30.2% neutral and 6.3% disagree so that verify realistic responded.

With Regard to the above table the respondent replied of the statement that there is a regular maintenance schedule followed to maintain the usefulness and value of the assets which is 45

71.4% the majority respondents strong agree and agree. Other respondents 22.2% neutral and 6.3% disagree. so, it has regular maintenance schedule followed.

#### 4.2.5 Fixed asset management and Disposal

No	Question	Measurement	Frequency	Percentage
1	There is enough follow up and control on utilization and disposal of organization fixed asset	Strong Agree	10	15.9
		Agree	37	58.7
		Neutral	12	19
		Disagree	2	3.2
		Strong Disagree	2	3.2
		Total	63	100
		Mean	2.19	
		Std. Deviation	0.859	
2	Fixed asset disposal process is performed according to rules, regulations, and directives	Strong Agree	22	34.9
		Agree	30	47.6
		Neutral	10	15.9
		Disagree	1	1.6
		Strong Disagree		
		Total	63	100
		Mean	1.84	
		Std. Deviation	0.745	
3	There is established fixed asset management system to increase MOHA soft drink S.C. staff understanding of principles, policies, procedures and cycles	Strong Agree	13	20.6
		Agree	30	47.6
		Neutral	15	23.8
		Disagree	4	6.3
		Strong Disagree	1	1.6
		Total	63	100
		Mean	2.21	
		Std. Deviation	0.901	
4	MOHA soft drink S.C fixed assets are tracked timely, and all necessary document is compiled	Strong Agree	13	20.6
		Agree	32	50.8
		Neutral	15	23.8
		Disagree	2	3.2
		Strong Disagree	1	1.6
		Total	63	100
		Mean	2.14	
		Std. Deviation	0.84	

Source: questionnaire results, 2021

No	Question	Measurement	Frequency	Percentage
5	Fixed asset disposal committee is assigned and performs their responsibilities as per the rule and regulation	Strong Agree	18	28.6
		Agree	27	42.9
		Neutral	15	23.8
		Disagree	3	4.8
		Strong Disagree	0	0
		Total	63	100
		Mean	2.05	
		Std. Deviation	0.851	
6	Fixed asset disposal will be approved by the responsible person once the disposal committee submit the recommendation	Strong Agree	21	33.3
		Agree	29	46
		Neutral	11	17.5
		Disagree	2	3.2
		Strong Disagree	0	0
		Total	63	100
		Mean	1.9	
		Std. Deviation	0.797	

Source: questionnaire results, 2021

Table 4.2.5 It shows the fixed asset management and disposal have enough follow up and control on utilization the respondents replied answer 74.6% which, are strong agree and agree, 19% replied for neutral the rest of the respondents 6.4% indicated disagree and strong disagree. so that data show the majority respondents answer result agree is the highest score and the next followed by stronglyagree.so, the mean is 2.19 shows the fixed asset have a good follow up and control on utilization and disposal.

Table 4.2.5 questions 2 the process is perfume according to rule, regulations and directives is 82.5% the respondents replied these indicated had strong agree and agree. The respondents which, neutral is 15.9% the reaming of 1.6% is strong agree. The data clearly shows the existing fixed asset management and disposal rules, regulation and directives were better perfumed taken.

As it can be seen from table 4.2.6 above about to established fixed asset management system to increase MOHA staff understanding of rules, regulations and directives understanding of principles, policies and procedures and cycles the respondents are replied that 68.3% of respondent answered strong agree and agree about 23.8% of respondent replied neutral 7.9% replied disagree

and strong disagree. The above data confirmed have established system to increase of staff understanding o rules, regulations and directives principles, policies, and procedures.

Table 4.2.5 questions 4 fixed assets are tracked timely, and all necessary document is compiled the respondents replied that 71.4% of strong agree and agree above 50% of the respondent agree the other respondents 23.8% neutral and 4.8% disagree and strong disagree.

In general, indicated that a tracked timely and all necessary document is complied.

According to above data the majority of respondents are replied 71.4% this shows fixed asset disposal committee is assigned and performs based on rule and regulations. On the other hand, the other respondents replied that 23.8% neutral and the rest of 4.8% disagree.

According to the above table the analysis shows that fixed asset disposal will be approved by the responsible person once the disposal committee submit the recommendation for this question to give the respondent replied the majority 79.4% of strong agree and agree so that before disposing fixed asset must be approved the responsible persons. The other replied 17.5% neutral and 3.2% disagree.

