Operating Assets: Property, Plant, Equipment And Intangibles

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Abstract: Property, factory buildings and equipment are assets that are expected to provide benefits for more than one year, are used in business, and are not for sale. The intention to use these assets as part of the client's business operations and the expected usefulness of more than one year is an important characteristic that distinguishes these assets from inventory, prepaid expenses, and investments. Non-current assets are often referred to as fixed assets or fixed assets, so that fixed assets are defined as tangible assets that: Owned for use in the production or supply of goods or services, to be leased to other parties, or for administrative purposes; and Expected to be used for more than one period.

Index Terms: Operating Assets, Property, Plant, Equipment, Intangibles.

1 INTRODUCTION

Every company must have assets for operating, financing or investment activities. Without assets, a company cannot carry out its activities. Basically, assets or often referred to as assets are all assets owned by a particular company, and that wealth will be used by the company to carry out its business operations. Assets or assets are very closely related to liabilities (debt) and equity, in addition to being part of the balance sheet elements, also because the acquisition is inseparable**.** Assets are all assets owned by a company, what is meant by this wealth is a resource that can be in the form of objects or rights controlled and previously acquired by the company through past transactions or events/activities. . To be recognized as assets, wealth or resources must be measured using a unit of currency, can be rupiah, dollar, or other currencies depending on the situation and conditions that accompany. Assets are the most important thing in a company. Assets are one of the accounts in a financial statement. Assets are divided into two, namely current assets and fixed assets. The distribution of these assets depends on the liquidity of the asset. I will discuss a little about liquidity, here it is mentioned that liquidity is very important for a company. So that the assets are divided based on the liquidity. Assets or commonly referred to as assets are assets owned by entities in the business that are clearly measured. These assets are usually measured by a unit of money. The sorting system is based on how quickly the change in conversion becomes a cash unit. For example, a property company will record its assets from goods that have the most valuable value. For example, land or buildings that will be sold but not recorded as land/building but as inventory or inventory. Assets are also company assets that are used to fund all company operations in order to achieve company goals, one of which is profit or profit.

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2 LITERATURE REVIEW

2.1 Tangible Assets

Intangible fixed assets are common assets we see in some companies. Because some of these assets are already owned and all companies seem to indeed have to own some of these assets. because indeed this asset is needed by several companies. The following are some tangible fixed assets. (read also: ledger function in accounting) Office equipment: Examples of this account are computers, calculators and others. Which has an economic value of one year. Transport equipment: An example of this account is a car that is usually used to transact goods or services. Building: Usually several companies classify office buildings for these assets. Land: Because the land and buildings are different in classification. So land and buildings are not combined into one because the land cannot be depreciated while the land can be depreciated Machine: The factory machine purchased and some maintenance costs are included in this one account.

2.2 Intangible Assets

Unlike the tangible assets that can be seen in plain view. This intangible asset cannot be seen in plain view. To see it, a survey is sent to potential customers. Company good name: The good name of the company is very much needed in the sustainability of the company. So from that the company's good name is included as an intangible asset. Patent rights: Patent rights are the subject of the sustainability of the company's production itself and the capital can be recognized as a company asset. Copyright: The most required permission in the company is copyright. Because if there is no copyright, our product innovation is not safe. It is possible to be plagiarized by competitors. Trademarks: As with other intangible fixed assets the trademark is placed as a fixed asset because it is very important for the production process of goods in the company.

2.3 Assessment of Fixed Assets

Fixed assets have sources from their own development, purchases and others. Actually the valuation of fixed assets is quite easy, by adding some acquisition costs to the fixed assets themselves. However, fixed assets have a character that has a value of more than one financial year which causes depreciation of fixed assets. Therefore for the valuation of fixed assets I classify them into two groups. Assessment of fixed assets at the beginning of the year of acquisition At the beginning of the year of acquisition the company must include all elements of costs attached to the fixed assets at the time of acquisition. To facilitate the readers of the sources of fixed assets, I classify them into the following five categories and explanations.

- Fixed assets acquired in the form of ready-to-use (purchases)

The fixed assets obtained in this ready-made form can be said to be obtained by means of purchase. Assets obtained by means of purchase are very easy to determine the value contained in the asset. That is by adding all the costs attached to the asset. For example, if we buy a car for a company's fixed assets at the time of purchase, we are charged a purchase price plus VAT and baliknama fees. Well, in the book value of assets, we are required to enter the three elements of the cost. Not just entering the price of the fixed asset itself. This is done so that the value of the fixed assets is real, not just the market price which can be confusing in financial reporting.

