Process: Capex - Fixed Assets

Subprocess: Fixed Assets Management

Process Owner: SVP Administration   **Process Leader:** Director Administration

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Process: Capex - Fixed Assets

Subprocess: Fixed Assets Management: Depreciation

Process Owner: SVP Administration   **Process Leader:** Director Administration

Order	Task	Task Description	When	Responsible	Frequency	Tools
		Fixed Assets Depreciation				
0	Periodical depreciation process	Once the AUC, (asset under construction), is transferred to final asset it will start depreciating according to its depreciation key: - ZNH0 (most used) - Normal amor/depr starting next moth of the cap. date. - ZNH3 - Starting the same month as the capit. date. - ZNH1 - Indicating no amor/depr.	Once the asset has been capitalized	Administration FA/GL	N/A	SAP Fixed Assets Module
1	Depreciation percentages	The rate of depreciation of each asset will depend on the "Asset Class" chosen. Each asset class has a corresponding useful life by default, which can be amended in the case of hotels which are leased. Depreciation is calculated on a straight-line basis over the useful life The monthly depreciation will be the result of dividing the amount of the asset among all the months of useful life that this asset may have. In SAP, Asset classes are used to classify the fixed assets in the asset accounting according to the asset types. Each asset master data must be allocated to one asset class, for e.g. Building, Vehicles, Furniture, Machines, etc. There are various Depreciation Areas: 01 Book Depreciation (Corporate following IFRS standards and group reporting) 02 Fiscal Depreciation 10 Difference between book and fiscal 20 Book Depreciation (EUR) 40 Hard Currency Area "10"-"40" is only applicable to America, "20" to all countries with local currency different than EURO	Once the asset has been capitalized	Administration FA/GL	N/A	SAP Fixed Assets Module
2	Calculation and posting	The calculation and posting of the amortization will be carried out automatically on a monthly basis in SAP. For amortization purposes, the months will be for periods of 30 days. On a monthly basis, Administration-Administration-GL/ SSC will execute the depreciation pro+D14+D11	Day (last day of the month) 9:00 h FA depreciation	Administration FA/GL	On a monthly basis	SAP Fixed Assets Module / Transaction SAP AFAB
2.1	Calculation and posting: TEST RUN	**Previously** to the depreciation **posting run**, the amortization process has to be launched in **TEST RUN** to detect possible errors. It will be reviewed that the impact on P&L (depreciation provision) is online and is homogeneous with previous months.	Day (last day of the month) 9:00 h FA depreciation	Administration FA/GL	On a monthly basis	SAP Fixed Assets Module / Transaction AFAB
2.2	Calculation and posting: Depreciation Posting Run	**Once** the tests are done and **verified** that the figures are **correct,** the user will start the depreciation posting run. This depreciation will run in background, so it does not run in real time. It will generate a batch input that the user must execute so that the depreciation is posted. Once the batch input has been executed and processed, the amortization is posted in the system.	Day (last day of the month) 9:00 h FA depreciation	Administration FA/GL	On a monthly basis	SAP Fixed Assets Module / Transaction AFAB / Transaction SM35
3	Depreciation corrections	The useful life of an asset class can be changed only for Hotels in leasing, migration corrections or in case of impairments. In case the depreciation start date has to be amended, it should be done through the template Fixed Assets form: - Fixed Assets form – Unplanned depreciation: for not planned depreciation. - Fixed Assets form – Correction to previous years: In case to amend exceed of the amortized amounts in previous years.	When it is necessary to modify the depreciation	F&A Director / Fixed Assets Administration Responsible / Administration FA/GL	N/A	Fixed asset request template

Process: Capex - Fixed Assets

Subprocess: Fixed Assets Management: Retirements (scrapping)

