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-03. Accounting: Branches and Types
Learning Target: To distinguish between different branches and types of accounting
References: *(Author, Title, Pages)*
1) Hinayon, et al., Fundamentals of Accounting Vol. 1, p. 13
2) Q. J. Abcede, CVIF Learning Activities

The following branches and types of accounting address different needs of particular users of accounting information:

A. **Financial Accounting**. It is primarily concerned with preparing and presenting general-purpose financial statements such as the income statement and the balance sheet. Its main focus is to meet the needs of external users. For example, legally recognized corporations submit this type of reports to the Securities and Exchange Commission (SEC)
B. **Management Accounting**. It aims to meet the needs of internal users such as the managers who have the accounting system of an organization designed based on management needs. These financial reports help the managers to make better decisions for the business.
   - **Cost Accounting**. A subset of management accounting, this helps managers in controlling expenses by measuring the costs of the business. For example, cost accounting records help managers determine the prices of products or services to increase profits.
C. **Tax Accounting**. It focuses on taxes, such as the preparation of tax returns and tax planning. It guides the business to follow specific rules set by government authorities such as the Bureau of Internal Revenue (BIR).
D. **Government Accounting**. It is concerned with the tight control over, disposition of, and accounting for the use of public funds. For example, this is mandated for projects of local and national government officials and their offices.
E. **Auditing**. This includes inspecting, reviewing, examining, verifying, and evaluating financial data, records or transactions of an organization for a specified period of time.

Exercises: Answer the following briefly.

1. Give the type of accounting needed by the following external users of a company's financial information. State why they need such accounting reports.
   a. Customers
   b. Investors
2. Why is government accounting important for uplifting the lives of citizens?