The asset class on your balance sheet that nobody is managing

Furniture, financial control, and the commercial cost of not knowing what you own

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The asset class nobody is managing

Most organisations have well-established frameworks for managing their significant asset classes. IT equipment is tagged, tracked, and refreshed on defined cycles. Vehicles are logged, maintained, and disposed of through formal processes. Plant and machinery sits within asset management regimes that report upward to finance with reasonable reliability.

Furniture is different. It sits on the balance sheet, it depreciates, and it is periodically replaced — but in the vast majority of organisations it exists outside any formal asset management framework. There is no individual identification. There is no real-time location tracking. There is no systematic condition monitoring. There is, in many cases, no reliable count.

This matters more than it appears to. Furniture represents a substantial capital investment in any organisation with significant office, operational, or hospitality space. The decisions made about when to replace it, how to dispose of it, what it is worth, and where it actually is have direct consequences for capital expenditure planning, balance sheet accuracy, insurance adequacy, audit compliance, and increasingly, ESG reporting credibility.

Those decisions are routinely being made on data that is, at best, approximate and, at worst, significantly wrong.

The 2,000 that were 5,500

The clearest illustration of this problem is not theoretical. It is something that repeats, in different forms, across almost every furniture audit engagement.

Organisations do not typically arrive at an audit without data. They arrive with a spreadsheet — a record, maintained over time by facilities teams, of the furniture assets they believe they own. That spreadsheet represents the organisation's official position: it is what has been reported upward, what has informed depreciation schedules, what has shaped replacement budgets.

In a recent engagement, a client indicated approximately 2,000 assets. Before a single item had been physically inspected, analysis of that same spreadsheet data — cleaning duplicates, reconciling inconsistent descriptions, identifying items recorded multiple times under different references — revealed a figure closer to 5,500.

> *"The data that had shaped budgets, depreciation schedules, and replacement plans was wrong by a factor of nearly three — and nobody in the organisation knew."*

This is not an isolated example. It reflects a structural dynamic that operates in most organisations. Asset registers are built at a point in time — often during a fit-out or refurbishment — and then maintained informally, if at all. Assets move without being recorded. Items are disposed of without being removed from the register. New purchases arrive and are not always added. Over time, the gap between the official record and operational reality widens, silently.

The finance function does not see this. The data that arrives on the FD's desk has been produced by a system, presented in a spreadsheet, and signed off by someone with a job title. It carries the appearance of authority. The people who know it is unreliable — the facilities managers and building operators who work with the assets daily — rarely have both the standing and the evidence to challenge it upward.

What this costs

The financial consequences of unmanaged furniture asset data are specific and quantifiable, even if they rarely appear as a line item.

- Capex misspend replacement decisions made without visibility of what exists elsewhere in the estate lead to new purchases that duplicate assets already held in storage or underutilised locations. The asset is bought twice — once when it was originally procured, and again when it cannot be found.
- Ghost assets: items that remain on the register after disposal inflate book value, distort depreciation calculations, and create discrepancies that surface as audit findings. In regulated sectors, this is not merely an inconvenience.
- Insurance exposure: furniture valuations that inform reinstatement cover are only as reliable as the register they are drawn from. Both over-insurance and under-insurance carry cost — one in unnecessary premium, the other in inadequate recovery.
- Disposal liability: the cost of removing and disposing of end-of-life furniture is frequently invisible in forward planning. It arrives as an unbudgeted expense at the point of a refurbishment or relocation, when it is too late to absorb it gracefully.
- Missed redeployment value: assets that could be transferred between locations, refurbished, or resold are instead written off and replaced at full cost, because there is no system to identify and act on them.
- ESG reporting credibility: boards, investors, and lenders are increasingly scrutinising the evidence base behind sustainability claims. An organisation that cannot account accurately for its furniture assets cannot credibly report on waste diversion, circular economy activity, or the carbon impact of its procurement decisions.

Why nobody flags it

If the problem is this consequential, why does it persist? The answer lies in the incentive structure of the three functions that share custody of furniture asset data — and the fact that none of them owns the accuracy of the register as a strategic responsibility.

