

Accounting Beginner Set

Student pages · print and hand out

ANCHOR CHART: THE ACCOUNTING EQUATION

PRINT & POST

Every transaction in the world of accounting has to keep this one equation balanced. If one side moves, the other side has to move with it. That is the whole game.



What each word means, in plain language

Term	Plain-language meaning	Everyday example
Assets	Stuff the business owns or is owed. Things of value.	Cash, supplies, equipment, money customers owe you
Liabilities	Stuff the business owes to someone else. Debts.	A loan, an unpaid bill, money owed to a supplier
Equity	The owner's share. What is left over after debts.	The owner's investment plus profits kept in the business

SAY IT OUT LOUD

What you OWN equals what you OWE plus what is truly YOURS. Assets on the left, everything else on the right. If your two sides do not match, a transaction was recorded wrong.

How debits and credits fit in

Debit just means the left side of an account. Credit just means the right side. Neither one means good or bad. Assets go UP with a debit. Liabilities and equity go UP with a credit. Every transaction touches at least two accounts so the equation stays balanced.

Print and cut apart. For each transaction, decide which account goes UP, and whether that change is a debit or a credit. Use the anchor chart to check yourself.

1. Bought supplies for cash

Supplies go up, cash goes down. Which is debited?
Which is credited?

2. Owner invested \$500 cash

The owner puts money into the business to start it up.

3. Made a sale for cash

A customer pays cash for what you sold today.

4. Paid the rent

You hand over cash to cover this month's rent.

5. Took out a \$1,000 loan

The bank gives you cash. You now owe the bank.

6. Bought a laptop on credit

You get the laptop now and promise to pay the bill later.

7. Paid a supplier bill

You settle an amount you owed a supplier earlier.

8. Earned cash for a service

A client pays you cash for work you performed.

9. Paid the electric bill

Cash leaves the business to cover the utility expense.

10. Owner took \$100 out

The owner withdraws cash from the business for personal use.

Name _____

Date _____

You are opening a lemonade stand. Below are six things that happened this week. Record each one in the ledger, then check that the accounting equation still balances at the end.

Step 1. The transactions

- 1 You invest \$40 of your own cash to start the stand.
- 2 You buy cups and lemons for \$15 cash.
- 3 You borrow \$20 from a parent to buy a folding table.
- 4 You sell lemonade all day and collect \$35 cash.
- 5 You pay \$5 cash for a permit to sell on the corner.
- 6 You pay back \$10 of the money you borrowed from your parent.

Step 2. Record each transaction

For each transaction, write which account changes, the amount, and whether it is a debit or a credit. Line 1 is started for you.

#	Account affected	Amount	Debit or credit?
1	Cash (asset)	\$40	Debit
1	Owner's equity	\$40	Credit
2			
2			
3			
3			
4			
4			
5			
6			
6			

Step 3. Add up each account

Total up how much cash you have left and what you own and owe after all six transactions. Fill in each blank.

Cash left at the end of the day \$ _____

Value of the table you own \$ _____

Total assets (cash + table) \$ _____

Amount you still owe your parent (a liability) \$ _____

Owner's equity: your \$40 investment plus any profit \$ _____

Step 4. Check the equation

Write your totals into the equation. If the two sides are equal, your books balance.

Assets	=	Liabilities	+	Equity
\$ _____	=	\$ _____	+	\$ _____

- ☐ My left side equals my right side
- ☐ My cash total is not negative
- ☐ Every transaction has both a debit and a credit

ONE THING THAT SURPRISED ME ABOUT KEEPING THE BOOKS

Print and cut apart. Match each term to a real example from the lemonade stand.

Asset

Something the business owns or is owed. Has value.
Cash and the table are assets.

Liability

Something the business owes to someone else. A debt.
The money owed to your parent.

Equity

The owner's share of the business. Your investment plus
any profit kept in.

Debit

The left side of an account. Assets go UP with a debit. It
does not mean bad.

Credit

The right side of an account. Liabilities and equity go UP
with a credit.

Revenue

Money the business earns from selling. The \$35 from
selling lemonade is revenue.

Expense

The cost of running the business. The permit and the
cups are expenses.