



CHAPTER 8

# TYPES OF MAJOR ACCOUNTS



"Fundamentals Of Accountancy, Business, And Management 1" By: Joselito G. Florendo

# Major Accounts

In accounting, accounts are categories used to record similar financial transactions. The major accounts help organize business financial information into key groups so statements are clear and accurate.



## The Five Major Account Types

### 1. Assets

Assets are resources owned by the business that provide future economic benefit.

Examples: Cash, Accounts Receivable, Inventory, Equipment

### 2. Liabilities

Liabilities are amounts the business owes to others and must be paid in the future.

Examples: Accounts Payable, Loans

### 3. Owner's Equity (Capital)

Owner's Equity (or Capital) is the owner's claim on the business assets after liabilities are deducted.

Examples: Owner's Capital, Retained Earnings

#### **4. Income (Revenue)**

**Income accounts show increases in economic benefits from business operations.**

**Examples: Sales Revenue, Service Income**

#### **5. Expenses**

**Expense accounts record costs incurred to earn income during a period.**

**Examples: Rent Expense, Salaries Expense**



# Thank You Very Much!

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