Process Owner: SVP Administration   **Process Leader: Director Administration**

Order	Task	Task Description	When	Responsible	Frecuency	Tools
		Fixed Assets Retirements				
0	Fixed asset retirement	The final retirement of an asset involves its disposal of the asset portfolio of the center without any income in return. The asset retirements can be detected during the annual inventory of assets or any time of the year.	N/A	Hotel Manager or Central Service department / Fixed assets responsible of F&A / Administration-GL	N/A	SAP Fixed Assets Module
1	Annual inventory of assets	The fixed assets inventory must be carried out at least once a year (at annual closing). During the last quarter of the year, the fixed assets responsible will send each Hotel Manager the assets inventory of her/his center to check it. The Hotel Manager will be responsible for a thorough check and count of all the assets in his/her center. Once reviewed and before the end of the fiscal year, the Hotel Manager will send to the fixed assets responsible, the updated inventory and including the detected retirements of fixed assets.	Before annual closing	Hotel Manager or Central Service department / Fixed assets responsible of F&A	Once a year	SAP Fixed Assets Module
2	Request form for an asset scrapping	When an asset will be retired, it will be communicated via e-mail by the Hotel Manager or the Project Manager to the Fixed Assets Responsible. The Fixed Assets Responsible will fill in the template Fixed Assets form – Retirement by Scrapping, indicating the number/s of asset/s if it is about a complete retirement and if it is not, the percentage or unit to be retired.	After the annual inventory of assets or scrapping	Hotel Manager or Central Service department / Fixed assets responsible of F&A	N/A	Fixed asset request template
3	Asset retirement authorization	Asset retirement must be authorized according to the Net Book Value (NBV) of the asset: - If the 0 € ≤ NBV ≤ 5.000 €, the authorization of the Director and the Fixed Assets Responsible will be sufficient. - If the NBV > 5.000 €, it requires the signatures of the Operations Director and F&A Director.	Before sending the template to Administration	Director / Fixed assets Responsible / Operations Director / F&A Director	N/A	Fixed asset request template
4	Sending the template to the Administration	The Fixed Assets Responsible will send (DFM if SSC) the Fixed Assets form – Retirement by Scrapping template filled and authorized to the Administration-GL.	After the asset retirement is authorized	Fixed assets responsible of F&A	N/A	DFM
5	Receive and review approved request form	Administration-GL will receive the request form and will analyze that the request form is approved by the relevant approvers, and contains all the necessary information for its correct registration.	After the asset retirement is authorized	Administration - GL	N/A	Fixed asset request template
6	Asset retirement by scrapping and posting	Once the template has been received, Administration - GL will register the retirement in the fixed assets module in SAP and the system automatically will post the loss due to the scrapping in the corresponding account (when NBV is higher than zero). After the total retirement of an asset it will not be possible to post more movements on that asset, since it will be disabled.	After the authorized request form is received	Administration - GL	N/A	SAP Transaction ABAVN
7	Notify the requestor	After processing the request, Administration - GL will notify the requestor via DFM (if SSC) that the changes have been performed in the system.	After processing the request	Administration - GL	N/A	DFM Application (if SSC)

Process: Capex - Fixed Assets

Subprocess: Fixed Assets Management - Fixed Assets transfer (between center of the same legal entity)

Process Owner: SVP Administration   **Process Leader:** Director Administration

Order	Task	Task Description	When	Responsible	Frecuency	Tools
		Fixed Assets transfer (between center of the same legal entity)				
0	Identify the need for an Asset transfer and inform	The Hotel Manager / CS department identify the need to transfer an asset. The Hotel´s Director / CS department will inform, via email, to the Fixed Assets Responsible of F&A. Asset transfer is only possible between 2 Business Areas of the same Company, otherwise the transfer needs to be done as asset sale.	When the need arises	Hotel Manager or Central Service department / Fixed Assets Responsible of F&A	N/A	E-mail
1	Request form for an asset transfer	The Fixed Assets responsible of F&A will fill the template *Fixed Assets Form - Retirement By Transfer* , indicating the NH center to which it is going to be transferred, the number of asset/s, and if it is a total or partial transfer, indicating in this last case The percentage or units to be transferred. The request form will send via DFM (if SSC) application to Administration - GL	After the asset transfer request	Fixed Assets Responsible of F&A	N/A	[Fixed asset request template](#)
2	Asset Transfer authorization	Asset retirement must be authorized according to the Net Book Value (NBV) of the asset: - If the 0 € ≤ NBV ≤ 5.000 €, the authorization of the Director and the Fixed Assets Responsible will be sufficient. - If the NBV > 5.000 €, it requires the signatures of the Operations Director and F&A Director.	Before sending the template to SSC	Director / Fixed assets responsible / Operations director / F&A Director	N/A	[Fixed asset request template](#)
3	Asset Transfer registration	Once the template has been received, Administration - GLwill register the asset/s transfer indicating the original fixed asset and the final fixed asset (if it already exists, if not, one new must be created at that moment) and the part to be transferred (total value or a percentage).	After the asset transfer is authorized	Administration - GL	N/A	SAP Fixed Assets Module / Transaction SAP ABUMN
4	Asset transfer	Once the transferred is performed, automatically the system proceeds with: 1.- The asset retirement. 2.- Posting intercompany entries (intercenter), and 3.- Asset registration in the new center.	Once the asset is transferred	Administration - GL	N/A	SAP Fixed Assets Module / Transaction SAP ABUMN
5	Asset Depreciation (Accounting Impact)	In case that a total transfer of the original asset has to be done, this one will be removed automatically from the system, together with the accumulated depreciation. In case of a partial transfer the system will calculate the proportional part of the accumulated depreciation of the transfer. The asset transfer is always done based on the NBV, Net Book Value, either for its full or partial amount. Once transferred, the asset in the new center will start its depreciation based on the new value	After the asset transfer is transferred	Administration - GL	N/A	SAP Fixed Assets Module / Transaction SAP ABUMN
6	Notify to the requestor	After processing the request, Administration - GL will notify the requestor via DFM (if SSC) application that the changes have been performed in the system.	Once the asset is transferred	Administration - GL	N/A	DFM Application (if SSC)

