6.2 Sources and Recording of Data

6.2.1 Explain the meaning of assets, liabilities, and owner's equity.

1) ASSETS - something which the business owns or something which is owed to the business.

**CURRENT ASSETS** - items which can be turned into cash quickly / goods for resale / items having a short life (less than a year),

**NON-CURRENT ASSETS** - items which cannot be quickly turned into cash / not for resale / long life items held for more than a year.

2) LIABILITIES - an amount which is owed by the business.

**CURRENT LIABILITIES** - an amount owed and has to be paid within a year,

**NON-CURRENT LIABILITIES** - long term debt (more than a year).

3) OWNER'S EQUITY - the owner's share of the assets of the business.
**Assets - Liabilities - Capital**

- Explain & apply the accounting info.

- Outline the double-entry system of book-keeping, a system where all financial transactions are entered twice, e.g., Dr and Cr side.

- Process accounting data using the double-entry system.

  \[
  \begin{align*}
  \text{Assets} &+ \text{Dr} \\
  \text{Assets} &- \text{Cr}
  \end{align*}
  \]

  \[
  \begin{align*}
  \text{Liabilities} &+ \text{Cr} \\
  = &- \text{Dr}
  \end{align*}
  \]

  \[
  \begin{align*}
  \text{Capital} &+ \text{Cr} \\
  = &- \text{Dr}
  \end{align*}
  \]

  \[
  \begin{align*}
  \text{Expenses} &\text{Dr} \\
  \text{Revenue} &\text{Cr}
  \end{align*}
  \]

- Recognise the division of ledger into...

  \[
  \text{Ledger}
  \]

  \[
  \begin{align*}
  \text{Sales} &\text{(A/c receivable)} \\
  \text{Purchases} &\text{(A/c payable)} \\
  \text{General}
  \end{align*}
  \]