- Fixed assets built by themselves

As with fixed assets purchased, the assets acquired by building it themselves must also include all costs in the construction activities. Starting from the purchase of materials, wages for workers to other costs required to be paid. Such as management fees for Building Construction Permits, material transportation costs and workers, and others. In essence, all costs intended for development activities must be included as material costs.

- Fixed assets that come from donations

If a fixed asset originates from a contribution, the recording of the value is not immediately written down. To meet the criteria for a fixed asset that has a material value, the asset obtained from the donation must still be recorded in the value of the fixed asset. Although the management does not incur any costs. For fixed assets obtained from donations can record the market price of the asset. Later the market price is the basis for recording the company's other income in the form of fixed assets.

- Fixed assets obtained from the exchange of non-cash assets

These non-cash assets can be exemplified as receivables. In some cases companies that cannot pay their debt usually guarantee the fixed assets they have. If the fixed assets are already owned by the debtor company, the debtor company automatically enters some of the costs attached to the fixed assets into the acquisition value plus the receivables that are removed from the non-cash asset exchange transaction. For example, PT. A has a debt to PT. B and guarantee the land and building of the warehouse. When running PT. A cannot pay and PT. B has the right to the land and building of the warehouse. There was a surrender transaction that had to pay the notary and pay BPHTB which was borne by PT. B. Then the value of the land and building is the debt value of PT. A plus notary fees and BPHTB.

- Fixed assets obtained from joint ventures

For this one case it is very rare. That is, the assets are obtained by joint venture and are also used together. Usually the two parties working together have certainty about the usage ratio which will later be used as the basis for calculating the costs to be paid. And the value is stated in points of agreement that can be used as the basis for calculating the value of fixed assets.

Calculation of fixed assets in the current year
Fixed assets that produce goods or services will definitely decrease the value of the year. But not all assets continue to experience this. For example, land, land will not experience a decline in value. This decrease in value, called depreciation, is calculated based on the economic benefits determined by the company. To facilitate the calculation, companies usually make depreciation in accordance with applicable tax regulations. Later this depreciation is included as a fee charged to the company. Depreciation itself is divided into 2 calculation methods.

2.4 ASSET CLASSIFICATION

Assets are generally classified depending on the nature, type and understanding of the type of classification of the asset itself. The following are various types of assets based on the type of classification:

1. Current Assets

Definition of current assets are assets that are easily converted into cash such as stocks, inventories, securities, short-term investments, deposits, accrued income, bank balances, debtors, receivables, prepaid expenses etc. Classified as current assets because these assets generally have shorter periods compared to fixed assets which last for a longer period. Current assets can also be referred to as liquid assets.

2. Fixed Assets

Fixed assets are fixed in the context that these assets are difficult to convert into cash. They need complicated procedures and the time for their sales to be converted into cash. Land, buildings, factories, machinery, equipment and furniture are some examples of fixed assets. Other names used for fixed assets are non-current assets, long-term assets or hard assets. Generally, the value of fixed assets decreases over a certain period of time (known as depreciation).

Physical Existence
Classification of assets based on their physical existence. According to this classification, assets are tangible assets or intangible assets.

1. Tangible Assets

Definition of tangible assets is assets that we can touch, see and feel. All tangible fixed assets. In addition, some current assets such as inventory and cash are also included in the category of tangible assets.

2. Intangible Assets

Intangible assets cannot be seen, felt or touched physically. Some examples of intangible assets are franchise agreements, patents, copyrights, brands, trademarks, etc. These assets are also classified as assets because business owners obtain monetary benefits with these intangible assets. Trademarks, brands and privileges of companies contribute to the marketing and sale of their products. Many buyers buy goods only by looking at their trademarks and brands on the market.

Use

The third classification is divided into operational and asset assets and non-operations. This classification is based on the use of assets for business operations. Assets that are mostly used for daily business are classified as operating assets and other assets not used in operations are classified as non-operating.

1. Operational Assets

All assets needed for daily business transactions are now known as operating assets. Simply put, the assets used by companies to produce products or services are operating assets. This includes cash, bank balances, inventory, factories, equipment, etc.

2. Non-Operational Assets

All assets that have nothing to do with daily business operations but are very important for business formation and for future business needs are referred to as non-operational. For example, it includes some properties that are purchased to get value from profits in business, but are not used in a current business operation.

