UNIVERSITY OF CAPE COAST

# ACQUISITION AND MANAGEMENT OF NON-CURRENT ASSETS:

# A CASE STUDY OF GHANA SHIPPERS' AUTHORITY

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# ACQUISITION AND MANAGEMENT OF NON-CURRENT ASSETS: A CASE STUDY OF GHANA SHIPPERS' AUTHORITY

BY

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Dissertation submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Business Administration degree in Accounting

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# DECLARATION

## Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature …….. Date: ……..

Name: Charles Darling Asiedu Sey

## Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature …… Date:……..

Name: Prof. Edward Marfo-Yiadom

## ABSTRACT

The purpose of the study is to assess how the acquisition and management of non-current assets is done at Ghana Shippers' Authority and explore the challenges associated with the management of assets in Ghana Shippers' Authority. The study employed the qualitative research, and exploratory study design was used. The population was made up of employees of Ghana Shippers' Authority. The population were employees who work at the legal department, human resource department, audit department, accounts department and finance department. Seven respondents were sampled for the study and respondents were selected on the basis of the availability and the interviewer reaching saturation. A structured in-depth interview guide was used as the data collection instrument and data was analysed using content analysis. The result showed that the acquisition of assets, are acquired through the development of a rationale and a strategy for doing the acquisitions. It was found that Non-current asset are managed by determining Non-current asset needs, establishing centralized non-current assets management, and monitoring and evaluation of Non-current asset. Finally, it emerged from the interviews that poor records keeping and bureaucracy are the key challenges associated with the management of Non-current asset at the Authority. It is therefore recommended that a records department in charge of non-current asset should be established and tasked with record keeping that will address the challenges associated with poor record keeping.

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## DEDICATION

To my children, Amen, Leeza, Osagyefo and Nana Asaye Kobi

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# CHAPTER ONE

# INTRODUCTION

## Introduction

The Chapter One is the first chapter of the dissertation. It contains the background to the study, statement of the problem, purpose of the study statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, and definition of terms. It also includes the delimitation, limitations as well as organisation of the study.

## Background to the Study

Every entity has both a legal owner and an economic owner, though in many cases, the economic owner and the legal owner of an entity are the same (Baez, 2004). An asset is an entity from which the economic owner can derive a benefit or series of benefits in future accounting periods by holding or using the entity over a period of time, or from which the economic owner has derived a benefit in past periods and is still receiving a benefit in the current period. Because it represents a stock of future benefits, an asset can be regarded as a store of value (Harrison, 2006). It is an accepted axiom that the general purpose of financial statement is to provide users of financial statement sufficient information so that they are able to make informed economic decisions, and one of the key preambles to assessing the economic value of an entity is its non-current assets.

A non-current asset is defined as a tangible item of property, plant, or equipment held by a company for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year). A

non-current asset is, thus, an asset, either movable or immovable, under the control of a company and from which the company reasonably expects to derive economic benefits or reasonably expects to use in service delivery over a period extending beyond one financial year (Brady, 2001). Non-current assets include land, buildings, engineering works, machinery, equipment, vehicles, office furniture, and equipment. However, non-current assets exclude minor items that are generally regarded as expendable, even though their useful lives may extend beyond one year, e.g. pens, files, and note pads (Brady, 2001).

Proper non-current asset management establishes and maintains a current inventory of this type of property within the company. By doing so, the institution ensures responsibility and accountability of these assets, in addition to the efficient and effective use of them. Furthermore, a good non-current asset management program can facilitate the physical inventory process of non-current asset, establish their insurance condition, and comply with federal, state, and local policy (Baez, 2006). These non-current assets are classified as land, improvements other than buildings, operating plants, equipment, vehicles, and construction in progress (Peterson, 2002). Non-current asset can be both movable and immovable. Items of insignificant value, while they meet the above criteria, are normally expensed instead of being considered non-current asset. To provide better service and to be more efficient, organisations are always acquiring more non-current asset.

Every company and/or organisation in today's economy needs to keep up with the changing technology to contribute to meeting market expectations. Better and improved non-current assets can make organisations more valuable

because of their use and the benefits that these assets provide. For example, faster service and better support to a company's operations can help provide a better quality service to the organisation's customers. Institutions, worldwide, need non-current asset and management processes to control how these items are purchased, stored, and utilized by the firm. Non-current assets are high-cost items; this is a reason why all companies need to manage their assets in an organised manner. When assets are received at the receiving centre, they are registered as non-current asset, tagged, and assigned an asset-number. Later, these assets are transferred to the end user and assigned a location in the asset's registration sheet. In any non-current asset management process, the responsibility for the asset(s) lies on the final or end user of the property. A non-current asset and controlled assets are assigned to a department where the person in charge signs a hand receipt accepting the responsibility of the asset or assets (Baez, 2006).

A business may acquire non-current assets by several methods. Possible acquisition methods include purchase with a purchase order (PO), lease-purchase, instalment purchase, construction, and gifts. The method of acquisition of a non-current asset should be properly recorded on the books of account and in subsidiary records that provide detailed information on each asset. Moriarty (1998) mentioned that "a lot of financial managers do not have accurate information about what their companies own" (p. 42) and explained how important it is to record non-current assets in the appropriate books. There are many rules and regulations on what and how non-current assets should be recorded. There are some guidelines recommended to make

decisions on when to record an asset in the non-current asset records, taking into consideration its value.

**Statement of the Problem**

Effective assets management supports sound procurement strategies, maximizes assets utilization, streamlines support services, and facilitates end-of-life (or lease) decisions. It would also enrich the efficiency and effectiveness of keeping data on non-current assets to enhance institutional memory lacked in sub-Saharan Africa. Most assets acquired in the colonial era, such as lands, did not have their document perfected. Other state and private assets in Ghana have suffered massive encroachment and had not realized the intended economic benefit. Based on the challenges posed by the absence of good asset management owned by both public and private sector companies, it will be feasible for every company to have proper guidelines for its asset acquisition and management. The institutionalization of assets register will curb the loss of valuable assets (Yao, Percy, & Hu, 2015).

Tracking non-current assets is an important concern of every company, regardless of size. It is a complete non-current asset and inventory tracking solution that enables users to conduct comprehensive, cost-effective physical audits. In addition, non-current asset inventory and reconciliation services provide the necessary visible data to avoid the risk of non-compliance with financial, tax, and regulatory requirements (Lubyanaya et al., 2016). Despite all these efforts, some private and public companies in Ghana do not have effective system for the acquisition and management of non-current assets.

At the global level, some studies have been carried out on fixed assets in various parts of the world such as Australia (Yao, Percy, & Hu, 2015), New

Zealand (Seng & Su, 2009), Ukraine (Zadorozhnii & Kafka, 2017) and Oman (Al-ani, 2013). In Africa, a study by Lubyanaya et al. (2016) was carried out in Egypt on evaluation of the effect of non-current fixed assets on profitability and asset management efficiency. However, to the best of my knowledge, there has not been any study on the acquisition and management of non-current assets. This study, therefore, sought to fill this knowledge and empirical gap by assessing the need for acquisition and management of non-current assets and to assess pervasiveness of unplanned acquisition and management of tangible non-current assets by using Ghana Shippers' Authority as a case study.

**Purpose of the Study**

The purpose of the study is to assess how the acquisition and management of non-current asset is done in Ghana Shippers' Authority.

**Research Objectives**

The study specifically intended to:

Identify the types of non-current asset available in Ghana Shippers' Authority

Identify the procedures involved in the acquisition of non-current asset in Ghana Shippers' Authority

Identify the processes involved in the management of non-current asset in Ghana Shippers' Authority

Explore the challenges associated with the management of non-asset in Ghana Shippers' Authority

**Research Questions**

Based on the objectives, the study sought to find answers to the following questions:

1. What are the types of non-current asset available in Ghana Shippers' Authority?
2. What are the procedures involved in the acquisition of non-current asset in Ghana Shippers' Authority?
3. What processes are involved in the management of non-current asset in Ghana Shippers' Authority?
4. What challenges are associated with the management of non-current asset in Ghana Shippers' Authority?

**Significance of the Study**

The research would highlight the legal ramification that encompasses acquisition of non-current assets, policy orientation of selected departments/firms, and commitment to long-term planning and management of non-current assets in firms in Ghana Shippers' Authority. Emphasis was on perfection of documentation, procurement process, and strict adherence Procurement Act, the Financial Administrative Act, and the mandate of the Controller and Accountant General perspective of non-current asset as per its law.

