

Objective of lecture.

To understand the following points

- 1- Terminology of Assets.
- 2- Depreciation ,useful life , salvage, Annum, Book Value.
- 3- Depreciation and how to measure?
Solved example

Prepared by Eng.Maged Kamel.

What are the Main Types of Assets?

<https://corporatefinanceinstitute.com/resources/knowledge/accounting/types-of-assets/>

An asset is a resource owned or controlled by an individual, corporation, or government with the expectation that it will generate a positive economic value. Common types of assets include current, non-current, physical, intangible, operating, and non-operating. Correctly identifying and classifying the types of assets is critical to the survival of a company, specifically its solvency and associated risks.

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1. Tangible Assets

Tangible assets are assets with physical existence (we can touch, feel, and see them). Examples of tangible assets include:

- Land
- Building
- Machinery
- Equipment
- Cash
- Office supplies
- Inventory
- Marketable securities.

2. Intangible Assets

Intangible assets are assets that lack physical existence. Examples of intangible assets include:

- Goodwill
- Patents
- Brand
- Copyrights
- Trademarks
- Trade secrets
- Licenses and permits
- Corporate intellectual property

Assets:-

☐ Current Assets:-

- ☐ Cash
- ☐ Accounts Receivable
- ☐ Notes Receivable (Interest Receivable)
- ☐ Marketable Securities
- ☐ Material
- ☐ Supplies
- ☐ Inventory
- ☐ Prepaid Accounts
 - ☐ Prepaid Payment (DP Paid)
 - ☐ Prepaid Rent
 - ☐ Prepaid Insurance

☐ Fixed Assets:-

- ☐ Land
- ☐ Building
- ☐ Equipment
- ☐ Furniture
- ☐ Vehicles

Fixed assets are not readily liquid and cannot be easily converted into cash. They are not sold or consumed by a company. Instead, the asset is used to produce goods and services.

Fixed tangible assets can be [depreciated](#) over time to reduce the recorded cost of the asset. Most [tangible assets](#), such as buildings, machinery, and equipment, can be depreciated. However, land cannot be depreciated because it cannot be depleted over time unless it is land containing natural resources. ^[1] ^[2]

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What Are Fixed Assets?

Fixed assets are long-term assets that a company has purchased and is using for the production of its goods and services.

Fixed assets are noncurrent assets, meaning the assets have a useful life of more than one year. Fixed assets include property, plant, and equipment (PP&E) and are recorded on the balance sheet. Fixed assets are also referred to as tangible assets, meaning they're physical assets.

Below are examples of fixed assets:

- Vehicles such as company trucks
- Office furniture
- Machinery
- Buildings
- Land

Prepared by Eng.Maged Kamel.

Current Assets Definition

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What Are Current Assets?

Current assets represent all the [assets](#) of a company that are expected to be conveniently sold, consumed, used, or exhausted through standard business operations with one year. Current assets appear on a company's [balance sheet](#), one of the required [financial statements](#) that must be completed each year.

KEY TAKEAWAYS:

- Current assets are all the assets of a company that are expected to be sold or used as a result of standard business operations over the next year.
- Current assets include cash, cash equivalents, accounts receivable, stock inventory, marketable securities, pre-paid liabilities, and other liquid assets.
- Current assets are important to businesses because they can be used to fund day-to-day business operations and to pay for the ongoing operating expenses.

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Current assets include cash, cash equivalents, accounts receivable, stock inventory, marketable securities, pre-paid liabilities, and other liquid assets.
Current assets may also be called current accounts.