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-17. Expanded Accounting Equation**
Learning Target: To illustrate the expanded accounting equation
References: *(Author, Title, Pages)*
1) Hinayon, et al., Fundamentals of Accounting Vol. 1, p. 68
2) Q. J. Abcede, CVIF Learning Activities

The **expanded accounting equation**, similar to the basic accounting equation, illustrates the relationship among the major accounts of an enterprise. The difference is that, the Equity or Owner's Equity portion is broken down into several components: Owner's Capital, Revenues (or Income), Owner's Drawings (or Withdrawals), and Expenses.

Assets = Liabilities + Equity

Assets = Liabilities + (Owner's Capital + Revenues – Owner's Drawings – Expenses)

In the above equation, Owner's Capital refers to the capital or original investment and any additional investment made by the owner, which increases Owner's Equity. Owner's Drawings of business cash for non-business or personal use decreases Equity. Revenue or Income increases Owner's Equity, while Expenses decrease Owner's Equity. (These have already been introduced to you in LA-12.)

Exercise: Use the expanded accounting equation to answer the following questions. Present your solutions properly and neatly.

1. The liabilities of Ocampo Company are Php800,000. Owner's capital account is Php1,400,000; withdrawals amount to Php300,000; income is Php4,400,000; and expenses are Php3,100,000. What is the amount of Ocampo Company's total assets?

2. The total assets of Tolentino Company are Php570,000. Owner's capital account is Php250,000; withdrawals amount to Php70,000; income is Php520,000; and expenses are Php350,000. How much is the company's total liabilities?