The study will enhance and equip management with the appropriate technical knowledge on non-current asset management to safeguard economic resources channelled in assets acquisition. Through this study, other organisations, both private and public, will be equipped with theory and practice of non-current asset management in Ghana. The study will increase

the body of knowledge in academia on the practical issues in recognition criteria and process leading to impairment of assets.

The study will also create awareness of the need to perfect documentation relating to non-current asset and safeguarding data, and record of these assets. It will encourage structured approach within organisations in the event leading to the acquisition of non-current asset, transfer, and disposal of tangible assets.

**Delimitation**

Although the study focused on Ghana Shippers' Authority, the scope of the study was limited to five departments within the organisation. The departments that were considered in the study are the Legal and Estate Department, Finance Department, Procurement Department, Audit Unit, and Human Resource Department.

**Limitations**

The study was beset with a lot of challenges due to the design, sampling, measurement, and statistical problems. Again, the use of purposive sampling made it difficult for the findings to be generalized since the members of the population did not have an equal chance of being selected. Moreover, the presence of the researcher during the data collection process might have affected the data obtained from the study, but this was addressed by assuring the respondents anonymity and confidentiality of their information. Getting the respondents to voluntarily participate in the study was a challenge, since most of them were occupied with their busy schedules. This could lead to

sampling bias. Lastly, the sample size for the study made it impossible for generalizability.

**Definition of Terms**

**Fixed assets**: These are assets which are purchased for long-term use and are not likely to be converted quickly into cash, such as land, buildings, and equipment.

**Current assets:** These are cash and other assets that are expected to be converted to cash within a year.

**Non-current assets:** These are the long-term investments for which the full value will not be realized within the accounting year.

**Organisation of the Study**

The study comprises five (5) chapters. Chapter One looks at the general background of the study, problem statement, objectives of the study, research questions, significance of the study, scope of the study, and organisation of the study. The second chapter reviews both theoretical and empirical literature related to the study. Chapter Three looks at the study design, population, sample and sampling techniques, research instrument, data collection procedures, data analysis, and ethical considerations. Chapter Four deals with the analysis and discussion of the findings obtained from the study. The last chapter concludes by summarizing the findings of the study, drawing conclusions based on the key findings, and looking at the appropriate policy recommendations.

# CHAPTER TWO

# LITERATURE REVIEW

## Introduction

This chapter reviews literature on studies related to the study. The chapter takes into consideration issues concerning the importance of non-current asset acquisition and the importance of non-current asset management for managerial decision-making in public corporation and limited liability companies. The review is organised under the following sub-headings: concept of assets, concept of non-current assets, procedures involved in the acquisition of non-current asset, concept of non-current asset management, components of non-current asset management system, processes involved in non-current asset management, and challenges associated with the management of non-current asset.

## Conceptual Review

### Concept of assets

According to the Financial Accounting Standards Board Concepts Statement 6, assets are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events (Eckstein, 2004). The Institute of Management Accountants' Accounting Glossary adds that an asset is any owned physical object (tangible) or right (intangible) having economic value to its owners. It is an item or source of wealth with continuing benefits for future periods, expressed, for accounting purposes, in terms of its cost, or other value, such as current replacement cost (Roberts & Scapens, 1985). In its broadest sense, an asset is anything that will probably bring future economic benefit. In looking at assets, the focus will be

on long lived tangible assets, sometimes referred to as non-current asset or property, plant, and equipment (Penman, 2009).

Assets are classified into two categories: tangible and intangible. Tangible assets are assets that one can touch, hold, or feel. Typically called non-current assets in accounting literature, tangible assets are the physical things that a business uses in the production of goods and services. They constitute the production facilities, buildings, equipment, and vehicles. These operational assets of a business include furniture, computers, and similar items not used up within a year. Intangible assets are primarily financing items: stocks, bonds, mortgages, etc. Assets that are converted into cash during the normal production cycle are current. Current physical assets are referred to as financial assets. These are physical assets such as raw materials, work-in-progress inventories, finished goods, and goods held for resale (Peterson, 2002).

In one business, physical items can be financial assets, held in inventory, whereas in other businesses or applications, they may be non-current assets. An example of such a financial asset would be real estate held in inventory by a real estate investment and sales organisation or builder, which would be a non-current asset for everyone else. Equipment manufacturers have financial assets in finished goods or inventory held for sale as well as plant and equipment that will be sold to other businesses. The inventory is a financial asset; when sold for use in a production line, it becomes a non-current asset to the purchaser (Peterson, 2002).

**Concept of non-current assets**

Non-current assets are non-consumable goods, tangible in nature, and have a useful life longer than one year. According to Brady (2001), they can be any item costing over a certain dollar amount, large or small, to an item that has a certain useful life. These non-current assets are classified as land, improvements other than buildings, operating plants, equipment, vehicles, and construction in progress (Goodwin & Trotman, 2016). Non-current assets can be both movable and immovable. Items of insignificant value, while they meet the above criteria, are normally expensed instead of being considered non-current asset. All organisations, whether profit or non-profit, are required to maintain a ledger or group of accounts in which to record the details relating to the general non-current asset of the organisation (Delaney, Epstein, Nach, & Budack, 2002).

In relation to non-current assets, two types of ownership can be distinguished: legal ownership and economic ownership. The legal owner of entities such as goods and services, natural resources, financial assets, and liabilities is the institutional unit entitled in law (and sustainable under the law) to claim the benefits associated with the entities. Sometimes, government may claim legal ownership of an entity on behalf of the community at large. No entity which does not have a legal owner, either on an individual or collective basis, is recognised in the system (Grossman & Hart, 1986; Wright & Zhu, 2018).

The acts of production, consumption, and accumulation involve varying degrees of risk. Two main forms of risk can be identified. The first type refers to production. These arise because of such uncertainties as the

demand for goods and services once produced, developments in the economy in general, and technical innovation which affects the benefits to be earned from capital and natural resources. The consequence is that benefits from capital resources, natural resources, and labour in the form of operating surplus and income from employment are not wholly predictable in advance but embody a degree of risk.

The second type of risk refers to the process of transferring benefits between time periods. It arises because of uncertainty over interest rates in future periods, which, in turn, affects the comparative performance of different types of benefits. When economic agents make decisions about consumption or accumulation, they have to make a judgement about the relative advantages of benefits being converted to goods and services in the current period as against conversion in a later period. Thus, all economic activities involve both benefits and risks. Transferring benefits between time periods inevitably involves transferring risks also (Wright, & Zhu, 2018).

An agent may opt for a lower but more certain benefit in future rather than a benefit which might be higher but less certain. Of particular interest is the case when an agent swaps benefits and risks associated with production with those associated with financial assets and liabilities. The economic owner of an entity such as goods and services, natural resources, financial assets, and liabilities is the institutional unit which is entitled to claim the benefits associated with the use of entity in the course of an economic activity by virtue of accepting the associated risks (Holt, 1995; Long, 2019).

Every entity has both a legal owner and an economic owner. However, in many cases, the economic owner and the legal owner of an entity are the

same. Where they are not, the legal owner has handed responsibility for the risk involved in using the entity in an economic activity to the economic owner along with associated benefits. In return, the legal owner accepts another package of risks and benefits from the economic owner. When government claims legal ownership of an entity on behalf of the community at large, the benefits also accrue to the government on behalf of the community at large. Thus, government is both the legal and economic owner of these entities (Aleskerova, Fedoryshyna, & Koval, 2018).

The benefits inherent in financial assets and liabilities are seldom transferred from a legal owner to an economic owner in exactly the same state. They are usually transformed to new forms of financial assets and liabilities by the intermediation of a financial institution which assumes some of the risk and benefits while passing the balance on to other units (Harrison, 2006).

**Empirical Review**

This section of the thesis focuses on empirical studies that have been conducted on types of non-current asset available, the procedures involved in the acquisition of non-current asset, the processes involved in the management of non-current asset, and the challenges associated with the management of non-asset.

**Types of non-current asset**

Broadly speaking, assets are classified into financial assets and non-financial assets. Non-financial assets are further subdivided into those which are produced and those which are not produced. This first level of classification of assets is important since the process by which assets enter and

leave the balance sheet differs for the three types of assets. Produced non-financial assets come into being via the production process or as imports (Aleskerova, Fedoryshyna, & Koval, 2018).

