FREE PREVIEW

Just Enough Accounting

The essential concepts every non-accountant actually needs — and nothing you don't.

From "I don't get numbers" to reading a balance sheet with confidence.

Ben S

Introduction + Chapter 1 · the full book continues from here

Just Enough Accounting

The essential concepts every non-accountant actually needs — and nothing you don't. From “I don't get numbers” to reading a balance sheet with confidence.

FREE PREVIEW EDITION · Introduction + Chapter 1

Ben S

Welcome

Hello, and thank you for opening this book.

For several years I taught this exact course — an evening class for non-accountants — at a university. My students were adults who had never touched a ledger: managers, entrepreneurs, artists, parents going back to work. Not one of them needed to become a CPA. They just wanted to stop feeling lost when the numbers came up.

A quick word about me, just so you know you're in steady hands. I'm a CPA, and I've spent more than twenty-five years working with these numbers from every angle — in audit, in tax, and inside companies on the finance side. I don't mention that to impress anyone; I mention it because it means the explanations here have been tested on real beginners, and I've learned which handful of ideas truly matter — and which you can safely set aside.

That is exactly what this book is for. My goal is simple: by the last page you'll understand how the whole system fits together, and you'll be able to hold a real, confident conversation about the numbers — with your colleagues, your accountant, your banker, or your business partner.

I promise you two things. First, I'll never assume you already know something — we start from zero. Second, I won't drown you in jargon. Accounting has a reputation for being complicated, but its core rests on a single idea so simple it fits on a bumper sticker. Once that clicks, the rest is just detail.

What you're holding is a **free preview** — the introduction and the first chapter, the foundation the whole book is built on. It's the perfect place to see whether my way of explaining things clicks for you. Read with a pencil nearby, try the practice problems, and don't rush — understanding beats memorizing every time.

Let's begin.

— Ben S

How to Use This Book

The full book's chapters follow the seven goals I set for my original course, in the order that makes them easiest to learn. Each one builds on the last. This preview covers the foundation — Chapter 1 — which everything else grows from.

As you read, watch for four kinds of colored boxes. They are your signposts:

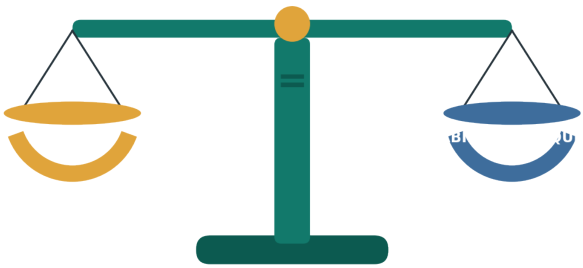
★	**Key Idea**	The one thing to remember from a section. If you skim, don't skim these.
✎	**Ben's Tip**	A shortcut, memory trick, or bit of plain-language wisdom from the classroom.
!	**Watch Out**	A common trap that trips up beginners. A moment of care here saves confusion later.
?	**Try It Yourself**	A quick practice problem. In the full book, every answer is worked out in the back.

Ready? Turn the page and let's learn the one sentence the whole language of business is built on.

CHAPTER 1

The Accounting Equation

THE FOUNDATION — everything else in this book grows from here.



If you learn only one thing from this entire book, learn this. It is the sentence the whole language of business is built on.

Accounting is often called **the language of business**, and like any language it has a grammar. The good news is that its grammar has exactly one core rule. Master this rule and you can read almost anything.

Here it is:

The whole of accounting balances on this one sentence.

Assets are the things a business **owns** that have value — cash, equipment, a building, money customers owe it. **Liabilities** are what the business **owes** to others — loans, unpaid bills, taxes due. And **equity** is simply what would be **left over for the owners** if you sold everything and paid off every debt.

> ★ **KEY IDEA The equation that never breaks**
>
> Assets = Liabilities + Equity
>
> It holds true for every business, of every size, at every single moment in time. It can never be out of balance — and by the end of this book you'll understand exactly why.

Why it always balances

Think of it as two views of the very same pile of stuff. The left side lists the business's resources (its assets). The right side lists *who has a claim* on those resources. Every dollar of value is claimed by somebody — either a lender (that's a liability) or an owner (that's equity). Since the resources and the claims on them describe the same pile, the two sides must always be equal.

A house makes it obvious

Suppose you own a house worth **$400,000**, and you still owe the bank a mortgage of **$300,000**. What is truly yours? **$100,000**. The house is your asset, the mortgage is your liability, and your equity is the sliver left after the debt. Assets $400,000 = Liabilities $300,000 + Equity $100,000. That's the equation, and you already understood it before you ever opened this book.

Owners get in two ways

Equity grows in two ways. Owners can **put money in** (for a corporation we call that **common stock**; for a small business, simply the owner's contribution). Or the business can **earn money and keep it**, which we call **retained earnings** — literally, the earnings it has retained. Contributed from outside, or earned from inside. Both belong to the owners.

Stretching the equation to see profit

Earnings come from running the business: bringing in **revenue** and using up **expenses**. If we pull those out into the open, the equation expands into the version we'll use for the rest of the book:

The expanded equation. The left group is your Balance Sheet; the right group (Revenue minus Expenses) is your Income Statement.

Revenue makes the owners richer, so it lifts equity. Expenses use resources up, so they lower it. Revenue minus Expenses is the profit — and profit is exactly how a business grows its own equity from the inside. Notice that the two familiar financial statements are already hiding inside this one line. We'll meet them properly in Chapter 5 of the full book.

> ✎ **BEN'S TIP**
>
> You don't have to memorize much in accounting, but you **do** want this line burned into memory:
>
> **A = L + SE + R − E**
>
> Assets equal Liabilities plus Stockholders' Equity, plus Revenue minus Expenses. Everything we do from here is just this sentence, wearing different outfits.

> ? **TRY IT YOURSELF**
>
> **Q1.1.** A company's assets are $100,000 and its liabilities are $80,000. What is its equity?
>
> **Q1.2.** A company's assets are $180,000 and its equity is $70,000. What are its liabilities?
>
> **Q1.3.** On January 1, a business has assets of $100,000 and liabilities of $60,000. What is its equity?
>
> **Q1.4.** By December 31 that same business has assets of $180,000 and liabilities of $90,000. What is its equity now, and by how much did equity change during the year?

(The worked answers to these live in the back of the full book — but try them first. If you reasoned your way to $20,000, $110,000, $40,000, and a $50,000 increase, you've already got the single most important idea in accounting.)

Ready for the Rest?

That was the foundation — the one idea everything else is built on. If it clicked, the rest of the book will feel like watching the pieces snap into place. Here's what waits for you in the complete edition:

Chapter 2	Debits & Credits — the two words that scare everyone, made simple for good.
Chapter 3	Journal Entries & the Accounting Cycle — how everyday events become numbers.
Chapter 4	Adjusting Entries — including a friendly tour of depreciation.
Chapter 5	Meet the Three Financial Statements — and how they lock together.
Chapter 6	The Income Statement — did we make money?
Chapter 7	The Balance Sheet — what we own and owe, at a glance.
Chapter 8	The Statement of Cash Flows — following the real dollars.
Chapter 9	Closing the Books — hitting reset for a clean new year.
Chapter 10	Putting It All Together — one company, start to finish.
Appendix A	The full Answer Key, plus depreciation worked three ways.
Appendix B	The Graduation Problem — a complete, adjusted year with every solution.

GET THE FULL BOOK

Just Enough Accounting — the complete edition, by Ben S.

Get your copy at:

aiforxers.com

Thanks for reading — I hope to see you in Chapter 2.

— Ben S