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-21. Summary of the Rules of Debit and Credit**
Learning Target: 1) To summarize the rules of debit and credit using T-account
2) To analyze common business transactions using the rules of debit and credit
References: *(Author, Title, Pages)*
1) Hinayon, et al., Fundamentals of Accounting, p. 82
2) Q. J. Abcede, CVIF Learning Activities

To summarize the rules of debit and credit discussed in the previous LAS, we will use the T-account. A **T-account** is a simple visual representation of an account which illustrates the double-entry system in accounting. Accountants use T-accounts to easily track all debits and credits made. Using the T-accounts, the rules of debit and credit follow:

Asset	
DEBIT increases	CREDIT decreases

Liability	
DEBIT decreases	CREDIT increases

Equity	
DEBIT decreases	CREDIT increases

Income	
DEBIT decreases	CREDIT increases

Expense	
DEBIT increases	CREDIT decreases

Exercise: Analyze the following business transactions. Using the T-accounts, illustrate the rules of debit and credit being applied on each. Item 1 is given to you as an example.

1. The owner invests Php100,000 cash into the business.

Cash (asset)	
Php 100,000	

Owner's capital (equity)	
	Php 100,000

Increase in asset; debit Php100,000 *Increase in equity; credit Php100,000*

2. The company purchases office supplies with Php5,000 cash.
3. The company receives cash worth Php950 from a customer for providing service.
4. The company pays a bank loan with Php55,000 cash.
5. The owner loans Php250,000 from the bank to acquire a copying machine.