Two exceptions exist. Historical monuments are included as produced assets even though they may have been constructed long before economic accounts existed. Occasionally, a monument may be newly recognised as having value and, thus, enters the asset boundary as a produced asset other than through a current production process. Similar arguments apply to artefacts treated as valuables. Produced non-financial assets leave the asset boundary by being exhausted or by being sold to resident units which will not continue to use the asset in production as a source of future benefits or by being sold to non-resident units (Aleskerova, Fedoryshyna, & Koval, 2018; Bontis, 2001).

Non-produced non-financial assets are of two types: natural resources, and contracts, and leases and licenses. The borderline for which natural resources are considered assets and which are not depends on a number of factors. Contracts, leases, and licenses may represent an asset to the holder when the agreement restricts the general use or supply of products covered by the agreement. This enhances the benefits accruing to the party to the agreement beyond what would accrue in the case of unrestricted supply (Long, 2019).

These assets come into existence when the agreement is made and the enhanced benefits become apparent. They leave the balance sheet when the conditions restricting access are lifted or when there is no longer a benefit to be earned from having restricted access to the asset. Financial assets and

liabilities cease to exist when there is no longer a commitment for one unit to make payments to the other (Kaufman & Scott, 2003).

Harrison (2006) has provided four main types of non-current assets. These are property, plant, equipment, and furniture and office equipment. Property includes lands and improvements thereon. Land is not depreciated and its cost lasts in our theoretical business model forever. The cost of land includes its acquisition cost (costs of appraising, recording, and obtaining title). It also includes the initial costs of making changes to it so that it can be used for the purpose intended.

This cost includes removing old buildings, levelling, and, perhaps, cleaning up any toxic residue. When land is acquired together with buildings, the cost will be apportioned between the land and the buildings in proportion to their appraised value. If the acquisition plan contemplates the removal of the buildings, then the total cost including removal is accounted for as cost of land. Any salvage value of the removed buildings, when disposed of, is deducted from the cost of the land. Toxic residue clean-up provides a particular problem in accounting for land (Missonier-Piera, 2007).

***Plant***

The term "plant" has its origin in manufacturing, where the plant is literally used to house the production equipment. This includes buildings and other structures or improvements that have a limited life. Paved parking lots and sprinkler systems, as well as recreational and landscaping improvements are included. Also included in plant are fences, roads, and grading and excavation costs necessary to construction of buildings (Missonier-Piera, 2007).

The distinction between property (land) and plant is the duration of usefulness. Improvements to the property that will have a measurable or estimated life should be depreciated over that life. Therefore, they are charged to the plant account. If they are of indefinite life, they are treated as property. All expenditures directly related to the purchase or construction of buildings or other physical plant are included in plant cost. Land includes the cost of preparation of a construction site. All costs for a specific construction are included in the cost of the product (Missonier-Piera, 2007).

***Equipment***

Equipment includes the machinery, computers, office equipment, and all other long-lived items necessary for the operation of the business. These items require more managerial control because of their portability and general usefulness other than the purpose intended when acquired. They range in price from a minimum capitalization level to many millions of dollars for complex production machinery (Hastings, 2010).

***Furniture and office equipment***

Furniture and office fixtures are long-lived assets needed to run a business. In the service industries, except for buildings, these will be the major tangible assets of the business. The establishment of a reasonable minimum capitalization level has to be weighed against the other factors of managing this class of equipment. Office desks and chairs that are personally used by one manager will receive the attention necessary to safeguard and ensure proper maintenance as required. Also, office copiers, fax machines, and computers have a need for greater management and future planning (Peterson, 2002).

It is important that not all these items have a requirement for replacement in the same future year. Inclusion in the property record, which subjects such items to the controls provided in that system, may in fact reduce the dollar value at which it is desirable to maintain capitalization. These items should be included in a detailed policy and outlined in the handbook on asset capitalization or its chapter in the accounting policy manual of the business (Peterson, 2002). Giovanis and Drogalas (2012) have also provided an accounting classification of non-current asset. The first classification is a non-current asset account that reflects the acquisition value of land and the rights to land owned by the organisation. It includes all land held in fee simple and all rights to land that have no termination date.

The second classification is a non-current asset account that reflects the acquisition value of permanent improvements (other than buildings) that add value to the land or improve the use of the land. Examples of such improvements are fences, retaining walls, drainage systems, sidewalks, parking lots, and driveways. It is good to make clear that the terms "improvement" and "betterment" have different meanings when used with non-current asset. Improvements are non-current asset permanently attached to land. Betterments are additions to or changes in existing depreciable assets intended to increase their efficiency or prolong their useful lives.

The third classification is a non-current asset account that reflects the acquisition value of permanent structures owned by a business to house persons and property. Permanently installed fixtures to or within these structures are considered parts of the structures. The cost of major improvements to structures is included in this account. The fourth

classification is a non-current asset account that reflects the acquisition value of plants used to provide the services of utilities, including both the building and the equipment. Finally, it is a non-current asset account that reflects the value of tangible property, not permanently affixed to real property, used in carrying out the operations of the business. Examples of equipment are machinery, furniture, and vehicles.

**Processes of acquiring non-current assets**

Several studies have been conducted on the processes of acquiring non-current assets. For example, Pashkevych and Makurin (2016) conducted a study on the improvement of accounting depreciation of non-current assets computed by the units of production method in mining companies. It was found that the processes are determined by the various laid down procedures in the acquisition of assets such as board approval. Another study was done by Nijam (2018) on the motives for reporting fixed assets at a revalued amount. The study also showed that various mechanisms and processes are followed in the acquisition of non-current assets in companies.

Acquisitions or takeovers refer to a number of different transactions. These transactions can range from one firm merging with another firm to create a new firm to managers of a firm acquiring the firm from its stockholders and creating a private firm. In a purchase of assets, one firm acquires the assets of another, though a formal vote by the shareholders of the firm being acquired is still needed. Acquisitions can be friendly or hostile events. In a friendly acquisition, the managers of the target firm welcome the acquisition and, in some cases, seek it out. In a hostile acquisition, the target firm's management does not want to be acquired. The acquiring firm offers a

price higher than the target firm's market price prior to the acquisition and invites stockholders in the target firm to tender their shares for the price.

In either friendly or hostile acquisitions, the difference between the acquisition price and the market price prior to the acquisition is called the acquisition premium. The acquisition price, in the context of mergers and consolidations, is the price that will be paid by the acquiring firm for each of the target firm's shares. This price is usually based upon negotiations between the acquiring firm and the target firm's managers. In a tender offer, it is the price at which the acquiring firm receives enough shares to gain control of the target firm. This price may be higher than the initial price offered by the acquirer, if there are other firms bidding for the same target firm or if an insufficient number of stockholders tender at that initial price (Fuller, Netter, & Stegemoller, 2002).

There are four basic (and not necessarily sequential) steps in acquiring a non-current asset by a firm. The first is the development of a rationale and a strategy for doing acquisitions, and what an understanding of this strategy requires in terms of resources. The second is the choice of a target for the acquisition and the valuation of the asset, with premiums for the value of control and any synergy. The third is the determination of how much to pay on the acquisition, how best to raise funds to do it, and whether to use stock or cash. This decision has significant implications for the choice of accounting treatment for the acquisition. The final step in the acquisition, and perhaps the most challenging one, is to make the acquisition work after the deal is complete (Damodaran, 2008).

Non-current asset must be purchased using the purchase order (PO) process. POs capture the data required by the non-current asset module of Banner Finance, a feature that is not offered through a direct pay or procurement card purchase. The information included in the description in the commodity section of the PO is the information seen as the description on the non-current asset property report. It is important to use a description that will easily identify the asset. The expense must be coded upon receipt.

Upon receipt of goods, a non-current asset addition form must be completed in full, including a complete description, serial number, color, etc. For future reference and identification, it is important to include as much information as possible on this form. A copy should be retained by the department and the original forwarded to the department in charge of accounting for non-current asset to be entered into Banner to subsequently appear on the property report for the department. Upon receipt of the non-current asset addition form, a permanent tag number is assigned, documented, and forwarded to the department in charge of accounting for non-current assets. Once the department's administrator receives a permanent tag, it must be placed in a visible location on the asset (Guide & Wassenhove, 2001).

