

To understand the basics of accounting, it is important to look at its three main components and the terminology related to these components. Recorded on the right side of a company's balance sheet, liabilities include any payable amounts, loans, mortgages, earned premiums, deferred revenues and accrued expenses. Examples of a company's assets include investments, cash, inventory, accounts receivable, land, supplies, equipment, buildings and vehicles. Expenses refer to the costs of operations that businesses incur to generate revenue. It includes deductions and discounts for returned products