LEARNING AS ONE NATION

Expanded Project

FABM1_10

SHS LEARNING ACTIVITY

Name: _____ **Score/Mark:** _____

Grade and Section: _____ **Date:** _____

Strand: ☐ STEM ☐ ABM ☐ HUMSS ☐ ICT (*TVL Track*)

Subject: *Fundamentals of ABM 1*

Type of Activity ☐ Concept Notes ☐ Skills: Exercise / Drill ☐ Illustration ☐ Laboratory Report ☐ Essay/Task Report ☐ Others: _____

Activity Title: LA-10. Types of Major Accounts: Assets

Learning Target:
1) To discuss asset as a major account
2) To cite examples of an asset account

References: *(Author, Title, Pages)*
1) Hinayon, et al., Fundamentals of Accounting Vol. 1, pp. 34-35
2) Q. J. Abcede, CVIF Learning Activities

Financial statements involve five major types of accounts: assets, liabilities, equity, income, and expenses. In this Learning Activity, we will discuss the Asset account.

Assets have the following characteristics:

- These are resources which the enterprise owns or controls.
- These are acquired by the enterprise from a past transaction (e.g., acquiring a printer from a store purchase) and for their future economic benefits (e.g., acquiring a printer for daily office operations).
- Because these are owned by the enterprise, it has the right to prevent other entities or other businesses from using the resources.

Examples of Asset accounts:

a. Cash – This refers to the enterprise's money on hand or in banks which is received either as income from customers or from the owner/s for investment. Cash and its equivalents are considered the primary medium of exchange in most business transactions.
b. Accounts receivable – This refers to the valid claims of the enterprise from its customers/clients who have not yet paid for the goods already delivered and/or services already rendered. Because the customer has not yet paid, the amount is charged on his/her account or on credit; therefore, he/she has the responsibility of paying the amount in the future.
c. Supplies or Supplies on hand – This refers to the supplies previously purchased by the enterprise for its operations (e.g., envelopes, pencils, bond paper, etc.) which are unused and in stock as of the date of the balance sheet. *(We will discuss more about the balance sheet in the next activities.)*
d. Property, plant and equipment (PPE) – These are long-lived assets acquired by the enterprise for its operations. This category includes land, building, machinery, furniture, fixtures (like lighting and tiles), equipment, and transportation or delivery vehicles which are needed to run the business.

Exercise: Suppose you are about to open a coffee shop at a business center near you. What specific ***Supplies*** and ***PPE*** will you need for your business operations? List down at least three for each category of assets.