## **4.3 INTERVIEW RESULT**

### **4.3.1 Summary of Interview Results**

#### **Questions 1. How fixed asset management efficient and effective elaboration?**

The first interview questions replied that the key managerial decision-making staff for MOHA soft drink industry Share Company of finance manager said that factory fixed assets are a big resource that need attention of management of the plant. So those were grouped according to its nature and functions for which needed the group fixed asset in factory.

So, these group of fixed assets are listed and tagged accordingly except plant and machining, buildings and land improvement, the others are under the control of staff personal, he or she is in charge for any loss, miss location and abnormal damaged might be created. Before closing the accounts of the company committee will be formed physical inventory has been taking place every year as per listed group of each fixed assets. The inventory taking team will check the existence of those fixed assets, its location and conditions with the reference of its tagged. Damaged or missed fixed assets will be reported to the management for effectiveness controlling. Other key management staff a senior accountant said that fixed asset management in the process of tracking

and monitoring business owned physical assets to managing company assets monitoring equipment across multiple sites and location, Improving production efficiency, increasing operation output , optimizing the useful life of assets and reducing maintenance cost and unplanned down trace so he said that have a good asset management systems the solution will provide the tools necessary to actively manage out fixed asset that one accounted for on a company balance sheet. Other senior accountant said that fixed asset seems internal control system not good and there are things to be changes to make effective physical inventory at the fixed asset should be take at least monthly.

**Question 2. What are the practices and challenges of the planning process in fixed asset management?**

The second interview questions finance manager said that; every year each department will access of requirement for fixed assets. The requirement will be made from the point of view of replacement of the old, fixed asset or new fixed asset. However, to replace old, fixed asset by new one needs evaluation of management for its condition productiveness for machinery. It is also needing to evaluate its maintenance history, for instance a new fixed assets detail justification will be presented by the demanded department to get approval. In addition to that it has market instability is the big challenge in planning process of fixed asset of the company. Senior accountant of the company said that fixed asset managed have generate general challenges those are dealing with view of data If does not have a proper system to record all of this information it will lack control and visibility and, asset transferred to another department or disposal of without the information making is may back to the accounting department. If the asset registration is not kept up to date with movement of assets.

Fixed asset management may generate general challenges. Such as dealing with view of data If does not have a proper system to record all of this information it will lack control and visibility.

Asset transferred to another department or disposal of without the information making is may back to the accounting department. If the asset registration is not kept up to date with movement of assets.

**Question 3 how the acquisition of fixed assets, methods of depreciation of fixed assets is execute?**

The third interview questions the finance manager said that; acquisition of fixed asset is made through local or international bid competition methods calculated in two ways as per the regulation of ETH Inland Revenue authority of as per IFRS (International financial reporting standards) requirements set up by company policy. So senior accountant said that fixed asset acquisition process is responsible for the proper recording and distributing of fixed assets, properly identify, tagged, and transfer fixed asset hereafter the requestor request item makes it approved by CEO (Central Executive Officer) department and purchasing received the approval make it distribute the purchase of fixed asset items to the users and then recorded by the finance department. The methods is used depreciation of fixed asset a straight-line method and also begins depreciation calculation for receipt and acceptance of assets.

**Questions 4. How does the disposal of fixed assets carry out?**

The Fourth interview questions the finance manager said that the disposal of fixed assets carried out as per the IFRS (International Financial Reporting Standards) requirement impairment tests are taken place every two to three years. And also fixed asset is segregated for disposal and revaluation. Fixed assets that are identified for disposal will be presented for approval to the CEO (Central Executive Officer) when get approval from the CEO, fixed assets will be grouped s assets held for sales. Usually in our company disposal of fixed are taken place through sales in a bid or discarding by authorized team. Senior accountant also said the company use dispose system is under performing asset to be decision of dispose by assigned committee.

## **4.3 SECONDARY DATA RESULT**

### **4.3.1 Summary of Secondary Data Results**

The data collected form MOHA accounting policies manual this policy is applied in accounting for property and equipment. Fixed asset value is less than ETB 2,000 shall not capitalized under PPE per the accounting policy of MOHA. This means, any asset whose useful life is more than one year but costs less than ETB 2000 shall be expensed during the fiscal year in which the expenditure was incurred.

**Fixed asset depreciable amount and depreciation period**

Depreciable amount is the residual amount that remains after deduction residual values of items of property, and equipment, and are allocated on a systematic basis over their useful lives this indicate International Accounting Standard (IAS 16.5.)The depreciation methods reflect the pattern in which the asset's future economic benefits are expected to be consumed by MOHA (IAS 16.6).

