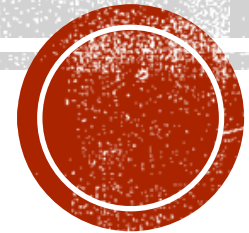


CLASSIFICATION OF ASSETS

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DIVISION OF ASSETS:

- For the valuation of assets, all assets can be divided into five parts:
 - Fixed assets,
 - Floating assets,
 - Wasting assets,
 - Intangible assets,
 - Fictitious assets.



FIXED ASSETS:

- Are acquired for permanent use and continuous service rendered by them for a pretty long time.
- Neither meant for resale in the ordinary course of business nor consumed totally or partially in the business.
- Such assets are more or less of permanent character.
- Used for the purpose of earning profits
- Example: Land, Buildings, Plant, Machinery, etc.,



FLOATING OR CURRENT ASSETS:

- Assets which cannot be put to constant uses are floating or current assets.
- Meant for resale or process or produced for the purpose of sale and converting them into cash.
- Assets which are held for a short period are known as current assets.
- Are expected to be realized in cash or consumed during the normal operating cycle of the business.
- Example: Stock, Bills Receivable, Debtors, etc.,



WASTING ASSETS:

- Are of fixed nature and depleted gradually in the process of earning income.
- Assets exhaust by working,
- Process involves depletion of the capital employee.
- Does not appear any necessity to provide depreciation on wasting assets like mines, oil wells, etc.,



INTANGIBLE ASSETS:

- Do not have their form.
- Visible in their concrete form.
- Equally valuable for business like any other assets.
- Cannot see or touch them.
- Example: Goodwill, Patents, Copyrights, Trademarks, etc.,



FICTITIOUS ASSETS:

- Different by their nature itself.
- Such assets are not physically visible though of course money is spent in their case or are unrealisable assets.
- Example: Discount on issue of shares, Discount on issue of debentures, etc.,

