AssetWorks
Asset Management Terms: A-to-Z
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Keeping track of your organizations assets is critical to its daily operations and long-term success. Managing assets properly can result in cost and time savings, among a wealth of other benefits. As an asset manager, you’ve probably come across some technical jargon you thought was only relevant to accountants, warehouse managers, or software technicians.

Whether your organization is using a third party asset management solution or tracking assets in-house, there are some organizations, acronyms and technical terms that should be on your radar. We’ve got you covered on the vocabulary you need to know—from Acquisition costs to Zombie assets. Let’s get started.
**Acquisition cost** The cost of an asset before applying sales tax, but after accounting for discounts and incentives.

**Active asset** An asset used daily, or for routine business operations.

**Amortization** A method used to prorate an intangible asset’s cost over the duration of its useful life.
Asset  Any company resource purchased for long-term use that requires close tracking, with a value that can be measured and expressed in dollars.

Asset accounting  The process of managing and supervising fixed assets through accurate financial recording and reporting.

Asset category (asset group)  Fixed assets fall into seven different categories: (1) land, easements and right of ways, (2) land improvements, (3) construction (buildings), (4) construction in progress, (5) infrastructure, (6) machinery and equipment, and (7) licensed vehicles.
**Asset class** A grouping of assets that share similar characteristics. These classes carry information including useful life, salvage value, account code, category, replacement information, capitalization threshold, depreciation method, and depreciation convention.

**Asset data** Information used to identify an asset, including location, status, and physical characteristics.

**Asset lifecycle** The stages an asset will undergo throughout its useful life, including acquisition, service life, and disposal.
Asset management A system that manages and maintains an organization’s assets throughout their lifecycle. Examples of popular systems include spreadsheets and software solutions.

Asset management software An application used for the purpose of recording and tracking an asset throughout its lifecycle. In addition, it can provide tools for financial reporting, and often offers the ability to integrate with other software applications like Microsoft Excel.
**Asset tag** Labels with an adhesive backing that are used to track a physical asset’s location.

**Asset tracking** The process of tracking physical assets, which may include scanning technologies and asset tagging.

**Auditor** A person or firm responsible for performing an official examination of an organization’s financial accounts.
**Balance sheet** The financial statement which summarizes a company’s assets, liabilities and shareholder’s equity.

**Barcode technology** An asset tracking method that utilizes adhesive barcode stickers, each unique and consisting of a group of patterned bars, spaces and/or numbers that, when scanned, are used to identify the item that has been tagged.

**Bookkeeper** A person responsible for keeping record of an organization’s financial activities.
**Capital asset** Fixed assets that have the ability to purchase new property for a company.

**Capital improvement** Additions or adjustments to property that boost its value, increase useful life, or modify its use.

**Capitalization threshold** The minimum cost at which an asset must be reflected in your accounting records. This threshold may be determined by government regulation, or by the standards set forth by your organization.
Capitalized asset  An asset with a total cost that is expensed over future periods, rather than being expensed completely at the time of procurement or installation.

Cloud computing  A type of internet-based computing in which information is stored and used through the internet, rather than saved on a hard drive. Although similar to vendor-hosted software, the two are not the same.

Current asset  Cash or cash equivalents that can be converted into cash within one year.
Depreciation A method of allocating a portion of the cost of an asset over the period it can be used. While there are many types of depreciation, the most commonly used is the straight-line method.
**Digital asset** An intangible asset that is stored in digital form.

**Disposal** Process of selling an asset that has reached the end of its useful life.

**Exceptions report** A list of discrepancies, or assets not located in the re-inventory process, which is generated by an asset management solution.
**Financial Accounting Foundation (FAF)** The organization responsible for the management and financing of the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

**Financial Accounting Standards Board (FASB)** The board charged with setting and overseeing standards for public and private companies, as well as not-for-profit organizations.

**Fixed asset** A tangible asset purchased for the intention of long-term use, and that is not consumed or sold during the course of business. Fixed assets cannot be quickly converted into cash, and include land, buildings, and equipment.
Generally Accepted Accounting Principles (GAAP) Mandatory principles, standards, and procedures used by companies for financial reporting.

**Ghost asset** A fixed asset that appears on your financial statement, but is no longer in use because it is missing or has been determined unusable.

**Governmental Accounting Standards Board (GASB)** The board charged with setting and overseeing standards for state and local governments.

Click [here](#) to view our Quick Guide on GASB Statement 34.
**Inactive asset** An asset not currently used in business operations.

**Income statement** A financial statement detailing a company’s revenues and expenses for the purpose of reporting financial performance over the span of the accounting period.

**Installed solution** A solution in which data storage servers are located on-site, or in a data warehouse.
**Intangible asset** An asset that has no physical presence and cannot be touched. Examples include trademarks and computer software.

**Integration** In regard to software, the capability of an asset management solution to successfully combine with another application, such as Excel or QuickBooks, to enhance the efficiency and convenience of the asset tracking process.

**Inventory** Items purchased for short-term use, and which do not require close tracking. There are different methods used to perform an inventory, including wall-to-wall, inventory by exception, and inventory by random sample.
**Mobile solution** An asset management solution supported by the use of scanning technology.

**National Property Management Association (NPMA)** An association dedicated to providing support and resources to property managers.

**Non-current asset (long-term asset)** An asset that is unlikely to be turned into cash within 1 year. Examples include long-term investments and property, plant, and equipment.
**Property manager** A professional who is responsible for effective, efficient management of assets, including company equipment and materials.

**QR code** A type of barcode that is used to identify an item and store information. The code is comprised of black squares which are arranged in a grid.
Radio Frequency Identification (RFID) technology  Technology used to identify objects by utilizing data-encoded RFID tags, which are then captured by a reader through radio waves. Unlike barcode technology, RFID can be used to identify objects that are out of vision. For a more detailed look at RFID technology, check out our Quick Guide.

Reconciliation  The process of comparing asset information in your records with the current status of the assets and correcting mistakes or deficiencies in order to keep asset records up to date.

Residual value (salvage value)  The expected remaining value of an asset once it’s reached the end of its useful life.
Scanning technology Used in conjunction with barcode or RFID tags, scanners simplify the asset tracking process and maximize efficiency.

Sensitive asset An asset that has potential to be impacted by external factors. A sensitive asset can fall into one of the following categories: interest-sensitive or theft-sensitive.

Software as a Service (SaaS) An internet-based Software distribution model in which an Organization subscribes to and accesses an application through the internet.

Spreadsheet Created using applications like Microsoft’s Excel or Google Drive, companies often use spreadsheets to track assets as an alternative to asset management software. Though a cheaper option, there are many flaws and risks associated with using spreadsheets to manage assets.
**T**

**Tangible asset** An asset with a physical presence that can be touched.

**U**

**Useful life (service life)** An estimate of the duration of time that an asset is forecasted to be in service for the reason it was purchased.
**V**

**Vendor-hosted software** Software that is installed and accessed from a remote server by a third-party vendor.

**Z**

**Zombie asset** A capitalized fixed asset that is still in use, but not reflected in account records.
Looking for a term that you didn’t find here? Let us know!

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