## **CHAPTER FIVE**

### **5. SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION**

This chapter presented a summary of data analysis and also identified the previous chapter four data analysis, interpretation was done according to the objectives of the study, so that this chapter The findings and conclusion of the study are summarized in this chapter. This chapter has three sections. The first section included discussion of the findings. The second section includes the conclusion of the study derived from the findings and the third section includes the recommendation, limitation of the current study and suggestions for future research.

#### **5.1. SUMMARY OF FINDING**

Based on the result obtained from SPSS output and with the application of descriptive statistical and frequency measures, mean and standard deviation analysis the following finding of the company. Fixed asset management system are summarized by five sections of the respondents replied those are fixed asset management structure, acquisition management, accountability, maintenance and disposal management. so that analysis finding the company have a good, fixed asset management structure, the employees were aware of their responsibilities and limits in the acquisition process and also have purchased are fully centralized and controlled by assigned individual and also it has a clear and adequate written instruction process. The organization fixed asset process is performed according to rules and regulation and directives, most of the respondents replied that it has a good, fixed asset preventive maintenance system of the company.

From the finding interview as a senior account said that fixed asset seems internal control system not good and there are things to be changes to make effective physical inventory at the fixed asset should be take at least monthly.

Regarding to the practices and challenges of the planning process in fixed asset management the finance manager interviewed for the challenges of the planning process his mention that it has market instability is the big challenge in planning process of fixed asset of the company. And also, Senior accountant of the company said that fixed asset managed has a general challenge those are dealing with view of data If does not have a proper system to record all of this information it will lack control and visibility and, asset transferred to another department or



disposal of without the information making is back to the accounting department. If the asset registration is not kept up to date with movement of assets.

## **5.2. CONCLUSION**

This study aimed to assess the problem relating to fixed asset management of MOHA soft drink industry Share Company. It has a good management and strong control of fixed asset which, is the most important for the company's ongoing business that strong systems of fixed asset management has a great impact on the profitability of any company. Fixed asset management system is one the most important any organization because of fixed asset of a company is a big resource that need for attention of management of the organization deal with for achievement of the organizational goals. The organization to applied ruler and regulation, directives to properly protected the company assets. Asset management is the process of guiding, acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life (AASHTO, 2002).

Regarding to the planning process that has been market instability is the big challenge in planning process of fixed asset of the company so that the planning process is lack of effectiveness the companies.

According to the company fixed asset does not have a proper system to record all of this information it will lack control and visibility and, asset transferred to another department or disposal of without the information making is may back to the accounting department. If the asset registration is not kept up to date with movement of assets.

There is no internal auditor at the branch and head office level so, the use of preventive control evaluation system the company is weak internal control systems should be considered by the management of MOHA soft drink industry Share Company.

### **5.3 RECOMMENDATION**

In this research assessed fixed asset management systems MOHA soft drink industry Share Company, however, based on the data analysis and summarized finding above the researcher forwards the following recommendation are supposed to be vital for consideration to remain competent and more profitable and continue leading in the soft drink industry.

- Reviewing the available policies, rule and regulation of fixed asset management cycles when planning, acquiring, maintenance and disposal based on the company rule and regulation.
- More understanding to staff in the importance of fixed asset management systems for profitability of the company.
- If there is no proper system in place to record all of this information, there will be a lack of control and visibility, and assets will be transferred to another department or disposed of without the information being returned to the accounting department so, asset registration is not kept up to date with the movement of assets.
- As found out during the research work. MOHA soft drink industry share company there is no internal auditor at the branch and head office level so the gap on fixed asset management practice has created a problem and weaken the internal control system. control systems. It must be improved for the future.
- The fixed asset management systems of MOHA soft drink industry share company fixed asset look through internal control system not good and there are things to be changes to make effective physical inventory at the fixed asset should be take monthly base.
- In the finding it has been observed that the company has been challenged with market instability during the planning process. To overcome this challenge, I recommend the company to assess the inflation trend in the country and consider price fluctuation adjustment during the planning process.

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## Appendixes

St. Mary's University

Department of Accounting and Finance

## Questionnaire

### Research on an assessment of fixed asset management

#### The case of MOHA Soft Drink Industry S.C Tekelehaymanot Branch

My name is Bizunesh Temesgen. I am a student at St. Mary's University, School of Graduate Studies, MBA in Accounting and Finance Department. This questionnaire is designed developed to gather valuable information regarding the assessment of fixed asset management in the case of MOHA Soft Drink Industry S.C for the requirements for MBA in Accounting and Finance. The information gathered is just for research purposes. Thus, your ideas and comments are highly honored and kept confidential. Writing your name is not required and please tick mark (✓) your choice as per the instruction. If you have any questions, please call 0911 42 59 53 email address [tbizunesh@yahoo.com](mailto:tbizunesh@yahoo.com)

