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An asset is a resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit. Assets are reported on a company's balance sheet and are bought or created to increase a firm's value or benefit the firm's operations. An asset can be thought of as something that, in the future, can generate cash flow, reduce expenses, or improve sales, regardless of whether it's manufacturing equipment or a patent.

**Understanding Assets**

An asset represents an economic resource for a company or represents access that other individuals or firms do not have. A right or other access is legally enforceable, which means economic resources can be used at a company's discretion, and its use can be precluded or limited by an owner.

For an asset to be present, a company must possess a right to it as of the date of the financial statements. An economic resource is something that is scarce and has the ability to produce economic benefit by generating cash inflows or decreasing cash outflows.

**Types of Assets**

**Current Assets**

Current assets are short-term economic resources that are expected to be converted into cash within one year. Current assets include cash and cash equivalents, accounts receivable, inventory, and various prepaid expenses.

**Fixed Assets**

Fixed assets are long-term resources, such as plants, equipment, and buildings. An adjustment for the aging of fixed assets is made based on periodic charges called depreciation, which may or may not reflect the loss of earning powers for a fixed asset.

**“Financial Assets”**

Financial assets represent investments in the assets and securities of other institutions. Financial assets include stocks, sovereign and corporate bonds, preferred equity, and other hybrid securities. Financial assets are valued depending on how the investment is categorized and the motive behind it.

**Intangible Assets**

Intangible assets are economic resources that have no physical presence. They include patents, trademarks, copyrights, and goodwill. Accounting for intangible assets differs depending on the type of asset, and they can be either amortized or tested for impairment each year.

While the contemporary view of assets in accounting is of 'future economic benefits', the appropriateness of this definition for financial reporting purposes continues to be questioned. Samuelson [1996, p. 156] argued that assets should be defined as 'property rights' while Schuetze [1993, p. 69] proposed that assets should be defined simply as cash, claims to cash and items that could be sold separately for cash. These notions are not new. Up until the latter part of the 19th century the emphasis in the accounting literature was on the recording of 'property' or 'effects', commonly understood to be things or rights which were exchangeable for cash. The aim of this paper is to trace changes in the definitional concept of assets in an attempt to discover why professional accounting bodies in the major English speaking countries have adopted the problematic abstract ' future benefit' notion, which is so far removed from the simple concept of assets as exchangeable things or rights. It is suggested that in the future financial reporting requirements for business entities include a statement of 'separably exchangeable property' and legal obligations at the reporting date.