To understand the basics of accounting, it is important to look at its three main components and the terminology related to these components.the basic components of accounting are companies must identify a clear approach to record-keeping,beforethey begin the accounting process.they have to det up some basic accounts in which to store information.accounts fall into following classifications assets refer to resources or items that company owns they have future economic value that can be measured and can be expressed in monetary terms.Common expenses include employee wages, payments to suppliers, equipement depreciation and factory leases .Recorded on the right side of 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, equipement, buildings and vehicles