Fixed Assets

This fixed asset is a resource/wealth owned by a business entity that is permanent and can be clearly measured. In addition, fixed assets are also used and useful in a relatively long time, or more than one book year. The purpose of fixed assets is obtained by the company for its own use and not sold unless there are certain things or conditions that require the company to sell its fixed assets. For example, a fixed asset such as buildings, land, office equipment, machinery, vehicles and so forth. The purpose of the purchase of fixed assets is not to be traded but used for the company's operational activities. In addition, the useful life of ownership of fixed assets is more than one year. Because the useful life of a fixed asset is more than one year, there will be an accompanying depreciation fee.

Long term investment

These assets include all long-term investments that have been previously or now carried out by the company. For example, company A invests in company B, then later company A must record its assets in the form of investments in the balance sheet.

Use of Assets

Assets are economic resources that are expected to provide business benefits in old age. For management, in reading the balance sheet, asset value needs to be examined because it is the basis for measuring the company's financial performance. This measure becomes a comparison of the achievements of a company with the achievements of other companies in the same case, whether it is better or not, so that it can become the basis of management decisions to maintain or improve it.

3 DISCUSSION

Categories of public assets based on international rules include: Operational assets, namely assets that are used in the operations of the company or the government on an ongoing basis and/or used in the future. Non-operational assets, namely assets that are not an integral part of the company's or government operations and are classified as excess assets. Excess assets are non-integral assets that are not used for sustainable use or have the potential to be used in the future and are therefore surplus to operational requirements. Infrastructure assets, which are assets that serve the public interest, the cost of spending on assets is determined by the continuity of the use of the assets concerned. Community assets are actually government-owned assets where the use of these assets continuously, economic life or useful life is not determined and is related to unlimited (non-transferable) transfers. Black's Law Dictinary classified as fast assets, namely:

1. Fair assets. All assets that are charged with payment of debt or equity inheritance, and which are not within the scope of the description of legal assets. It is part of a property which is usually exempt from legal debt by law, but a voluntary heir is burdened with assets, or which is not in the rule of law, has been made in equity. This is called because it can only be reached with assistance and intermediaries from the equity court, and because the distribution is governed by different rules than those governing the distribution of legal assets.
2. Fixed assets. Assets that are permanent long-term or are used in business operations and are not intended to be sold; for example property, factories, equipment.
3. Frozen assets. Assets that are difficult to convert into cash (such as real estate that is not on the market); also, assets that cannot be used due to legal restrictions.
4. Intangible assets. Assets that are physically absent; for example patents, trademarks, organizational costs, goodwill.
5. Legal assets. The property of the testator is in the hands of the executor as a liability for debts in court and for inheritance in spiritual matters, with legal proceedings; Fair assets are like liability only with the help of an equity court.

4 Conclusion

Non-current assets are assets owned for use in the production or supply of goods or services, to be leased to other parties, or for administrative purposes; and Expected to be used for more than one period. Recognition, initial measurement of property, plant and equipment and intangible assets: Measurements at the time of recognition: Components of property, factories and offices that meet the requirements to be recognized as fixed assets must be measured at cost. Measurement after recognition: An entity must choose between the cost model or revaluation model as an accounting policy and apply the policy to all classes of assets and equipment. Measuring depreciation of property, factories and equipment and intangible assets using the straight-line calculation method. This method considers shrinkage as a function of time, not from the usage function. This method has been used extensively in practice because of its ease. Conceptual straight-line procedures are often also the most appropriate depreciation procedure. Accounting problems in property, factories, and equipment and intangible assets: The problem for accounting for fixed assets is the recognition of assets, the determination of the carrying amount and depreciation of costs and impairment losses must be recognized in relation to them, while the problem for intangible accounting is the issue of cost, allocation of acquisition price (amortization) and dismissal.

To be recognized as a fixed asset, an asset must be tangible and meet the criteria:
Has a useful life of more than 12 (twelve) months
Acquisition costs can be measured reliably
Not intended to be sold in the normal operation of the entity, and
Obtained or built with the intention to use.
In relation to state assets, generally assets owned/controlled and operated by the government/state are called public assets.
The characteristics of public assets/goods are:
Not competing in nonrival in consumption,
Not exclusive (non exlusion),
Resulting in external benefits for many people, cannot be divided into one particular unit to consumers, the benefits are enjoyed collectively by the entire population.

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