FINANCIAL LITERACY

ACCOUNTING CONCEPTS

In todays lesson we will be starting with the financial part(Accounting) of Economic and Management Science.

There are three important questions we need to ask:

1. **What is Accounting?**
2. **What is the Accounting cycle?**
3. **What are important concepts to familiarise ourselves with in Accounting?**

WHAT IS ACCOUNTING

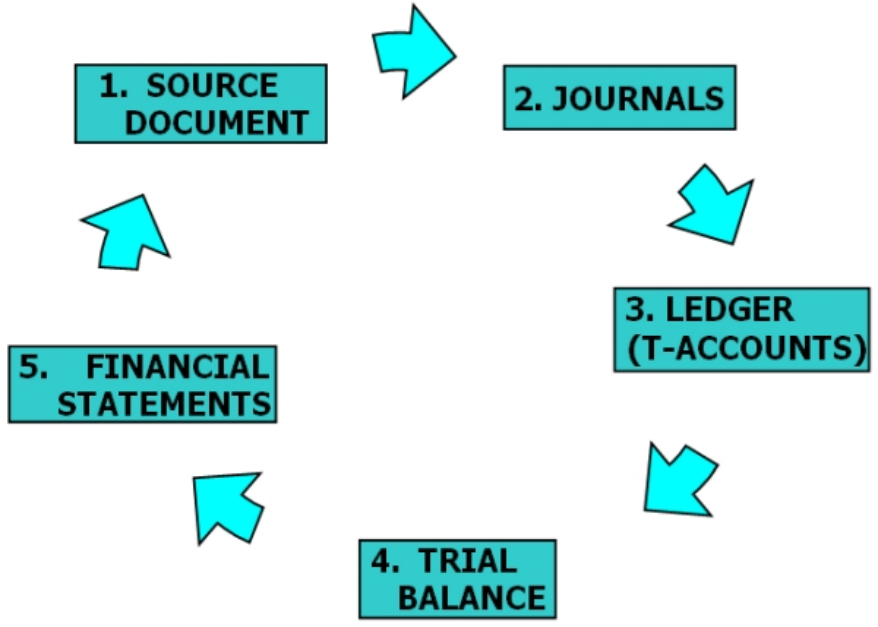
Please open the above link to watch a short video. I will also attach the video on Google classroom.
https://www.youtube.com/watch?v=VxVxjS_3NhI

After watching the video please read through pg.37 in your Learner book and complete Activity 1 A.

ACCOUNTING CYCLE

-It is important to understand the accounting cycle as it explains the process of recording and processing the transactions of a business.

-Refer to pg.38 in Learner book.



IMPORTANT CONCEPTS

It is essential that we understand the concepts in Accounting before recording transactions of a business.

Refer to pg. 39 in Learner book.

Assets are possessions that belong to the business. There are three types of assets (Non-current assets, financial assets and Current assets) . (pg.39 learner book)

Owners equity refers to the owners interest in the business. It is made up as capital contribution, drawings and profit). (pg. 40 learner book)

Income refers to the money a business earns.

Expenses refers to the cost of running the business. (pg. 40 LB)

Liabilities refers to the debt of the business (Non-current and current liabilities) (pg.41 LB)

Please complete activity 1B (pg.41-43)