Accounting teacher pack

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

For learners around age 14 and curious adults. Three 40-minute sessions. Use with the current AHA Accounting manuscript. References use chapter titles so they work in both print and ebook.

Learning goals

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

Use the terms asset; liability; equity; revenue; expense; cash flow. Show the reasoning behind an answer and identify where the example stops applying.

Reading route

1. A profitable day with less cash

2. Buying is not always an expense

3. Build the bridge from profit to cash

Teaching plan

Session 1: Ask the opening question before reading (5 minutes). Read the first selected chapter together (15). Draw the mechanism or compare two possible explanations (15). End with a one-sentence explanation (5).

Session 2: Read the remaining selected material (10 minutes). Complete the worksheet individually, then compare reasoning in pairs (20). Discuss the common wrong turn (10).

Session 3: Revisit one uncertain answer (10 minutes). Try the extension (15). Give a two-minute explanation without the book (10). Use the exit question (5).

Materials and access

Paper, pencil, the book and an optional calculator. Read diagrams aloud, allow spoken or drawn responses, and give extra time for vocabulary. No real accounts or specialist equipment are needed.

Accounting learner worksheet

Opening question

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

Investigation

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?

Show your reasoning, label units or evidence, and state any assumptions.

2. What are total assets, liabilities and equity?

Show your reasoning, label units or evidence, and state any assumptions.

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

Show your reasoning, label units or evidence, and state any assumptions.

Transfer question

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.

Exit question

What would you now check before accepting a claim about this topic? Name one specific check and explain why.

Accounting answers and teaching notes

Answer 1

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

Answer 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.

Answer 3

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

Common wrong turn

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

Extension discussion

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.

Assess the explanation

Give one point each for a correct conclusion, visible reasoning, correct units or evidence, and a relevant limitation. A correct number with no explanation is not a complete answer. Accept equivalent wording and well-supported alternative interpretations where the question allows them.

If the learner gets stuck

Return to the diagram or the smallest example. Ask what is being counted, compared or transferred. Let the learner revise the answer after explaining the mistake; do not reward speed over understanding.

Family connection

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