**Concept of non-current asset management**

Asset management is an emerging effort to integrate finance, planning, engineering, personnel, and information management to assist agencies in managing assets cost-effectively (Dornan, 2002). In its broadest sense, asset management is defined as a systematic process of maintaining, upgrading, and operating assets, combining engineering principles with sound business practice and economic rationale, and providing tools to facilitate a more

organised and flexible approach to making the decisions necessary to achieve the public's expectations (OECD, 2001). The main objective of asset management is to improve decision-making processes for allocating funds among an agency's assets so that the best return on investment is obtained.

To achieve this objective, asset management embraces all of the processes, tools, and data required to manage assets effectively (Nemmers, 2004). For this reason, asset management is also defined as a process of resource allocation and utilisation (Dornan, 2002). Asset management decisions are based on policy goals and objectives. The agency establishes policy goals and objectives to reflect the desired system condition and target level of service. Performance measures are selected to express the desired system condition and target level of service in an objective manner, and to allow tracking of progress toward desired goals.

To effectively support the asset management process, an asset management system should include strategic goals, inventory of assets, valuation of assets, quantitative condition and performance measures, measures of how well strategic goals are being met, usage information, performance-prediction capabilities, relational databases to integrate individual management systems, consideration of qualitative issues, links to the budget process, engineering and economic analysis tools, useful outputs, effectively presented and continuous feedback procedures (McElroy, 2002).

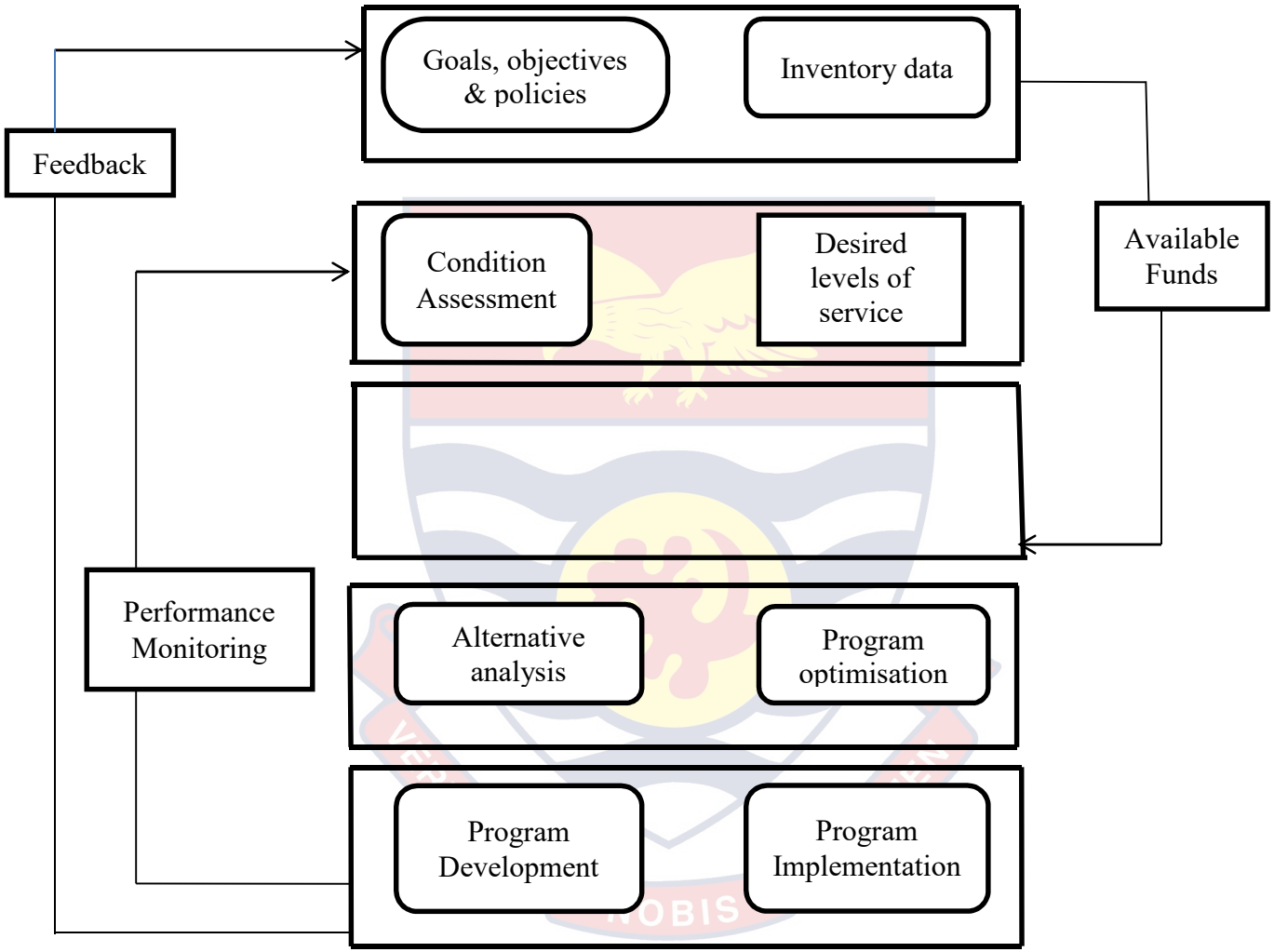


*Figure 1*: Components of an Asset Management System

Source: Smith (2005)

**Components of an asset management system**

An asset management system undertakes several procedures, enhancing different components, tools, and activities. Asset management systems provide decision-makers with tools for evaluating probable effects of alternative decisions. These tools develop decision support information from quantitative data regarding the agency's resources, current condition of physical assets, and estimations of their current value. These asset management elements can be grouped into five major building blocks: basic information, performance measures, needs analysis, program analysis, and program delivery (Krugler et al., 2007).

**Goals, objectives and policies of asset management for asset management**

Asset management is a goal-driven management process. To manage assets effectively, the decision-making process must be aligned with the agency's goals, objectives, and policies. Goals are expressed in terms of objectives to be met over the planning horizon. Policies are developed to provide the necessary framework to support achieving target objectives. Policies regarding engineering standards, economic development, community interaction, political issues, administration rules, and the agency's organisational structure influence asset management components (Zhang & Zhang, 2009).

**Data inventory**

The asset inventory contains information about physical location, characteristics, usage, work history, work plan, costs, resources, and any other information considered relevant by the agency. Additional information

provided by asset management systems may include financial reports about the agency's assets, showing both the current economic value and future asset value estimates. Decisions regarding the type and amount of data to be collected are made based on the agency's needs for decision support and available resources (Vanier, 2001).

**Condition assessment**

Knowledge of current condition is needed to assess the asset network current scenario. Condition assessment is expressed in terms of performance measures selected by the agency. These performance measures should be the ones used by the agency to establish objectives. Condition indices, percentage of the network system rated in good condition, and remaining life of the asset network are some examples of performance measures used for physical assets (Wang, 2004).

**Desired level of service**

Performance measures are also used to establish the desired level of service for the asset network. Establishing level of service goals for the planning horizon allows the development of strategies to achieve those goals.

**Performance modelling**

Performance models are used to predict future scenarios for the asset network. Projecting the asset network condition over the planning horizon serves to identify future funding needs. Appropriate selection of performance models is essential to effective asset management. The selection of performance models is based on the types of assets being managed and the

data available in the agency's data inventory to support the models (Kang & Wu, 2011).

***Action and funding analysis***

Actions considered in the strategy require funding. Funding analysis involves forecasting the impact of investment strategies on the asset network. This impact is assessed by analysing changes in performance measures used by the agency.

***Alternative analysis methodologies***

Program analysis implies studying different alternatives that may be feasible for implementation. Analytical tools are developed to assist agencies in evaluating the implications of different investment scenarios and work plan strategies. "What if" analyses are usually performed to assess the impact of alternative management decisions. This type of analysis is difficult, if not impossible, without the assistance of analytical tools. Using analytical tools to assist evaluating alternative decisions may involve simulation, life-cycle costing, benefit/cost analysis, database query, optimization, risk analysis, and other methodologies. Using decision-support tools to assist an agency's personnel in identifying needs and comparing investment alternatives is essential in the asset management process (Kang & Wu, 2011).

