

Account: Account refers to a summarized record of relevant transactions of particular head at one place. All accounts are divided into two sides. The left side of an account is called debit side and the right side of an account is called credit side.

Capital: Amount invested by the owner in the firm is known as capital. It may be brought in the form of cash or assets by the owner.

Drawings: The money or goods or both withdrawn by owner from business for personal use, is known as drawings. Example: Purchase of car for wife by withdrawing money from business.

Assets: Assets are valuable and economic resources of an enterprise useful in its operations. Assets can be broadly classified as:

1. **Current Assets:** Current Assets are those assets which are held for short period and can be converted into cash within one year. For example: Debtors, stock etc.
2. **Non-Current Assets:** Non-Current Assets are those assets which are hold for long period and used for normal business operation. For example: Land, Building, Machinery etc.

They are further classified into:

1. **Tangible Assets:** Tangible Assets are those assets which have physical existence and can be seen and touched. For Example: Furniture, Machinery etc.
2. **Intangible Assets:** Intangible Assets are those assets which have no physical existence and can be felt by operation. For example: Goodwill, Patent, Trade mark etc.

Liabilities. Liabilities are obligations or debts that an enterprise has to pay after some time in the future.

Liabilities can be classified as:

1. **Current Liabilities:** Current Liabilities are obligations or debts that are payable within a period of one year. For Example: Creditors, Bill Payable etc.
2. **Non-Current Liabilities:** Non-Current Liabilities are those obligations or debts that are payable after a period of one year. Example: Bank Loan, Debentures etc.

Receipts

1. **Revenue Receipts:** Revenue Receipts are those receipts which are occurred by normal operation of business like money received by sale of business products.
2. **Capital Receipts:** Capital Receipts are those receipts which are occurred by other than business operations like money received by sale of fixed assets.

Expenses: Costs incurred by a business for earning revenue are known as expenses. For example: Rent, Wages, Salaries, Interest etc.