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-14. Types of Major Accounts: Expense
Learning Target: 1) To discuss expense as a major account
2) To cite examples of an expense account
References: *(Author, Title, Pages)*
1) Hinayon, et al., Fundamentals of Accounting Vol. 1, p. 38
2) Q. J. Abcede, CVIF Learning Activities

Expenses refer to the decreases in economic benefits during a period. These can come in the form of cash outflows, increases in liabilities that decrease equity, or depletion of assets. Expenses involve:

a. Expenses incurred from the ordinary activities of the enterprise :
- Salaries or wages and other benefits paid to employees
- Rent expense
- Utility expenses (e.g., electricity, water, and internet)
- Cost of used supplies
- Taxes, permits, and licenses paid for business
- Commissions paid to salespersons
- Advertising and promotion expenses
- Depreciation expense on equipment

b. Losses – These are expenses incurred outside the ordinary activities of an enterprise but meet the definition of expense as a decrease in the economic benefits.
Examples of business transactions that bring losses:
- A restaurant's supplies on hand were destroyed by fire due to faulty wiring.
- Land is sold at a price lower than its acquisition cost.

Exercises:

A. Identify the accounting term being described by each statement. Choose your answer from the box and write it on the blank.

_____1. This represents the value of a physical asset (for example, machinery) that has been used up each year.
_____2. This refers to the amount paid to an employee, usually as an addition to the regular salary, for completing a certain task.
_____3. This refers to money going out of the enterprise.

Outflow	Depreciation	Commission

B. Manna's Bakery pays its two bakers total wages of Php4,000 every Monday for the preceding week's 5 days of work from Monday to Friday. On December 29 (Monday), the bakers were paid for the week ending December 26 (Friday). How much should be recorded as wages expense in the last week of December if the bakers worked the last three days of the year? Show your step-by-step solutions properly.