Procurement is incentivised to source and deliver new assets efficiently. Finding and redeploying existing ones is time-consuming, rarely measured, and not typically within scope. The path of least resistance is a new purchase order.

Facilities teams are incentivised to resolve problems quickly. Updating an asset register when a chair moves from one floor to another adds administrative burden with no immediate visible benefit. Over time, recording changes stops feeling like part of the job.

Finance teams are incentivised to close the books. They work with the data they receive. Questioning the reliability of the inputs is not their natural territory, particularly when those inputs come from an operational system and carry the implicit credibility of having been produced by someone else.

The result is that nobody is responsible for the accuracy of furniture asset data as an organisational resource — and so it degrades, predictably, until an audit, a relocation, or an insurance claim makes the gap visible. By that point, the cost of correction is substantially higher than it would have been if the register had been maintained.

The ESG dimension

There is a further dimension to this problem that is becoming increasingly material for finance leaders. ESG reporting — once the preserve of sustainability teams — is now subject to the same scrutiny as financial reporting in a growing number of jurisdictions and investment contexts.

For furniture specifically, this means being able to demonstrate: what was purchased and when; how long assets remained in service; how they were disposed of; what proportion was reused, refurbished, or recycled rather than sent to landfill; and what the embodied carbon implications of procurement decisions were. These are questions that regulators, investors, and large customers are beginning to ask directly.

An organisation without individual asset identification and lifecycle tracking cannot answer these questions with any rigour. It can offer estimates and approximations — but in a reporting environment that is moving toward assurance and third-party verification, estimates and approximations are becoming insufficient.

The finance function that gets ahead of this — by establishing accurate asset data as a foundation for both financial control and ESG reporting — is in a materially stronger position than one that waits for the reporting requirement to crystallise before addressing the data gap beneath it.

From audit to living register: the FRAME© model

Indesosa's FRAME© system — Furniture Review, Audit and Management Engine — was developed from more than 20 years of furniture asset management experience, including large-scale programmes covering hundreds of thousands of assets across complex multi-site estates.

The core principle is straightforward: an audit should not be a sunk cost. The investment in establishing an accurate baseline should become the foundation for ongoing management — not a snapshot that begins degrading the moment it is completed.

FRAME© begins with a structured audit: experienced project managers capture digital images of asset types, apply individual barcodes, and record location and condition at building level. The output is a complete, accurate, and individually identified asset register — which immediately corrects the gap between what the organisation believed it owned and what it actually owns.

The lifecycle module then reconfigures the same platform for day-to-day use. Any operator can record a move, a condition change, a repair, a disposal, or a new addition against an individually identified asset. The register stays current. The data that reaches the finance function reflects operational reality rather than institutional memory.

FRAME© is currently being deployed for a major European bank covering approximately 15,000 furniture assets, with the Lifecycle module introduced post-audit to provide continuous management capability. The attributes tracked — cost, supplier, warranty, condition, location, dimensions — are fully configurable, and the data synchronises with CAFM systems where these are in place.

The result is a furniture asset register that a Finance Director can rely on: accurate at baseline, maintained in real time, and capable of answering the questions that financial control and ESG reporting increasingly require.

A straightforward conversation

The solution to this problem does not require a complex implementation programme or a significant disruption to existing systems. It begins with establishing what the organisation actually owns — which is, in itself, a revealing exercise — and then putting in place a lightweight but disciplined mechanism for keeping that information current.

The organisations that do this find that the audit pays for itself quickly: in avoided duplicate purchases, in insurance premiums right-sized to actual asset values, in disposal costs that are planned rather than reactive, and in the confidence that comes from making capital decisions on data that has been verified rather than inherited.

Indesosa has the experience, the process, and the tool to make this straightforward. The conversation I would welcome is a practical one: what does your current furniture asset data look like, what decisions is it being used to inform, and what would it be worth to know that those decisions are being made on solid ground?

I would welcome the opportunity to discuss this further.

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