**XXX Secondary School**

**20xx-20xx**

**Business, Accounting and Financial Studies**

**Basics of Accounting: Accounting Equation – Flowchart**

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自動產生的描述Name：\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class：\_\_\_\_\_ Class No：\_\_\_\_ Date：\_\_\_\_\_\_\_\_\_

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自動產生的描述

**Key Steps for Analyzing the Effects of Business Transactions on the Accounting Equation**

1. identifying the items (accounts) and amount to be affected by the transaction
2. double-checking which items (accounts) are to be affected at a time (at least two items)
3. marking the effects of the transaction (increased, decreased or unchanged) on the relevant items of the accounting equation
4. double-checking if the accounting equation remains balanced after marking the effects

**Flowchart for the effects on the Accounting Equation**

Example 1) The owner introduced $10,000 cash into the business.

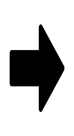
 Business Transaction

1. - (2) Items (Accounts) Amount

\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

(3) Assets = Capital + Liabilities

 (↑/↓) (↑/↓) (↑/↓)

(4) Total of the Accounting Equation => Increased / Decreased / Unchanged

(remained balanced)

Example 2) The company paid electricity of $6,000 in cash.

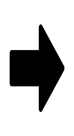
Business Transaction

1. - (2) Items (Accounts) Amount

\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

(3) Assets + Expenses + Drawings = Capital + Revenues + Liabilities

 (↑/↓) (↑/↓) (↑/↓) (↑/↓) (↑/↓) (↑/↓)

(4) Total of the Accounting Equation => Increased / Decreased / Unchanged

(remained balanced)

**\*\* Reminders\*\***

**Both sides Increased => the total of the Accounting Equation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Both sides Decreased => the total of the Accounting Equation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Increased and Decreased on the same side => the total of the Accounting Equation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Final checkpoint: The accounting equation always remains balanced!**

\* Teachers can decide whether to mention ledger accounts according to students’ learning progress.

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**Basics of Accounting: Accounting Equation – Flowchart**

Name：\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class：\_\_\_\_\_ Class No：\_\_\_\_ Date：\_\_\_\_\_\_\_\_\_

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**Flowchart for the effects on the Accounting Equation**

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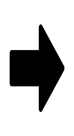
Business Transaction

1. – (2) Items (Accounts) Amount

Assets (Cash) ↑$10,000

 Capital (Capital) ↑$10,000

(3) Assets = Capital + Liabilities

 (↑/↓) (↑/↓) (↑/↓)

(4) Total of the Accounting Equation => Increased / Decreased / Unchanged

(remained balanced)

Example 2) The company paid electricity of $6,000 in cash.

Business Transaction



1. - (2) Items (Accounts) Amount

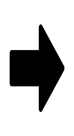
Assets (Cash) ↓$6,000

Expenses (Electricity) ↑$6,000



(3) Assets + Expenses + Drawings = Capital + Revenues + Liabilities

(↑/↓) (↑/↓) (↑/↓) (↑/↓) (↑/↓) (↑/↓)



(4) Total of the Accounting Equation = Increased / Decreased / Unchanged

(remained balanced)

**\*\* Reminders\*\***

Both sides Increased => the total of the Accounting Equation Increased

Both sides Decreased => the total of the Accounting Equation Decreased

Increased and Decreased on the same side => the total of Accounting Equation Unchanged

**Final checkpoint: The accounting equation always remains balanced!**