

**ACCOUNTANCY · CHAPTER 1**

# Introduction to Accounting

A 1-page guide for parents · 90-second read.

**EXPECTED MARKS**

**6-8 out of the marks this chapter carries. Because it is theory and vocabulary, full marks are very achievable with two focused revisions.**

**TIME TO MASTER****4-6 hrs****HELPLINE****70330 05444****WHAT THIS CHAPTER IS, IN PLAIN ENGLISH**

Your child has just opened the subject of Accountancy. This first chapter is the 'dictionary + rulebook' chapter — it teaches WHAT accounting is (a system for recording, summarising and communicating a business's money matters), WHO uses these records (owners, banks, government, investors), and the precise meaning of about twenty everyday-sounding words (capital, assets, liabilities, debtors, creditors, profit, purchases) that have very specific accounting meanings. There are no calculations here, but every single later chapter is built on this vocabulary, so getting the words exactly right now saves marks for two whole years.

**5 QUESTIONS TO ASK YOUR CHILD**

- What are the steps in the accounting process, in order?
- Is capital an asset or a liability of the business — and why?
- What's the difference between a debtor and a creditor?
- Who are the internal users and external users of accounting information?
- What's the difference between a trade discount and a cash discount?

**WEAK-SPOT INDICATORS**

- Says capital is an asset (it's a liability — money owed to the owner).
- Confuses debtor and creditor.
- Thinks book-keeping and accounting are the same thing.
- Calls drawings an 'expense'.
- Cannot list four users of accounting information with their reason.

**WHEN TO WORRY — AND WHAT TO DO**

This chapter is easy to score on but also easy to under-prepare because it 'looks like just theory'. If your child cannot crisply define the basic terms or keeps mixing up debtor/creditor and capital, that confusion will compound through the harder chapters. A weak Chapter 1 is an early warning, not a small problem.

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