

## PART THREE

## ACCOUNTING FOR ASSETS

Accounts are grouped into categories to aid management, owners, creditors, and other interested parties in analyzing the financial position of a company. This standard order and arrangement of Financial Reports facilitates analysis.

Asset categories include Current Assets, Investments, Plant and Equipment, and Intangibles. Current Assets are cash and those reasonably expected to realize cash during the business cash to cash operating cycle, normally a year or less. Longer cycles require a longer classification. Current Assets include cash, marketable

securities, accounts receivable, inventory, and prepaid expenses. They are listed on the Balance Sheet according to ease of liquidity (convertibility to cash). Other asset categories will be explored later along with liability and equity classifications.