

# The Accounting Equation

## An Introduction Lesson

### An Introductory Lesson for Business Education Students

Perfect for an Intro  
to Business,  
Accounting, or  
Entrepreneurship  
High School or  
College class

**NO PREP!**  
**SAVES YOU TIME!**



BUSINESS EDUCATION WITH *Denise Leigh*

## MY EXPERTISE

**Teaching accounting is my JAM!** I taught Accounting every year of my 28-year career in the classroom.

## TEACHING DURATION

My students worked 50-minutes on this lesson which includes class discussions.

## STANDARDS

This lesson follows the National Business Education Association (NBEA) standards and can be completed with any textbook series.

# The Accounting Equation

## The Accounting Equation \$\$\$

There is a very important equation in accounting. It's called the Accounting Equation. This equation is also often called the Balance Sheet Equation. The three account classifications that are included in the equation are ASSETS, LIABILITIES, and OWNER'S EQUITY. In order to understand the accounting equation, you need to know what each classification means.

### The Accounting Equation

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

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## Liabilities

Click on [this link](#) to learn about liabilities.

1. According to the resource link above, what is a liability?

2. What is the difference between short term and long term liability?

3. List 3 different types of current liabilities

4. List 3 different types of non-current liabilities

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## Assets

Click on [this link](#) to learn about assets.

1. According to the resource link above, what is an asset?

2. An asset can be...

3. An asset is reported on which financial statement?

4. List the four types of assets and give examples.

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## Owner's Equity

Click on [this link](#) to learn about owner's equity.

1. Owner's equity can help you determine what?

2. What is the definition of owner's equity?

3. What is the equation to calculate owner's equity?

4. Define the following financial terms...

Invested Capital

Retained Earnings

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### Apply what you have learned

Now that you learned about the three different account classifications that are included in the accounting equation, apply what you learned. Drag and drop the accounts under the proper account classification.

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

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# WHAT CLASSES IS THIS FOR?

- **Survey of Business**
- **Introduction to Business**
- **Business Essentials**
- **Entrepreneurship Class**
- **or even an Accounting Class to introduce this concept**

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# This 'Accounting Equation' lesson is Lesson #2 in my Basic Accounting Unit

**Lesson 1 in this Accounting Unit**  
**What is Accounting?**

**What is Accounting?**

**Lesson 2 in this Accounting Unit**  
**The Accounting Equation**

**The Accounting Equation**

**Lesson 3 in this Accounting Unit**  
**Financial Statements**

**Financial Statements**

**Lesson 4 in this Accounting Unit**  
**GAAP & Accounting Ethics**

**TEACHER'S KEYS INCLUDED  
 NO PREP!**

**GAAP & Accounting Ethics**

## Introduction to Accounting Unit

**A Basic Accounting Unit for Business Education Students**

Perfect for an Introduction to Business or Entrepreneurship High School or College class

**NO PREP!  
 SAVES YOU TIME!**

BUSINESS EDUCATION WITH *Denise Leigh*

**Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!**

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

