Accounting parent guide

You do not need to be an expert to read this book together. Your job is to ask how the explanation works and give the learner room to think.

What this book helps explain

Explain why profit, cash and ownership can change by different amounts.

Three short conversations

First, ask: A café takes a $200 customer deposit today for a cake it will deliver next month. Has it earned $200 today?

Next, read “A profitable day with less cash” together. Ask the learner to draw the idea and explain one unfamiliar term. Use the glossary rather than guessing.

Then use the activity below. Let the learner try before reading the answers on the next page. Ask what information would change the answer.

Try it together

Use paper columns for cash, assets, liabilities, revenue and expenses. A new café receives $1,000 from its owner, borrows $500, buys a $600 oven for cash, then receives a $200 deposit for next month's cake. Record each event. Ignore depreciation and all other transactions in this short exercise.

1. How much cash remains?

2. What are total assets, liabilities and equity?

3. Why is the customer deposit not yet revenue in this accrual example?

A small activity at home

Invent a small shop and draw what it owns, owes and has earned. Use made-up amounts, not household financial records.

Accounting conversation notes

Answers to discuss

1. $1,000 + $500 - $600 + $200 = $1,100 cash.

2. Assets are $1,100 cash + $600 oven = $1,700. Liabilities are the $500 loan + $200 deposit obligation = $700. Equity is $1,000. Assets = liabilities + equity.

3. The café still owes the cake or a refund. Receiving cash and earning revenue are different events.

Listen for this distinction

Cash received is not always revenue, and cash paid is not always an immediate expense.

Useful follow-up

Deliver the cake with no additional cost in this simplified model. Reduce the deposit liability by $200 and recognize $200 revenue; cash does not change.

When the explanation is unclear

Ask “Which part are we sure about?” and “Can you show me with a smaller example?” Say when you do not know. Read the relevant chapter together and check its sources if the question goes beyond the example.

Signs of understanding

The learner can explain the idea in their own words, use a diagram or example, and say one thing the example does not prove. Repeating the book word for word is not the goal.

Keep the conversation comfortable

Use fictional people and amounts. Do not require personal disclosures. Short sessions are enough; stop before frustration turns reading into a test.

Reading route

A profitable day with less cash; Buying is not always an expense; Build the bridge from profit to cash

Companion to Accounting: NOW It Makes Sense by Sonny Saggar. First edition. This guide uses original supplementary teaching examples.