**Program optimization**

The available budget is allocated among a subset of projects requiring funds. Decisions are made about how to allocate limited funds to new construction, rehabilitation, maintenance, and rehabilitation projects. The aim

is to optimize the use of funds invested by selecting the best overall group of projects from among all of these funding categories.

**Program development**

Project-selection criteria should be established to assist in the selection of the best group of projects. Having criteria for project selection implies having methods of identifying both short- and long-term effects expected from projects. Methods of prioritizing work activities and selecting projects are based on economic techniques, but social and political factors should also be considered in the criteria.

**Program implementation**

The implementation program must address every aspect of the management process. Procedures for goal review, policy review, data collection, data storage, data access, condition assessment, budget development, construction, maintenance, monitoring, and feedback should be considered in the implementation program. The implementation program should involve all management levels that participate in the decision-making process.

The implementation of an asset management approach in the programming and budgeting cycle requires continuous encouragement from upper management as well as commitment from all personnel involved. In practice, an asset management approach can only succeed if it can support the agency management process efficiently. The effectiveness of an asset management approach should be reflected in savings to the agency. However, these benefits can only be achieved if the agency ensures that the asset

management system is properly used at all management levels (Zhang & Zhang, 2009).

**Performance monitoring**

Monitoring the asset performance over the planning horizon serves to assess whether the desired level of service is being accomplished or not. Performance monitoring requires tracking performance over time, which allows the agency to detect changes in the asset condition and to take necessary corrective actions if needed. The desired level of service targeted by the agency may also be adjusted based on results from implementation (Ross, Westerfield, & Jordan, 2008).

**Feedback**

Feedback is an essential activity to maximize the agency's benefits from an asset management system. The asset management system should be capable of incorporating lessons learned from monitoring the ongoing process. Goals, objectives, and the agency's policies may be adjusted based on feedback from implementation. However, great care should be taken before modifying core components of the system. Frequent modifications can damage its credibility. Major modifications to the system, including changes in database requirements, prediction models, economic analysis techniques, and reporting tools, deserve careful evaluation. Minor changes that simplify the flow of information in the process are preferred. Particularly preferred are those changes that provide better means of accomplishing the agency's objectives without disturbing ongoing activities (Ross, Westerfield, & Jordan, 2008).

**Non-Current asset management process**

A non-current asset management program is important for many reasons, such as the control of loss of assets due to pilferage, theft, and neglect. A reliable non-current asset management program has an additional fundamental value in maximising the use of assets within the organisation by sharing these assets between departments (Ross, Westerfield, & Jordan, 2008). In this regard, Baez (2004) has identified various processes as essential in the management of non-current assets.

**Determining non-current asset needs (planning)**

This process involves identifying any institution strategies, goals, and objectives that are directly or indirectly related to non-current asset management. Such institutions may include a university. An indirect university strategy related to non-current asset might be a requirement, intended to provide employment opportunities to the disabled, that the organisation purchases certain types of assets for the blind. Such non-current asset goals can be linked to an organisation's strategies, goals, and objectives. Furthermore, planning for non-current asset management should include a requirements determination, forecasting, budgeting, and scheduling (Keown, Petty, Martin, & Scott, 2005).

**Establishing centralized non-current assets management**

Another process for managing non-current assets is to consider establishing a central non-current assets office responsible for policy-making and oversight. This central non-current asset office would be responsible for the management and direction of the full spectrum of non-current assets

activities and functions. A central non-current assets management function should be located at a level that provides sufficient authority, independence, and safeguards to foster the goals and objectives of the non-current assets program (Lu, 2011).

**Identify, document and implement the policies, procedures, and controls needed**

Policies, procedures, and controls should clearly define legislative intent while providing suitable administrative discretion in central non-current assets management. In cases where there is a central non-current assets authority, delegated activities should be controlled by rules, policies, and procedures and should be monitored for compliance. The central non-current assets office should be authorized to adopt any additional rule needed to carry out the job (Baez, 2004).

**Purchase the asset (procurement)**

Policies and procedures for purchasing non-current assets should be in place (i.e. approval limits). After procurement, there is the need for the receiving department to inspect all incoming materials, reconciling packaging sleep with material received. In addition, it should report any discrepancy in quantity ordered versus quantity received. Moreover, it should enter the asset as part of the inventory by labelling the asset and recording the information in the inventory system. This process also involves putting in place suggested policies and procedures for storing and distributing non-current assets. Also, all non-current asset management offices should maintain the value of items in stock at the lowest practical levels at all times in order to economise in the use

of working capital and to minimise storage costs. Inventory control procedures should adequately protect the non-current asset (Christmann, 2000).

**Repair and maintain the assets**

Repairs and periodic maintenance should be in place. The institution should clearly define what constitutes damaged, obsolete, or unneeded items. Those items which have no further value should be destroyed. The disposal of any surplus items must comply with the organisation's surplus property rules. There is also the need to ensure the establishment of a general non-current asset account for property, plant, and equipment acquired by general, special revenue, capital project, or proprietary funds. The entity must establish a value-for-all non-current assets, and accurate records must be maintained by determining the acquired value of the asset, salvage value, useful life, and depreciable basis (Mard, Hitchner, & Hyden, 2007).

**Monitor and evaluate the non-current assets management process**

The organisation should periodically evaluate the various non-current asset management processes 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 (2001), non-current asset performance measurements are the collection of specific information regarding the results of the non-current asset management function. It includes the measurement of the job that is being accomplished and is considered the basis of managing by results (Baez, 2004).

**Challenges associated with the management of non-current asset**

The issue of managing non-current assets as inventory is something that has been around for quite a while. Despite the modest advantages, there are some disadvantages to this approach. Fundamentally, inventory is expected to be transient, while non-current asset is not. Managing non-current assets is a much different discipline and business requirement than managing inventory. Similarly, inventory focuses on quantities of an item, while non-current assets are about a specific use of that item.

Again, inventory revaluation is a business exception that is typically reserved for obsolete items or used when the value changes drastically over a short period of time. But the value of a specific non-current asset can change at different points during ownership, due to completely different reasons such as damage, improvements, etc. The accounting for these changes is vastly different and more complex with non-current assets.

At a minimum, there must be a change to the depreciation schedule. Whether within the company or between customers (e.g. leases and rentals), tracking the movement both physically and financially requires precision. Inventory systems are not in a place to accommodate such changes.

Finally, many non-current assets are created and valued based on two or more purchase/manufacturing activities. A simple example is the acquisition of equipment that requires installation and setup. The initial purchase is one transaction followed by the installation and setup, which can be several additional 'related' transactions. Once again, getting this exactly right with a non-current asset management system is challenging, but it is even more cumbersome when only using an inventory system (Josh, 2014).

**Chapter Summary**

This chapter reviewed literature on studies related to the present study. The chapter took into consideration issues that concern the importance of non-current asset acquisition and the importance of non-current asset management for managerial decision-making in public corporation and limited liability companies. The literature review also looked at the concept of assets, concept of fixed assets, procedures involved in the acquisition of non-current asset, concept of non-current asset management, components of non-current asset management system, processes involved in non-current asset management, and challenges associated with the management of fixed asset.

# CHAPTER THREE

# RESEARCH METHODS

## Introduction

This chapter presents the research methods that were employed in the study. The key issues in this chapter include the study area, research design, population, sampling procedure, data collection instrument, data collection procedures, data processing and analysis, and ethical considerations.

## Research Design

This study employed the qualitative research design. Specifically, the exploratory study design was used. Qualitative research can be defined as any kind of research that produces findings not arrived by means of statistical procedures or other means of quantification (Creswell & Creswell, 2017). Qualitative research is mostly inductive. The choice of research methodology depends mainly on the nature of the research question. For rather explorative studies like the present study, qualitative methods seem to be a suitable choice (Strauss & Corbin, 1990). Instead of measuring the phenomenon of integration by numbers, this dissertation used open questions to explore the views of employees who were involved in the acquisition and management of non-current asset. The main focus of this research is inductive, trying to develop an understanding of the acquisition and management of non-current asset. This is the principal reason why the qualitative approach was employed.

**Study Area**

The study was conducted at Ghana Shippers' Authority, which was established in 1974 by NRCD 254 and has since then worked closely with both private and public organisations in the maritime transport industry in galvanizing the interest of shippers in Ghana while promoting the provision of relevant logistics for the growth and improvement of shipping in Ghana. The Authority seeks to be a world class service organization that ensures for shippers in Ghana quick, safe, and reliable delivery of import and export cargoes by all modes of transport at optimum cost. Their mission is to effectively and efficiently manage Ghana's commercial shipping and to protect and promote the interests of shippers in relation to international trade and transport logistics.