Process: Capex - Fixed Assets

Subprocess: Fixed Assets Management - Fixed Assets sales (between centers of different legal entities or third parties)

Process Owner: SVP Administration | **Process Leader: Director Administration**

Order	Task	Task Description	When	Responsible	Frecuency	Tools
		Fixed Assets sales (between centers of different legal entity or third parties)				
0	Identify the need for an Asset sale and inform it	The Hotel Manager / CS department identify the need to sale an asset. The Hotel / CS department will inform, via email, to the Fixed Assets Responsible of F&A. A fixed asset sale, can take place within NH Hotel Group (Between different companies) or outside of NH Hotel Group (External customers).	When the need arises	Hotel Manager or Central Service department / Fixed Assets Responsible of F&A	N/A	E-mail
1	External valuation process	In the event of significant sales of assets, there must be a preferably an external valuation of them.	When the need arises	Hotel Manager or Central Service department / Fixed Assets Responsible of F&A	N/A	External appraisal report
2	Request form for an asset sale	The Fixed Assets Responsible of F&A will fill the template Fixed Assets Form - Retirement By Sale, indicating the customer to whom it is going to be sold, the number/s of asset/s and if it is a total sale and, if not, the percentage or units to sell. The request form will send via DFM (if SSC) application to SSC.	After the asset transfer request	Fixed Assets Responsible of F&A	N/A	Fixed asset request template
3	Asset Sales authorization	Asset sales must be authorized in function of the Net Book Value (NBV) of the asset: - If the 0 € ≤ NBV ≤ 5.000 €, the authorization of the Hotel Director and the Fixed Assets Responsible will be sufficient. - If the NBV > 5.000 €, it requires the signatures of the Operations Director and BU Administration Director.	Before sending the template to SSC	Hotel Manager / Fixed Assets Responsible / Operations director / F&A Director	N/A	Fixed asset request template
4	Asset Sale registration	Once received the template,Administration GL will register, in fixed assets SAP module, the retirements by sale. In case of existing profits or losses on sale (depending on the difference between the sale price and NBV) those will be accounted automatically in the accounts defined for profits or losses from assets sales.	After the asset sale is authorized	Administration - GL	N/A	SAP Fixed Assets Module / Transaction SAP F-92
5	Asset Depreciation transfer (Accounting Impact)	The asset retirement because of a sale could be total or partial. In case of a partial sale, it is possible to specify which part of the asset has been discharged through the introduction of a percentage of the original value, or directly indicating the amount that was withdraw from the original value. The system will use the percentage introduced or will be calculated from the amount indicated, to calculate the proportional part of the accumulated depreciation corresponding to the asset retirement.	After the asset sale is authorized	Administration - GL	N/A	SAP Fixed Assets Module / Transaction SAP F-93
6	Issue invoice	The invoice for an asset sale will be issued automatically at the same time of the asset retirement in system. The invoice will be submitted to the customer (buyer).	After the asset sale is authorized	Administration - GL	N/A	SAP Fixed Assets Module / Transaction SAP ZTFIAA_PAI
7	Create asset (only for NH Group)	In case of a sale within the NHHG, it will be necessary to create the asset in the new company and register the invoice in AP. All information for the asset receiver is provided in the template filled by the FA responsible so that Administration has all the necessary details to make the new asset in the new company.	After the asset sale is authorized	Administration - GL	N/A	SAP Fixed Assets Module / Transaction SAP ZTFIAA_PAI
8	Post AP invoice (only for NH group)	Administration-AP posts the invoice. As a consequence, the asset is automatically registered in new center (only for NH Group world).	After the asset sale has been authorized	Administration - AP	N/A	SAP Fixed Assets Module / Transaction SAP ZTFIAA_PAI
9	Notify the requestor	After processing the request, Administration will notify the requestor via DFM Application (if SSC) that the changes have been performed in the system.	Once the asset has been sold	Administration - GL	N/A	DFM Application

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Subprocess: Fixed Assets Management - Impairment

