

Things You Own  
Class 17:  
Assets



# Guest Speaker Feedback



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# NITWOM

## News In The World Of Money

01/12/2023: The Consumer Price Index (“CPI”), a measure of inflation, fell 0.1% in December 2022. On an annual basis, the CPI was 6.5%. This means that on average, goods and services measured were **6.5% more expensive in December 2022 than December 2021.**

01/10/2023: U.S. House Majority Leader sidesteps questions on U.S. Government debt default. The debt ceiling is the legal limit the U.S. government can borrow and is set by Congress. Once reached, the U.S. Government cannot borrow any more money. The debt ceiling is currently **\$31.381 Trillion** and is **close to being reached.**



What Did You Learn?



An asset is anything that can be owned and has value

125,058	154,568	95,054
125,487	56,845	97,511
124,000	110,000	99,011
105,450	150,000	99,216
86,502	35,000	101,090
	83,000	101,684
	45,000	101,000

# Asset Classification and Type

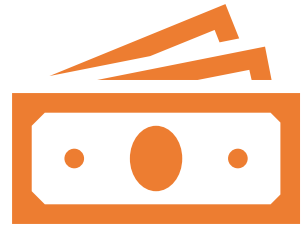
## Classification

- Current Asset
- Fixed Asset or Long-Term Asset

## Type

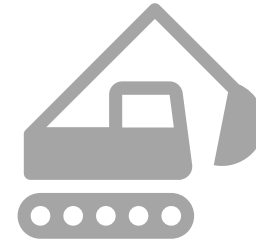
- Tangible Asset
- Intangible Asset

# Asset Classification



## **Current Asset**

Assets expected to be converted to cash or used within one year



## **Fixed Asset or Long-Term Asset**

Assets planned for use over a long-term period, generally to help generate income

# Asset Types

## Tangible Asset

- Finite monetary value and often a physical form
- Includes financial assets
- Generally associated with higher expenses or risks, such as storage, insurance, and obsolescence

## Intangible Assets

- An asset that is not physical in nature
- Considered either definite or indefinite

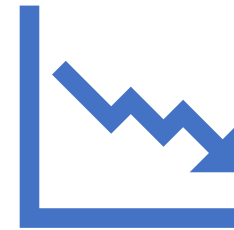


# Asset Appreciation or Depreciation



## Appreciation

an **increase** in the **value** of assets over time



## Depreciation

a **decrease** in the **value** of assets over time

Certain assets are acquired, knowing they will lose value. Why might households or businesses acquire depreciating assets?



# Large Group Exercise

Identify Each Asset  
by Type and  
Classification



# Asset Identification Exercise

Account Receivable	Car	Bitcoin	Bond	Cash	Checking Account	Computer Hardware
Copyright	Equipment	Factory	Gold	House	Inventory	Land
Loan Receivable	Machinery	Office Building	Patent	Savings Account	Stock	Trademark

Asset Type: **Tangible Asset vs Intangible Asset**

Asset Classification: **Current Asset vs Fixed Asset or Long-Term Asset**

# Examples of Assets



## Cash

This includes physical cash, such as paper money and coins, as well as electronic forms of money, such as checking and savings accounts.



## Personal property

This includes items that are owned for personal use, such as furniture, electronics, and clothing.



## Investments

This includes stocks, bonds, mutual funds, and other financial instruments that are purchased with the goal of generating a return.



## Intellectual property

This includes intangible assets, such as trademarks, copyrights, and patents, that are created by the owner or inventor.



## Real estate

This includes land, buildings, and other physical property that has value.

# Examples of Intangible Assets



Brands and Trademarks



Copyrights on original works such as articles, music, poetry, stories, etc.



Licensing Agreements



Patents, such as those necessary to make mobile devices, technology components, new inventions, etc.



# Asset Valuation

- Process of determining the fair market or present value of assets
  - Often consists of both subjective and objective measurements
  - Assets having **liquid markets** are easy to value (ex. bank accounts, cash, publicly traded stocks and bonds, etc.)
  - Assets having **illiquid markets** are more challenging to value (ex. buildings, patents, property, real estate, etc.)
- Valuation methods
  - **Absolute valuation**
    - Based solely on the characteristics of the asset, such as the asset's anticipated cashflows
  - **Relative valuation** or **comparable transactions**
    - Compares an asset to other similar assets (ex. P/E ratio)

# Independent Exercise

- 1) Create a list of your own assets.
- 2) Classify them as tangible or intangible.
- 3) Rank your assets in order of importance or value to you.



# Key Takeaways

- Assets are anything that can be owned and has value
- Current assets are easily convertible to cash or intended for use within one year, whereas fixed or long-term assets are used over a longer period
- Tangible assets have physical form or are financial assets whereas intangible assets are not physical in nature