

Assets – fixed and current

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Assets

A balance sheet has three kinds of assets:

- Signed, but not paid capital.
- Fixed assets.
- Current assets.

Signed but not paid capital refers to receivables on future stockholders.

BALANCE SHEETS			
Group, amounts in MSEK	31-03-2008	31-03-2007	30-06-2007
Properties	22 112	18 934	18 855
Other assets	841	244	600
Liquid funds	64	41	29
Total assets	23 017	19 219	19 484
Restricted equity	450	872	486
Free reserves	2 825	952	1 339
Result	651	683	1 453
Total equity	3 926	2 464	3 278
Allocations	1 295	1 332	1 265
Interest bearing liabilities without collateral	2 593	2 328	2 780
Interest-bearing liabilities against collateral in properties	14 660	12 562	11 745
Other liabilities	603	490	416
Total equity and liabilities	23 017	19 219	19 484

Balance sheet

Fixed assets

Fixed assets are assets which are deemed to be used or owned for a long time in the company. A long time in the EU is considered to be more than a year.

All other assets - except signed but not paid capital - are current assets.

It is the intention that is decisive. It may be necessary to reclassify an asset if the intention of the holding changes. In a situation where you conduct a reclassification you should mention this in the supplementary disclosures of the balance sheet.

There is no fixed time limit for when an asset should be counted as fixed assets or current assets.

There are three kinds of fixed assets:

- Intangible assets
- Tangible assets
- Financial assets

The exact demarcation between these different types of assets are not entirely clarified by the law.

Acquisition value

Fixed assets should be shown by the purchase price as a general rule, the amount should be equal to the expenditure of the asset acquisition or manufacture.

If value-added enhancements such as increased standard measures are carried out, the expenditure can be included in the acquisition value.

If capital is borrowed to finance the production of the asset the interest can be included, if the interest is related to production.

Impairment of fixed assets

If a fixed asset on the balance sheet date has a lower value than the purchase price minus depreciation, the asset should be reduced to a lower value, if the value endures .

Revaluation of fixed assets

If the value of the asset rises, for example, because of increasing market prices, there is a certain amount of leeway for revaluing these assets.

But you have to be cautious.

Examples of relevant rules are:

- The valuation of the new higher value must be reliable
- The new higher value must be permanent
- The new value will substantially exceed the book value

Asset register

A company must have access to detailed information on its fixed assets.

This data should be collected in a directory . This directory should include information that makes it possible to identify the asset, an indication of the date of acquisition and purchase price. In a company with a smaller number of establishments, this register may consist of a binder with copies of invoices arranged chronologically.

Intangible assets

An intangible asset is an asset that has a lasting value for a company without being visible.
It can be reprocessed by the company or purchased.

An intangible asset can be:

- Goodwill
- Trademarks
- Expenditure on research and development
- Patents, licenses and trademarks
- Special rights to property
- Rights to special designs

Intangible assets are valued on the basis of the purchase price. However, if the income of the expense is uncertain, it may not be recorded as an asset.

The depreciation shall be a maximum of five years unless a different period of time with a reasonable degree of certainty can be established.

Tangible assets

A tangible fixed asset is an asset that has a lasting value for the company and, unlike the intangible assets, is physically detectable.

Tangible assets can be:

- Buildings and domains
- Machinery and other technical facilities
- Inventory, tools and installations
- Buildings under construction and prepaid expenses which are marked for tangible assets.

Tangible assets that have a limited lifetime should be depreciated systematically over their lifetime.



Tangible assets

Depreciation of properties

Examples:

Domains → no depreciation

Roads, parking lots, football field → 5% a year

Buildings → 2-4 % a year

Financial assets

A financial asset should be a long-term claim. It could, for example, be a claim with a due date longer than a year. Claims shorter than 1 year should be current assets.

A financial asset can be:

- Shares, shares in group
- Receivables from a group of a company
- Shares, shares in associated companies
- Receivables from associated companies
- Other long-term securities holdings
- Loan to shareholders and relations
- Other long-term receivables

Current assets

Current assets are all other assets that are not counted as fixed assets.

As the word implies, current assets are assets in daily usage in company operations.



Current assets

Acquisition value

Current assets are valued according to the so-called minimum value principle. This means that assets should be booked at the minimum of its acquisition value.

The acquisition value of the current asset refers to the expense for buying or manufacturing the asset. This includes shipping, customs and other expenses.

Current assets are divided into four types:

- Inventories
- Short-term receivables
- Short-term investments
- Cash and bank

In real estate, it is mainly fuel oil that is accounted for in inventories.

Even if you make a major purchase of refrigerators for future needs, they will be accounted as inventory availability. This requires that stock is inventoried at the end of the financial year. In real estate, valuation problems occurring with rent receivables are common.

The rule of general concerns regarding the minimum value principle should be applied in these cases.

Inventories

Inventories are divided into five types:

- Raw materials and supplies
- Works in progress
- Commodities
- Ongoing work on behalf of others
- Advances to suppliers

The kind of stock that the company holds naturally depends on the company's activity. An inventory includes only those goods that are meant to be sold – not office supplies that are used within the company.

An inventory has to be made as a basis for the stock.

Short-term receivables

Short-term receivables can be divided into different groups of assets:

- Customer receivables
- Receivables from a group of company
- Receivables from associated companies
- Prepaid expenses and accrued income

Short-term investments

Short-term investments can be divided into three groups:

- Shares in a group of company
- Own stocks
- Other short-term investments

Cash and bank assets

Cash and bank assets can be divided into four groups:

- Checks
- Bills of exchange
- Payment cards from the bank and the post office
- Cash

Cash and bank assets are the most volatile assets.

Excessive cash in a limited company or an association might be an indication of prohibited loans or other irregularities. In an individual enterprise and in partnerships, however, it can be an advantage to have much cash on hand in case of incoming interest and/or to use for expansions.

A minimum amount of cash may be an indication of unrecorded income.

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