**Population**

Gorard (2001) opined that population is a group, usually of individuals, from which a sample can be selected to generate results of a study. The population is the group out of which the respondents are obtained. For this study, the population was made up of employees of Ghana Shippers' Authority. Specifically, the population of the study comprised employees who work at the legal department, human resource department, audit department, accounts department, and finance department. From this one person each was taken from the departments totalling ten (10) in number. The reason for the choice of the population is based on the fact that they are those who are regarded as being in the position to provide in-depth information for the study. Specifically, they are those who can provide information on the acquisition and management of non-current asset.

**Sampling Procedure**

A sample is a portion or subset of a larger group called a population (Fink, 2003). Sampling procedures can either be probability (where every person in the population has an equal chance to participate in the survey) or non-probability. Although non-probability samples limit the research's generalizability, they are often chosen in studies where in-depth information is sought (Brunt, 1997). Typical techniques for non-probability samples are purposive sampling, quota sampling, convenience sampling, or snowball sampling.

The study adopted the purposive sampling technique to sample the workers at Ghana Shippers Authority, Takoradi. With this technique, the researcher specifically sampled employees in the five departments since they are deemed as possessing in-depth information on the study. In all, ten (10) respondents were sampled for the study. This number was selected on the basis of the availability of the respondents, their assigned responsibility in relation to management of asset of the Authority, and the interviewer reaching saturation. The population of the study comprised employees who work at the legal department, human resource department, audit department, accounts department, and finance department, totalling ten in number. These people were selected because they were those who are deemed to be able to provide detailed and rich information to achieve the objectives of the study.

**Data Collection Instrument**

The most widely employed method in qualitative research is the in-depth interview, where the interviewer can encourage the respondents to talk, ask supplementary questions, or ask respondents to further explain their

answers. In-depth interviews are often divided into structured, semi-structured, and unstructured interviews according to their interview schedule and design (Bryman, 2004). A structured in-depth interview guide was used as the data collection instrument. With this instrument, open-ended questions were used. The use of the open-ended questions allowed respondents to explain their point of view and understanding on the acquisition and management of non-current asset. The interviewer also had the opportunity to clarify any ambiguity about the instructions or questions. This allowed probes on questions to encourage the respondent to enlarge on, clarify, or explain answers (Veal, 2006).

The interview guide was developed under five main sections. Section A looked at the background characteristics of respondents, with emphasis on their age, sex, marital status, educational qualification, number of years at work. Section B focused on types of non-current asset available in Ghana Shippers' Authority. Section C looked at procedures involved in the acquisition of non-current asset in Ghana Shippers' Authority. Section D covered the processes involved in the management of non-current asset in Ghana Shippers' Authority. Section E explored the challenges associated with the management of non-current asset in Ghana Shippers' Authority.

**Data Collection Procedures**

The data collection was done by the researcher. The interviews were conducted at convenient places in the various departments selected for the study. Prior to the interview, respondents were informed about the purpose of the research, the need to tape-record the interview, and the confidentiality and

anonymity of the information given. The interviews lasted between 15 and 30 minutes and the recordings were complemented with notes taken during the interview and impressions, ideas, and thoughts of the interviewer that arose from the interview.

**Data Processing and Analysis**

The study adopted a qualitative analytical approach for analyzing the data. The data was transcribed into and analyzed under thematic areas based on the responses. Responses that were consistent were analyzed together to check for clarity and consistency. The themes that emerged were used to answer the research questions of the study.

**Ethical Considerations**

Before the study was conducted, the researcher wrote to the Director of Ghana Shippers' Authority as well as the heads of the various departments selected for the study for permission to carry out the study. For the respondents, the study was guided by three major ethical principles: informed consent, confidentiality, and anonymity. To seek the consent of respondents, the purpose of the study was explained to respondents for them to get a clear understanding of the study and also to voluntarily participate. Verbal consent was sought from each respondent by either telling the researcher that he/she agrees to participate in the study or not. On confidentiality, respondents were informed and assured that the information given by them will solely be used for the purpose of the study but not for other purposes. Furthermore, respondents were informed that the information given will not be disclosed to third parties. To ensure anonymity, all forms of identification, including

respondents' names, addresses, and telephone numbers were not taken during the study.

# CHAPTER FOUR

# RESULTS AND DISCUSSION

## Introduction

The purpose of the study was to assess how the acquisition and management of non-current asset is done in Ghana Shippers' Authority. This chapter presents results on data obtained from the study and discusses the results in line with the literature reviewed.

## Demographic Characteristics of Participants

Table 1 shows the demographic data of the participants. The demographic characteristics considered relevant for this study included age, sex, marital status, educational qualification, number of years at work. It was found that half of the participants were aged 50 years and above. It was also found that the greater percentage (70%) of the respondents were males whereas 30% are females. It was also found that 80% of the participants were married while the remaining 20% were single. In terms of educational qualification, 60% had first degree whereas 20% had Higher National Diploma and second agree. The study also showed that 40% have worked at the organization for 11 years and more whereas 30% have worked below 5 years.

**Table 1: Demographic Characteristics of Participants**

| Variable | Frequency | Percentage |
|---|---|---|
| **Age** | | |
| 20-29 | 3 | 30.0 |
| 30-49 | 2 | 20.0 |
| 50 and above | 5 | 50.0 |
| **Sex** | | |
| Male | 7 | 70.0 |
| Female | 3 | 30.0 |
| **Marital status** | | |
| Married | 8 | 80.0 |
| Single | 2 | 20.0 |
| **Educational qualification** | | |
| Higher National Diploma | 2 | 20.0 |
| First degree | 6 | 60.0 |
| Second degree(masters) | 2 | 20.0 |
| **Number of years at work** | | |
| Below 5 years | 3 | 30.0 |
| 5-10 years | 3 | 30.0 |
| 11 years and above | 4 | 40.0 |
| Total | 10 | 100.0 |

Source: Fieldwork (2019)

**Types of Non-Current Assets Available in Ghana Shippers' Authority**

The first objective of the study sought to explore respondents' understanding on the types of non-current asset available in Ghana Shippers' Authority. To achieve this objective, respondents were asked to describe non-current asset. It emerged that respondents considered non-current asset as non-monetary assets that are acquired by a company for use over a long period of time. One of the respondents said the following when asked to describe non-current asset:

> *Non-current assets are assets that are acquired to be used over a long period of time and not easily convertible into cash, and have a life span of more than 1-5 years depending on the type of asset, but they are long term in nature (R#1).*

Another respondent described non-current assets by saying the following:

> *All the assets we have in our job or feeder projects that are not consumable assets. When I say non-consumables, examples are our buildings, vehicles and all the landed properties the Authority has acquired are the non-current assets* (R#3).

Findings on the meaning of non-current asset as non-monetary assets of a firm support the findings of previous studies. The findings support the findings of Brady (2001), who considered non-current assets as any item costing over a certain dollar amount, large or small, to an item that has a certain useful life. The findings also support the findings that non-current assets are classified as land, improvements other than buildings, operating plants, equipment, vehicles, and construction in progress (Peterson, 2002). In

the same way, Delaney et al. (2002) also described non-current assets as both movable and immovable items in an organization.

On the classification of non-current assets, respondents mentioned non-monetary assets such as buildings, furniture, and land as the types of non-current asset. In relation to this, R#7 said the following:

> *Non-current asset can be classified into buildings, equipment, computers and land. They are all classified as Non-current asset. We need those assets for us to manage the business. They are referred to us as capital assets.*

Similarly, R#1 also said the following when asked about the classification of non-current asset:

> *Non-current assets are assets that are fixed in nature like our buildings, vehicles, equipment we work with, which cannot be easily converted into cash.*

Findings on the types of non-current assets indicate that non-current assets include land, buildings, and equipment such as furniture and computers. The findings of the study confirm the findings of Harrison (2006), who provided four main types of fixed assets. These are property, plant, equipment, and furniture and office equipment. The findings of the study further support the findings of Giovanis and Drogalas (2012), who provided an accounting classification of non-current asset to include all land held in fee simple and all rights to land that have no termination date, fences, retaining walls, drainage systems, sidewalks, parking lots, and driveways, permanently installed fixtures

to or within a firm, building and equipment such as machinery, furniture, and vehicles.

