



Valuing and protecting your assets

It is important to know the value of your assets, not only at the end of a financial year or when you're selling your business, but all year round.

Valuing your assets serves five purposes:

- internally control your business;
- determine resource allocation and performance assessment;
- establish a basis for asset realisation;
- meet requirements for external financial reporting; and
- determine insurance cover and risk exposure.

Valuing

The asset value of a business refers to the cash that be derived from selling the Assets, such as property and machinery, after settling its debts.

The study of value investing began with an analysis of asset values of companies shortly after the Great Depression, when large numbers of companies were selling not only below book value, but below the value of the cash they had on hand.

Once the purpose of the valuation has been determined, an appropriate valuation method can be chosen. These methods should be in accordance with the guidelines issued by the Department of Treasury and Finance publication, *Recognition and Valuation of Non-current Physical Assets* — see contact details below for your state.

The initial valuation of an asset generally takes place at the time of purchase. Revaluations are undertaken every five years and should be reviewed annually. A review should include consideration of the asset's current condition, required maintenance and estimated remaining useful life.

During the valuation, it is important to distinguish between core and non-core assets. A core asset should be valued at the service potential remaining in the asset. If it is viable to sell the core asset, it is to be valued at its current market price. If a market to sell the asset does not exist, a core asset should be valued at its written down replacement cost. On the other hand, non-core assets are to be valued at their current market value net of all costs involved with disposing or redeploying the asset.

Protecting

It is very important to know the current value of your assets, not only to financially manage your business but also to ensure you have the right protection for your assets and to be aware of your business's exposure to risk.

Contact details

Departments of Treasury and Finance

ACT	13 2281 (Aus)
NSW	02 9228 4567
QLD	07 3224 5908
SA & NT	08 8226 9500
TA S	03 6233 3100
VIC	03 9651 5111
WA	08 9222 9222

New Zealand (+64) 04 472 2733

Sources: Victoria's Community Information Portal, Blogvesting.com

Capricorn Mutual offers members the following protections for your business and personal assets:

- Business
- Business buildings
- Business contents
- Business interruption
- Business motor vehicles
- General property
- Money
- Stock vehicles
- Burglary
- Customer vehicles

Engineering
Hire motor vehicles
Land transit
Legal expenses
Personal accident and illness
Professional protection
Public and product liability
Tax audit
Personal
Home buildings
Home contents
Motor vehicles

Contact Capricorn Mutual's Sales and Service Team on 1800 007 022 or your Liaison Officer to obtain further information about these protections and to receive a quote for your business or home.

Alternatively, find more information on www.capricornmutual.com.au