Process Owner: SVP Administration   **Process Leader:** Director Administration

Order	Task	Task Description	When	Responsible	Frecuency	Tools
		Impairment				
0	Identify the need to do an impairment	Annually it is required that NH Hotel Group perform an external appraisal report of its assets to ensure that the Fair Market Value is not lower than the Net Book Value. This test will determine differences between NBV of the single asset and his fair market value. When the fair market value of an asset is low than its NBV, this NVB has to be reduced to reach the fair market value+D11+D9	Ad-hoc	Finance and Admnistration Department	Yearly	N/A
1	Impairment Test	The scope, the calculation method, the responsible for its approval and its flows, as well as the associated risks and controls of the impairment, can be consulted in the document: *"Relevant Accounting Estimates Assumptions and Judgment Procedures"* .	Ad-hoc	Finance and Admnistration Department	Yearly	Relevant Accounting Estimates Assumptions and Judgements Procedure
2	Request for the impairment registration	Once approved the impairment provision resulting from the previous process described in the document *"Relevant Accounting Estimates Assumptions and Judgment Procedures"* the BU F&A Director and Fixed Assets responsible will inform SSC-Administration GL the amount to adjust through the GL journal template.	Ad-hoc	Finance and Admnistration Department / Fixed Assets Responsible / Administration GL	Yearly	N/A
3	Impairment Registration	Administration GL will register the impairment and will execute the monthly depreciation for its account. When the monthly depreciation is launched, the system automatically recalculates the amortization in accordance with the new asset value, including the losses of the value of the asset and the decrease in depreciation of the current period.	Ad-hoc	Administration - GL	Yearly	SAP Fixed Assets Module / Transaction SAP ABAW

Process: Capex - Fixed Assets

Subprocess: Fixed Assets Management - Leasing

Process Owner: SVP Administration   **Process Leader:** Director Administration

Order	Task	Task Description	When	Responsible	Frecuency	Tools
		Leasing				
0	Leasing or rent / lease contract	The Leasing or Rent/lease contract (leasing –with option to buy) is a contract whereby the lessor conveys the right to use the property to a lessee, on payment of lease rents for a certain period, after which the lessee has the option to purchase the leased asset paying a certain price, return it or renew the contract.	When the need arises	Fixed Assets Responsible / Operations Director / F&A Director / SSC GL / SSC AP	N/A	N/A
1	Leasing Types	There are two leasing types: 1.- **Financial leasing:** At the end of the agreement we have the option to buy the asset. 2.- **Operational leasing:** At the end of the leasing agreement the asset can never be acquired. This type of leasing does not generate a file of asset in fixed assets SAP module, its treatment is as any other rental payment to a supplier, imputing each leasing fee in income statement.	When the need arises	Fixed Assets Responsible / Operations Director / F&A Director / SSC GL / SSC AP	N/A	N/A
2	Review process	Any asset leasing should be previously checked with the responsible of Operations and F&A Corporate.	When the need arises	Fixed Assets Responsible / Operations Director	N/A	N/A
3	Asset Leasing Agreement Information	In case of financial leasing, at the moment of the agreement signed, the Fixed Assets Responsible will send to SSC-Administration GL the information of the leased assets through the dispatch of the template *Fixed Assets form – Leasing* and the leasing contract agreement with the invoice details and the amortization of interest table (information purpose only).	Once the leasing agreement has been signed	Fixed Assets Responsible / Operations Director	N/A	N/A
4	Asset Leasing Registration	Administration GL will create an asset/s in a special asset type that informs about the agreement data (supplier, start date and capitalization) against short and long term financial lease liabilities and will account manually the start of the agreement.	Once the leasing agreement has been signed	SSC GL	N/A	SAP Fixed Assets Module / Transaction SAP AS01
5	Leasing Invoices Registration	Montlhy short term liabilities, recurring fees, and VAT will be recorded in the AP vendor invoice without Purchase Order (FI) and will be paid.	Based on invoicing frequency	SSC AP	Based on invoicing frequency	AP Non PO (FI) Invoice Registration
6	Depreciation process	Monthly, the amortization of the leasing Asset charts is launched like any other asset through the AFAB transaction.	End of the month	SSC GL	Monthly	SAP Fixed Assets Module / Transaction SAP AFAB
7	Reclassification of pending capital	Annually there will be a reclassification from Long Term F.lease Liab to Short Term F. lease Liab according to the contracted lease period/amount	At the end of the year	SSC GL	Annually	SAP Administration module
8	End of the leasing contract	At the end of an financial leasing contract, the company must decide if the asset should be acquired or if the contract should be finished. If we own the asset, it should be transferred to an ordinary asset file.	At the end of the leasing contract	Fixed Assets Responsible / Operations Director	N/A	SAP Fixed Assets Module / Transaction SAP