**Procedures Involved in the Acquisition of Non-Current Asset**

The second objective of the study examined the procedures involved in the acquisition of non-current asset at Ghana Shippers' Authority. In describing the procedures/processes, four major procedures emerged. The first is the development of a rationale and a strategy for doing acquisitions. The second is the choice of a target for the acquisition and the valuation of the asset. The third is the determination of how much to pay for the acquisition, how best to raise funds to do it, and whether to use stock or cash. The final step in the acquisition is to make the acquisition work after the deal is complete.

In explaining the development of a rationale and a strategy for caring out the acquisitions as a procedure for acquiring non-current asset, R#7 said the following:

> *Like I said the department that needs the asset, shall incorporate its requirement in the department budget and this is included in the overall strategy in place, maybe this year we want to acquire 2 vehicles, we want to develop this land, so that we can develop a procurement plan, to initiate the tender process. If we want to buy a car or an asset, we have to go through the procurement process and when the procurement order is due then the purchase order will be made.*

In the same manner, R#2 had this to say to confirm the development of a rationale and a strategy for doing acquisitions as a procedure for acquiring non-current asset:

> *In Ghana Shippers' Authority, non-current asset is instructed out of the strategic plan and programs the authority has earmarked in its four (4) years strategic cycle which defines where the authority wants to go with regard to it capital improvement, acquisitions, purchases or payments. The plans shall have the approval of the board, before it will be sent to the departments. It has to be in the annual budget approved by the board before management would enforce it.*

On the choice of a target for the acquisition and the valuation of the asset as a procedure for acquiring non-current asset, one of the respondents said this:

> *You see the procurement law we follow does not really give you a target asset to choose. You can even describe the items and then those who submit the bill/tender would give you what they have, if what they have match your requirement then you have to scale down and look at the prices as the last option to consider* (R#5).

Another respondent said the following when asked about how the acquisition and the valuation of the asset is considered a procedure for acquiring non-current asset:

> *In this case, we get people outside the Authority to provide the bases for exactly what we need in terms of the right values and*

> *quality. To the extent that we request external consultant to make a recommendation before the procurement.*

Another procedure on the acquisition of non-current asset that emerged from the study is the determination of how much to pay on the acquisition, how best to raise funds to do it, and whether to use stock or cash. On this, R#1 said:

> *Some of the value are not so much that we can give about 70% or 80% but depending on the value and the quantity you want to buy if it is so huge, we enter into agreement and give you 40%. So, it is not fixed but it depends on the situation and the value of the items, we agree with the person as part of the agreement. The account department they have a system that they tag all those equipment right to determine their location and then they also have a system to check when a particular item was bought, who the particular item was assigned to, and the particularly item needs to be auctioned.*

In line with this, R#4 said "*Apart from cash payments we can use cheque payment or lease*".

Finally, respondents also demonstrated how non-current asset can be acquired by making the deal work after acquisition. With this, R#2 said:

> *Once the procurement award letter is given, the supplier acknowledging the award letter and the terms and condition in the award letter is also given. After that, the procurement department will write to inform the management and using laptop as an example, that indeed this laptop has been*

*purchased and supplied to the specifications in the award letter and that payment should be made.*

Findings on the procedures for the acquisition of non-current assets show that, at Ghana Shippers' Authority, non-current assets are acquired through the development of a rationale and a strategy for doing acquisitions; choice of a target for the acquisition and the valuation of the asset; determination of how much to pay on the acquisition, how best to raise funds to do it, and whether to use stock or cash; and making the acquisition work after the deal is complete.

The findings confirm the findings of Damodaran (2008), who argued that there are four basic (and not necessarily sequential) steps in acquiring a non-current asset by a firm. The first is the development of a rationale and a strategy for doing acquisitions, and what and understanding of this strategy requires in terms of resources. The second is the choice of a target for the acquisition and the valuation of the asset, with premiums for the value of control and any synergy. The third is the determination of how much to pay on the acquisition, how best to raise funds to do it, and whether to use stock or cash. This decision has significant implications for the choice of accounting treatment for the acquisition. The final step in the acquisition, and perhaps the most challenging one, is to make the acquisition work after the deal is complete. Similarly, Guide and Wassenhove (2001) identified that, upon receipt of goods, a non-current asset addition form must be completed in full, including a complete description, serial number, color, etc. They added that a copy should be retained by the department, with the original forwarded to the department in charge of accounting for non-current asset to be entered into Banner to subsequently appear on the property report for the department.

**Processes Involved in the Management of Non-Current Asset**

The third objective of the study explored the processes involved in the management of non-current asset at Ghana Shippers' Authority. To achieve this objective, respondents were asked several questions. However, it emerged from the study that Ghana Shippers' Authority manages its non-current asset by determining non-current asset needs, establishing centralized non-current asset management, and monitoring and evaluation of non-current asset.

Commenting on one of the processes involved in managing non-current asset, R#2 spoke about how non-current assets are managed through the determination of non-current asset needs. On this, he said the following:

> *Departments are asked to submit their procurement needs. Procurement needs are categorised into quarters and budget is allocated for it. The budget needs to be approved by the governing board of the authority and as the need arises, they put it in a procurement request or requisition.*

Findings on the determination of non-current asset needs as a process for managing non-current asset confirm the findings of Baez (2004), who identified that this process involves identifying any institution strategies, goals, and objectives that are directly or indirectly related to non-current assets management. Such non-current asset goals can be linked to an organisation's strategies, goals, and objectives. Furthermore, planning for non-current asset management should include a requirement determination, forecasting, budgeting, and scheduling (Baez, 2004).

Some of the respondents also spoke about how non-current assets are managed through the establishment of centralized non-current asset

management. When asked about the processes involved in the management of non-current asset, R#1 said this:

> *When equipment breaks down, the Shippers' Authority calls on its service providers to come and service the assets based on the terms of agreement. The contract for service is also validated through the procurement process.*

Similarly, R#3 added that, in managing non-current asset, Ghana Shippers' Authority operates through the establishment of centralized non-current asset management. He said the following to buttress his point:

> *In Shippers' Authority, non-current asset are managed by three different department; the legal and estate, the procurement and finance. The three (3) department work together in the management process. The finance department compile the non-current assets register, compute deprecations, extracting netbook vales for reporting, classification of assets etc., the legal and estate department deals with the title registration and contractual issues and the procurement department execute the overall procurement functions. So basically, these departments work inter alia in the management of the non-current asset of the Authority.*

Findings that non-current asset management process involves the establishment of centralized non-current asset management support the findings of Baez (2004), who found that another process for managing non-

current asset is to consider establishing a central non-current assets office responsible for policy-making and oversight. This central non-current asset office would be responsible for the management and direction of the full spectrum of non-current assets activities and functions. A central non-current asset management function should be located at a level that provides sufficient authority, independence, and safeguards to foster the goals and objectives of the non-current assets program.

On the monitoring and evaluation of non-current asset as a process of managing non-current asset, R#5 had this to say:

> *Even though we have monitoring and evaluation as a department, however, on monthly basis departments submitted reports gives some indication on how noncurrent asset are managed in managing the process of non-current asset. Because I think every month you have to submit to them what you brought in within the period, what has left within the period, those which are due for disposals and all these information has to be submitted to them on monthly basis so in a way I can say they monitor the process also.*

Similarly, R#4 also described how non-current assets are managed through monitoring and evaluation:

> *For instance, when you come to the Ghana Shippers' Authority, we have managers who is in charge for the maintenance the facilities especially the shared area. This is because, our buildings house other clients who have which we have service providers who has been tasked in servicing those*

*assets. For example, the AC's and the lifts are serviced every three months so unless there is a major issue this routine maintenance agreement and structures are in place.*

On monitoring and evaluation of non-current asset as a process for managing non-current asset, findings from the study are in line with the findings of Brady (2001), who argued that the organisation should periodically evaluate the various non-current assets management processes for effectiveness and efficiency. This information should be used to enhance or modify current processes. Managerial reports should identify trends for key performance measures. The monitoring and evaluation, according to Baez (2004), should include the measurement of the job that is being accomplished and is considered the basis of managing by results.

