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How to accounting: Assets and Liabilities by [Styla Brite](#)

Article published on February 29th 2012 | [Finance](#)

Knowledge in finance and investing is a must for everyone today. Back in the day, people used to leave the financial jargon to 'those who deal with that kind of thing'. Well, the tide has changed, and it's now absolutely necessary to know where your money is going, your sources of income, and how to balance the two in order to make informed decisions into your financial health. We'll take a look at assets and liabilities, and find out ways of balancing the two for the benefit of you and your family.

Assets

To begin with, we'll have a look at what an asset is. This can be defined as anything that has economic value or is expected to provide future benefit if invested in, such as money in the bank, personal property, real estate, and investments. Look around your house or business premises, I'm sure you're bound to see a few. For example, that computer that you use to write short stories for submission in exchange for pay is an asset. That pickup truck that you use to transport items for sale from the warehouse to your supermarket is an asset as well. Make a list of everything you own that is of value. Include your possessions such as vehicles, property, jewelry, furnishings, equipment, antiques and collectibles. Add any investments that you may have, and any cash in the bank. Place a value on each item. When you add up these values, you will have an idea of the worth of your assets. Remember, assets can be converted to cash for times when you'd find yourself in a rough spot.

If you want to acquire additional assets to secure your financial future, you could invest steady investment classes such as stocks, bonds and gold. These can be bought from investment brokers, who will advise you on the best stocks to buy in order to make a profit. It's wise to diversify your assets to bolster your finances from future rainy days that each of us is bound to come into. With a good mix of assets, you can weather the storm and brave economic slumps when they hit.

Liabilities

Next, we'll check out what liabilities are. These are amounts you owe to people or businesses in the form of bills or loans. These also include things that will cost you money in the future like that car loan you're servicing. It's important to make sure that your liabilities never exceed your assets. The funny thing, however, is that sometimes when you're acquiring assets, you incur liabilities. Unless you have cash in the bank to cover their cost, assets are often accompanied by debts. Please note that day-to-day living expenses are not liabilities, as these are costs that are to be expected and should be planned for in advance in your budget.

In order to have an idea of your net worth, add the total cost of your liabilities and subtract it from your assets. This kind of knowledge will give you the power and confidence to take control of your financial future and ensure that you live a worry-free and financially secure life.

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Article Keywords:

Howto, accounting, fundamentals, options, finance, economics

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