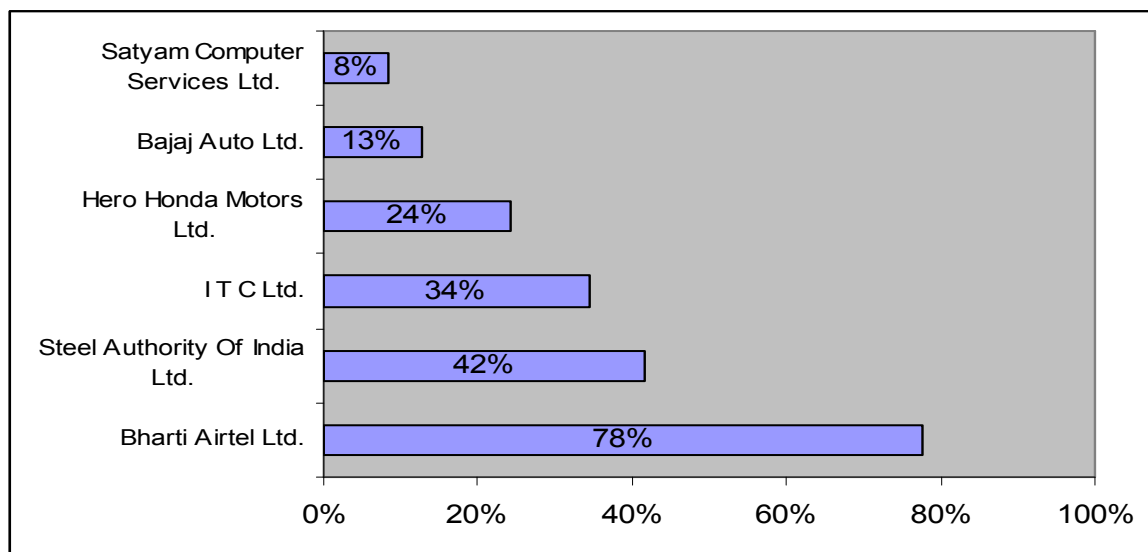


## INTRODUCTION

Business requires assets which help in producing and selling the goods. Such assets are not sold in the day-to-day operations of the business. Such assets are called fixed assets. According to the AS-10, Fixed asset is an asset held with the intention of being used for the purpose of producing or providing goods or services and is not held for sale in the normal course of business. Examples of such assets are land, buildings, equipment, furniture, and some intangible assets such as patents, copy rights etc. However, fixed assets of some company may be revenue goods for others. For example, computers for a textile dealer is a fixed asset, whereas for the computer dealer, computers are revenue assets. Fixed assets are also called long term operating assets.

Exhibit 11.1 shows investment in the fixed assets as a percentage of total assets, as on 31<sup>st</sup> March 2006, for some of the well known Indian companies.



### Accounting of Fixed Assets

Accounting of fixed assets can be divided into following three stages:

- Accounting at the time of acquisition
- Accounting at the time of use
- Accounting at the time of disposal