**Challenges Associated with the Management of Non-current Assets**

The fourth objective of the study looked at the challenges associated with non-current asset management at Ghana Shippers' Authority. It emerged from the interviews that poor records keeping and bureaucracy are the key challenges associated with the management of non-current asset at Ghana Shippers' Authority. On how poor record keeping serves as a challenge to the management of non-current asset, R#1 said the following:

*Yes I think there a lot of challenges. I believe that as a staff stationed in Takoradi, I am using laptop as an example and when I am transferred to Accra definitely I have to carry my laptop along. So sometimes if the monitoring system is not done well by those assigned to it, they might easily forget and find difficulties in tracking that particular asset.*

Again, R#5 added the following to buttress how poor record keeping serves as a challenge to non-current assets management at Ghana Shippers' Authority:

> *There are instances where non-current asset are moved without prior information to the officer in charge so you will move round thinking that, I am expecting to find an item here but you go there and you cannot find the items only to realise that an item has moved to another place without your notice so these are some of the challenges.*

On bureaucracy, R#3 had this to say:

> *The challenges I will say is that there is a little of bureaucracy when it comes to getting information, solving problem, it is a right process but sometimes it causes delay*.

Similarly, R#4 demonstrated how bureaucracy affects non-current assets management at Ghana Shippers' Authority. On this, he said the following:

> *I keep saying Shippers' Authority is a government agency and we are also backed by the procurement law so it makes it very difficult because when certain assets require urgent attention and because our hands are tight they have to go through the process to select someone to take care of that which causes a lot of delays. Again, because the procurement law itself on the procedures takes a longer time to go through to select a person specially based on the requirement we need for eligibility.*

Findings on the challenges associated with the management of non-current asset confirm the findings of Josh (2014), who asserted that whether within the company or between customers (e.g. leases and rentals), tracking the

movement, both physically and financially, requires precision. Inventory systems are not in a place to accommodate such changes. On bureaucracy, he added that many non-current assets are created and valued based on two or more purchase/manufacturing activities. A simple example is the acquisition of equipment that requires installation and setup. The initial purchase is one transaction followed by the installation and setup, which can be several additional 'related' transactions.

**Chapter Summary**

This chapter presented the results and discussion of the study on how the acquisition and management of non-current asset is done in Ghana Shippers' Authority. Specifically, the chapter presented the socio-demographic characteristics of the participants, the types of non-current asset available in Ghana Shippers' Authority, the procedures involved in the acquisition of non-current asset in Ghana Shippers' Authority, the processes involved in the management of non-current asset in Ghana Shippers' Authority and the challenges associated with the management of non-asset in Ghana Shippers' Authority. The results were also discussed in light of previous evidence.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## Introduction

This chapter presents the summary of the study, conclusions drawn from the study based on the findings, and recommendations based on the conclusions drawn from the study.

## Summary

The purpose of the study was to assess the acquisition and management of non-current asset at Ghana Shippers' Authority. The exploratory study design was used as the research design for the study. The population for the study was employees who work at the legal, human resource, audit, accounts, and finance departments of Ghana Shippers' Authority, Takoradi. Sampling of the respondents was done using convenience sampling and a sample size of 10 employees was used for the study. An in-depth interview guide was used as the data collection instrument, and data was analysed using content analysis.

Results on the types of non-current asset showed that non-current asset are non-monetary assets such as buildings, furniture, and land. On the procedures involved in the acquisition of non-current asset, it was found that non-current assets are acquired through the development of a rationale and a strategy for doing acquisitions; choice of a target for the acquisition and the valuation of the asset; determination of how much to pay on the acquisition, how best to raise funds to do it, and whether to use stock or cash and making the acquisition work after the deal is complete.

With the processes involved in the management of non-current asset, it was found that non-current assets are managed by determining non-current asset needs, establishing centralized non-current assets management, and monitoring and evaluation of non-current asset. Finally, it emerged from the interviews that poor records keeping and bureaucracy are the key challenges associated with the management of non-current assets.

**Conclusions**

Based on the findings obtained from the study, the following conclusions are drawn:

First of all, at Ghana Shippers' Authority, Takoradi, non-current asset are non-monetary assets such as buildings, furniture and land. This implies that buildings, furniture, and land are the non-current assets at the dominant non-current assets at Ghana Shippers' Authority.

Secondly, Ghana Shippers' Authority, Takoradi acquires non-current asset through the development of a rationale and a strategy for doing acquisitions; choice of a target for the acquisition and the valuation of the asset; determination of how much to pay on the acquisition, how best to raise funds to do it, and whether to use stock or cash and making the acquisition work after the deal is complete.

Thirdly, non-current assets at Ghana Shippers' Authority, Takoradi are managed by determining non-current asset needs, establishing centralized non-current assets management, and monitoring and evaluation of non-current asset.

Finally, poor records keeping and bureaucracy are the key challenges associated with the management of non-current asset at Ghana Shippers' Authority, Takoradi.

**Recommendations**

Based on the conclusions drawn from the study, the following recommendations have been made:

Ghana Shippers' Authority should regulate its activities in such a way that there will be less bureaucracy in the acquisition and management of non-current asset.

A records department in charge of non-current asset should be tasked with record keeping that will address the challenges associated with poor record keeping.

To ensure good record keeping, equipment such as computers should be made available to all staff of Ghana Shippers' Authority so that information on the acquisition and management of non-current assets will be documented and sent to the records department for the necessary action.

It is suggested that further studies should be conducted using mixed method approach on the challenges facing Ghana Shippers Authority.

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**APPENDIX A**

**UNIVERSITY OF CAPE COAST**

**SCHOOL OF BUSSINESS**

**DEPARTMENT OF ACCOUNTING**

**INTERVIEW GUIDE FOR EMPLOYEES**

The purpose of the study is to assess the acquisition and management of non-current asset in Ghana Shippers' Authority. I will be very glad if you can provide responses to the set of questions to the best of your knowledge and understanding. You are free to withdraw from the study at any given point in the process of data collection. However, your responses will be treated with confidentiality and will be used solely for academic purpose. I will like to ask for your permission to record some of your responses in order to get the right information from you. This exercise will last for about 30 minutes. The results of the study will help improve upon the acquisition and management of non-current asset in Ghana Shippers' Authority. Thank you for your time and cooperation.

**Section A: Background information**

1. Tell me about yourself (age, sex, marital status, office/department, number of years in service

**Section B: Types of Non-Current Asset available in the Ghana Shippers' Authority**

2. In your opinion, how will you describe non-current asset?
3. Tell me specifically how non-current asset are classified
4. How will you explain monetary assets? Please, give examples.

5. In your opinion, what are non-monetary assets? Kindly give examples of non-monetary assets.

**Section C: Procedures involved in the acquisition of Non-Current Asset**

6. How will you explain the acquisition of non-current asset?
7. Kindly describe the procedures involved in the acquisition of non-current asset?
8. To what extent is the development of a rationale and a strategy for the acquisitions and the procedure in the acquisition of non-current asset?
9. How is the choice of a target for the acquisition and the valuation of the asset a procedure for the acquisition of non-current asset?
10. Kindly explain how non-current asset can be acquired through the determination of how much to pay on the acquisition, how best to raise funds to do it, and whether to use stock or cash.
11. As a procedure for acquiring non-current asset, how will you make the acquisition work after the deal is complete?
12. To what extent can non-current asset be purchased with the use of the Purchase Order (PO) process?

**Section D: Processes involved in the management of non-current asset**

13. How will you describe non-current asset management in an organization?
14. Briefly explain the components of non-current asset management? Kindly give examples.
15. As a process of managing non-current asset, how are non-current asset needs determined?
16. How will centralized non-current asset management be established in the process of non-current assets management?

17. In your opinion, how do your organization identify, document, and implement the policies, procedures, and controls needed in the process of managing non-current asset?
18. How does the procurement of non-current asset contribute to the processes involved in non-current assets management?
19. In the process of managing non-current asset, how does your organization repair and maintain the assets?
20. In what way does your organization monitor and evaluate the non-current asset management process?

**Section E: Challenges associated with the management of non-current asset**

21. Kindly describe the challenges associated with the management of non-current asset?
22. What are the personal challenges associated with the management of non-current asset? Kindly explain how they serve as challenges.
23. What are the organizational challenges that contribute to the management of non-current asset? Kindly explain how they serve as challenges.