

KEY SERVICE INSIGHTS



ACCOUNTING AND BOOKKEEPING NEWSLETTER

HOW ASSETS ARE REPORTED ON THE BALANCE SHEET

The information found on a company's **balance sheet** is among the most important information for a business leader, regulator, or potential investor to understand. Without this knowledge, it can be challenging to know whether a company is struggling or thriving, highlighting the importance for decision-makers to understand the balance sheet. Understanding what is an asset and how assets are reported on a balance sheet is of critical importance.

Definition of an Asset

An asset is defined as anything that is owned by a company and holds inherent, quantifiable value. A business can, if necessary, convert an asset into cash through a liquidation process. Assets are typically recorded as positives in a balance sheet and broken down into two categories:

1. Current assets
2. Noncurrent assets

Current Assets

Current assets include anything a company expects the company will convert into cash within a year of the snapshot date. Current assets include:

- Cash and cash equivalents
- Prepaid expenses
- Inventory
- Marketable securities
- Accounts receivable



Noncurrent Assets

Noncurrent assets typically include anything a company expects the company will not convert into cash within a year. Noncurrent assets include:

- Land
- Patents
- Trademarks
- Brands
- Goodwill
- Intellectual property
- Equipment used to produce goods or perform services

The Importance of Understanding Assets

Because companies invest in assets to fulfill their mission or business purpose, it is essential for decision-makers to understand what is an asset. Without this knowledge, it will be difficult for decision-makers to understand the balance sheet and other financial documents that speak to a company's health.

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Our Commitment to Clients

As part of our services to our clients, we want to provide simplified information as to the information on the company's financial statements so they can better understand the significance of the financial statements that are being prepared with the goal of empowering our clients to be more informed and make better decisions.

We focus on representing small and mid-size businesses. We advise our clients as to

the implications of their financial statements and empower our clients to make informed decisions about the direction of their company based in part on the financial statements. At Praestans, we can handle these important accounting and bookkeeping functions while coordinating professional services customized to the client's needs.



Strategic Business Planning that is collaborative, integrated, and bespoke.

Praestans Global Advisors is neither a law firm nor a CPA firm.

[Praestans Global Advisors](#) provides collaborative, coordinated, integrated, strategic, and customized professional services customized to our clients' needs. Our services include accounting, bookkeeping, and financial services; tax services; crypto tax, accounting, and funds; fund administration; domestic and international business consulting; and mergers and acquisitions due diligence. Through our association with [Integra International](#), we can provide coordinated services to include business valuation and audit and other professional services worldwide.

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