# 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-22. Comprehensive Example: Using T-Accounts I**
**Learning Target:** To analyze common business transactions using the rules of debit and credit
**References:** *(Author, Title, Pages)*
1) Hinayon, et al., Fundamentals of Accounting, pp. 82-83
2) Q. J. Abcede, CVIF Learning Activities

To further apply the rules of debit and credit, let us use as examples the following transactions of Ligaya Advertising Services and record these using the T-accounts.

1. On January 1, Joy (the owner) invested Php750,000 to a bank account in the name of Ligaya Advertising. *(increase in asset = increase in equity)*

| Cash | | | |
|---|---|---|---|
| 1-1 | 750,000 | | |

| Ligaya, Capital | | | |
|---|---|---|---|
| | | 1-1 | 750,000 |

2. On January 5, Joy purchased computer equipment and accessories, paying Php380,000 in cash. *(increase in one asset = decrease in another asset)*

| Computer Equipment | | | |
|---|---|---|---|
| 1-5 | 380,000 | | |

| Cash | | | |
|---|---|---|---|
| 1-1 | 750,000 | 1-5 | 380,000 |

3. On January 9, Joy acquired office supplies for Php25,000 on account. *(increase in asset = increase in liability)*

| Office Supplies | | | |
|---|---|---|---|
| 1-9 | 25,000 | | |

| Accounts Payable | | | |
|---|---|---|---|
| | | 1-9 | 25,000 |

4. On January 11, Ligaya Advertising received Php98,000 in cash from customers for advertising services provided. *(increase in asset = increase in equity)*

| Cash | | | |
|---|---|---|---|
| 1-1 | 750,000 | 1-5 | 380,000 |
| 1-11 | 98,000 | | |

| Advertising Income | | | |
|---|---|---|---|
| | | 1-11 | 98,000 |

5. On January 16, Joy paid Php11,000 to PQR Utility Company for the monthly utilities of the agency. (decrease in asset = decrease in equity)

| Utilities Expense | | | |
|---|---|---|---|
| 1-16 | 11,000 | | |

| Cash | | | |
|---|---|---|---|
| 1-1 | 750,000 | 1-5 | 380,000 |
| 1-11 | 98,000 | 1-16 | 11,000 |

**Exercise:** By looking at the above T-accounts, state how an accountant determines the balance of a specific account; for example, the balance of the asset account Cash.