

Types Of Accounts



A
|
Assets

L
|
Liabilities

OE
|
Owner's Equity
|
R ——— **Revenue**
E ——— **Expense**
D ——— **Draws/Dividends**

The above diagram is made up of two terms ALOE and RED. These are the basis for the acronym-ALOE-RED which helps us remember the types of accounts. ALOE-represents Assets, Liabilities, and Owner's Equity. RED-represents Revenues, Expenses, and Draws/Dividends.

Associate these terms with a day at the beach when you get a RED sunburn and use ALOE (the ointment) to ease the pain.