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# Assets: Types and Management Rudiments

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Anything concrete or indefinable that represents ownership of value and is convertible into cash is considered an asset. Cash itself is a form of asset. In financial accounting, asset is the opposite of liability, a form of financial obligation that is usually subtracted from the current and fixed assets to determine the actual assets. A businessâ€™s current assets refer to the inventories (or properties which have a life of one year or less) while its fixed assets refer to the equipment, facilities, and other property used in running the business.

While employees are capable of producing value like machineries are, they are not considered formal assets of a business. Only those that the business owner can directly own and utilize as a resource can be considered assets. Accumulated from past business transactions, assets are expected to bring future economic benefits to a certain enterprise. To effectively manage assets and to maintain financial stability, large businesses employ asset tracking tools.

The current assets of a business are those resources continually turned over in a normal business activity. The major types of current assets are inventory, receivables, short-term investments, cash and cash equivalents, and prepaid expenses. They are distinguished from fixed assets by their temporary use in the value production, whereas fixed assets are purchased once but are utilized continuously until they break down.

Fixed assets are usually tangible and permanent pieces of property. Real estate, buildings, machineries, furniture, computers, and vehicles are examples of fixed assets. Except for real estate, all other forms of fixed asset depreciate and therefore continuously affect the net fixed assets.

In highly industrialized cities like Chicago, business entities adopt effective asset management practices to secure their business from potential bankruptcy. Whether they have tangible or intangible assets, the kind of asset management Chicago companies employ is reliable in maintaining value production. A different approach is, however, used in dealing with intangible assets, which are, by nature, very hard to evaluate. Examples of intangible assets are trade names, franchises, and copyrights.

A business can either self-monitor the utilization of asset or entrust the task to Chicago asset management firms. An asset management firm can provide consultation services for better handling of both current and fixed assets and can directly fix any setback involving assets. They can even provide the business with efficient asset management tools to aid its asset utilization concerns in the future.

If you would like to read more on assets and asset or capital management Chicago companies prefer, visit about.com. This website provides interesting information on both business and personal assets. It also gives tips on how to effectively manage assets.

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