

Frequently Asked Questions – Fixed Asset Rollforwards

Background

Due to the large amount of Fixed Asset activity recorded by all of the subsidiaries, the purpose of this Learn Once, Globally is to clarify some questions regarding the HFM Rollforward dimensions for Fixed Assets so that each type of fixed asset activity is captured correctly at the consolidated level. This is not only important for financial statement analysis at the consolidated level, but is also significant as Corporate Accounting relies on information from these rollforward dimensions to populate the consolidated statement of cash flows that is reported in our public filings to the SEC.

Refer to the Chart of Accounts definitions on the Finance page on Brink's World for a detailed description of each rollforward account for Fixed Assets and what type of activity should be recorded in each. Also, refer to the revised Fixed Asset policy once it is issued in 2012.

Frequently Asked Questions

- 1. What accounts should be used to record the sale of a fixed asset (i.e. vehicles, compusafes, other machinery/equipment)?**

When an asset is sold, the gross PP&E account (1910_XX) should be credited and Accumulated Depreciation (1920_XX) should be debited through the Deletions dimension. Any gain/loss on the sale of these assets should be recorded in 8150_30 – Loss (Gain) on Sale of Fixed Assets. Therefore, the difference between the Net PP&E Deletions dimension and 8150_30 would represent the cash received from the sale. If, at the end of a quarterly or year-end period, cash has not yet been received on the sale (i.e. there is a receivable on the books), Corporate Accounting should be notified for amounts greater than \$50,000 so that cash flow information can be adjusted.

- 2. An asset has been capitalized to PP&E through the Additions dimension. In a subsequent month, it was determined that these costs should have been expensed rather than capitalized. What account should be used to correct this?**

If this error is identified in the same quarter that the assets were capitalized, you should credit the same 1910_XX account through the Additions dimension and debit the expense account that originally should have been used. In doing this, the quarter-to-date additions (capital expenditures) would be correct since the original debit and subsequent credit would offset each other. If the error is identified in a different quarter or year, use the OthAdj dimension to credit the 1910_XX account. The debit should also go to the expense account that originally should have been used. An explanation should then be sent to corporate accounting explaining the adjustment so that this can be considered for cash flow purposes.



3. We have received insurance proceeds for a damaged/stolen asset. How should this be recorded?

When the asset is damaged or stolen, it should be written off through the OthAdj dimension. Any gains recognized for proceeds received in excess of the net asset value should be recorded to 8150_100. Corporate Accounting should be notified for any insurance proceeds received greater than \$50,000 so that cash flow information can be adjusted.

4. We paid an advance for fixed assets that were being constructed for us. How should this be recorded?

Advances should be recorded through 1400_20_200 Other Prepaid Assets on the balance sheet. When the completed asset is received, the advance should be reclassified to the appropriate PP&E account (1910_XX) through the Additions dimension, along with the remaining payment to be made to the contractor.

5. We have performed a physical inventory and identified fixed assets on our ledger that should be written off. How should write offs of fixed assets be recorded?

The original cost and accumulated depreciation should be written off through the Write-Offs dimension. If the asset is not fully depreciated, the net book value will be recorded as a loss in account 8150_37 – Loss (Gain) on Impairment LTAssets/GW. As a result, the amount recorded through the Write-Offs dimension should equal the amount recorded to 8150_37.

6. We had a capital lease that was terminated early. How should this be recorded?

The fixed asset balance and the related short-term/long-term capital lease debt balance should be removed from the balance sheet through the OthAdj dimension and an explanation of this activity should be provided in the monthly variance analysis and edit checks files. Any gain/loss associated with the difference between the asset and liability balances removed, as well as any early termination penalty should be recorded in HFM account 8150_100 Miscellaneous Expense.

7. We acquired title to a fixed asset but have not paid the cash for it yet. How should this be recorded?

In certain circumstances, title to a fixed asset may be obtained prior to cash payment for that asset. An example would be if the supplier of an armored truck ships the truck to Brinks and then subsequently sends the invoice. In this situation, the asset should be capitalized with a corresponding liability recorded to HFM account 2030_130 – PP and E for payment owed to the supplier.

Communications with Corporate Accounting

If any unusual or complex transactions occur relating to Fixed Assets activity, please reach out to the Corporate Accounting department to discuss the appropriate classification of activity. This will help ensure activity is reported correctly and will reduce the amount of questions and possible reclassifications that may be required.