#### Personal Information

1. Gender

Male

Female

2. Age

18-24

25-32

33-40

41- 48

49-54

5 and above

3. Your field of study: \_\_\_\_\_

4. Education Background

High school complete

Diploma

Degree

Masters

PHD

Others

5. Work experience in MOHA Soft Drink Industry S.C in year

1-5

6- 10

11-15

Above 16

6. Current position in your office \_\_\_\_\_

7. Departments:

Finance

Human Resource

Procurement and Store Supply

Technical

Production

Strong Agree	Agree	Neutral	Disagree	Strong Disagree
1	2	3	4	5

Please indicate your opinion the following statement using the scale provided.

No		Strong Agree	Agree	Neutral	Disagree	Strong Disagree
1	1. Fixed Asset Structure					
	The existing fixed asset management structure realizes the accountability system					
2	Fixed asset management structure is suitable to meet its objectives					
3	The company structure is convenient for implementing preventive controls on fixed asset					
	2. Fixed Asset Acquisition Management					
1	Employees are aware of their responsibilities and limits in the requisition process					
2	All fixed asset purchases are fully centralized and controlled by assigned individuals					
3	There is adequate supervision and control against acquisition of excess and unnecessary fixed assets					
4	A clear and adequate written instructions on how to request for acquisition required through the departement					
	3. Fixed Asset Management and Accountability					



1	Accountability applied in the case of lose and damage on property.					
2	Fixed asset management process is performed according to rules, regulations, and directives					
3	There are adequate records of fixed assets maintained including tagging, identification numbers of locations, description, original cost and if appropriate, accumulate depreciation					
	4. Fixed asset management for maintenance					
1	MOHA soft drink S.C has a master machines and equipment list that needs preventive maintenance					
2	The organization has grouped machines according to their function (e.g., Power generation and distribution, water treatment, pumps, fire and safety...etc.)					
3	The preventive maintenance documents and manuals are updated whenever there are machines and equipment are bought and replaced.					
4	MOHA soft drink S.C has spare part inventory periodically which are used for preventive maintenance					
5	There are skilled and experienced personnel that perform machines and spare parts inventory for preventive maintenance program.					
6	The organization inventory system is capable of identifying spare parts obsolesce.					
7	The inventory system can indicate how many spare parts and consumables are consumed in each machine					

8	Computerized work order system is in place to allow effective management of preventive maintenance work.					
9	MOHA soft drink S.C has consistently kept preventive maintenance records in computerized maintenance management system					
10	MOHA soft drink S.C has a well-equipped computerized preventive maintenance.					
11	Quality of preventive maintenance planning met the objective by using maintenance management system.					
12	The computer maintenance management system gives priority for very important machines.					
13	The preventive maintenance program is integrated with environment, health and safety program by computer system					
14	Computer maintenance management system is used to order spare parts and consumables for the preventive maintenance program.					
15	MOHA soft drink S.C management is committed for preventive maintenance execution.					
16	All critical machines and equipment have preventive maintenance.					
17	Everyone in the organization understands that preventive maintenance is responsibility of every person, not just the maintenance department					

18	The preventive maintenance program is audited timely.					
19	There is a regular maintenance schedule followed to maintain the usefulness and value of the assets					
	<b>5. Fixed asset management and Disposal</b>					
1	There is enough follow up and control on utilization and disposal of organization fixed asset					
2	Fixed asset disposal process is performed according to rules, regulations, and directives					
3	There is established fixed asset management system to increase MOHA soft drink S.C. staff understanding of principles, policies, procedures and cycles					
4	MOHA soft drink S.C fixed assets are tracked timely, and all necessary document is compiled.					
5	Fixed asset disposal committee is assigned and performs according to rules and regulations					
6	Fixed asset disposal will be approved by the responsible person once the disposal committee submit the recommendation					

Please accept my heartfelt gratitude in advance for your kind cooperation!

**St. Mary's University**

**Department of Accounting and Finance**

**Interview**

## **Research on an assessment of fixed asset management**

### **The case of MOHA Soft Drink Industry S.C Tekelehaymanot Branch**

1. How fixed asset management efficient and effective elaboration?
2. What are the practices and challenges of the planning process in fixed asset management?
3. How the acquisition of fixed assets, methods of depreciation of fixed assets is execute?
4. How the disposal of fixed assets carried out? How a disposal of fixed asset committee organized? Approving the disposal of fixed asset?

Please accept my heartfelt gratitude in advance for your kind cooperation!