**MEMORANDUM CIRCULAR NO.2021 - \_\_\_\_**

***Series of 2021***

**TO : ALL CONCERNED**

**SUBJECT : REVISED STANDARD CHART OF ACCOUNTS FOR COOPERATIVES**

Pursuant to Republic Act No. 11364, Republic Act No. 9520, Republic Act No. 10744 and its Implementing Rules and Regulations (IRR), an Act creating the Cooperative Development Authority defining its Powers, Functions and Responsibilities, the Authority hereby issues this Memorandum Circular prescribing the usage of Standard Chart of Accounts for Cooperatives in conformity with the Philippine Financial Reporting Framework for Cooperatives or MC 2015 -06.

**Section 1. Scope**

This Circular shall be applied in the accounting and financial reporting of all types of cooperatives, except Cooperative Banks, Insurance and Electric Cooperatives, duly registered with the Cooperative Development Authority pursuant to Republic Act No. 9520, otherwise known as the Philippine Cooperative Code of 2008

**Section 2. Objective and Purposes**

The basic purpose of prescribing the standard chart of accounts is to provide guidelines in the use of account and account titles in the preparation of financial statements for the use of all types of cooperatives. Specifically, these shall:

1. ensure uniformity and common understanding of accounts;
2. guide in the installation of accounting and internal control systems;
3. facilitate the conduct of audit;
4. enhance transparency;
5. sets standards and discipline in measuring the financial safety and soundness;
6. facilitate the analysis and evaluation of financial management performance;
7. provide basis in monitoring, supervision and business linkages.

**Section 3. Financial Statements**

A complete set of financial statements includes the following components:

1. **Statement of Financial Condition (Balance Sheet)** presents a cooperative’s **assets, liabilities** and **equity** as of a specific date—the end of the **reporting period**. Assets and liabilities are further classified as current or non-current.
2. **Statement of Operations (Income Statement)** presents its financial **performance** for the period. It includes revenues, costs and expenses, gains and losses and net surplus or net loss. Expenses are classified according to their function as part of cost of sales/services rendered, distribution or administrative activities. In a cooperative the difference between revenues and expenses is called net surplus that is allocated in accordance with the Cooperative Code or the cooperative’s by-laws.

**C. Statement of Changes in Equity** presents the amounts of investments and withdrawals by members, addition and utilization of statutory funds, movement in donations and grants, and revaluation surplus during the period.

**D. Cash Flows Statement** provides information about the changes in **cash** and **cash equivalents** of a cooperative for a **reporting period**, showing separately changes from **operating activities**, **investing activities** and **financing activities**

**E. Notes to Financial Statements** provide narrative descriptions or disaggregation of items presented in the above statements and information about items that do not qualify for **recognition** in those statements. It also describes the accounting policies and the measurement basis/bases used in the preparation of the financial statement.

**Section 4. Standard Chart of Accounts for Cooperatives**

| **ACCOUNT CODE** | **ACCOUNT TITLE** | | | | **DEFINITION** |
| --- | --- | --- | --- | --- | --- |
| **STATEMENT OF FINANCIAL CONDITION** | | | | | |
| 10000-17000 | **ASSET ACCOUNTS -** are resources controlled by the cooperative as a result of past events and from which future economic benefits are expected to flow to the cooperative | | | | |
| 11000-12000 | **CURRENT ASSETS** | | | | *Cash and other assets that are reasonably expected to be realized in cash or intended for sale or consummation within twelve months after the balance sheet date, or the normal operating cycle of the business, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date (PFRFC Chapter IV, Section 2.1.)* |
| 11100-11180 | ***Cash and Cash Equivalents*** | | | | Cash and short term, highly liquid investments, and held to meet short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. (PFRFC Chapter VII, Sections 2) |
| 11110 | Cash on Hand | | | | This account refers to money (bills and coins) still in the possession of the cooperative’s custodian. |
| 11120 | Checks & Other Cash Items (COCI) | | | | This account refers to dated checks, postal money order (PMO) and demand drafts awaiting deposits |
| 11130 | Cash in Bank | | | | This account refers to money deposited in the bank under the name of the cooperative, i.e. savings, current, time deposits, and combo-account. A subsidiary ledger shall be maintained for each bank account. |
| 11140 | Cash in Cooperative  Federation | | | | This account refers to money deposited in the federations to which they are affiliated, i.e. savings and time deposits which are unrestricted and readily available when needed. A subsidiary ledger shall be maintained for each account. |
| 11150 | Petty Cash Fund | | | | This account refers to the limited amount of money set aside for small expenditures such as stationeries, supplies and fares maintained under an imprest system. It should be replenished periodically when the fund gets low. |
| 11160 | Revolving Fund | | | | This account refers to the amount set aside to cover disbursements for recurring transactions maintained under an imprest system. It should be replenished periodically when the fund gets low . This may include emergency purchases, withdrawal of deposits, release of loan proceeds, etc., the maximum amount of which shall be predetermined by the Board of Directors. |
| 11170 | Change Fund | | | | This account refers to the reasonable amount of money set aside by BOD to change bigger amount of bills to smaller denomination or coins or vice versa. |
| 11180 | ATM Fund | | | | This account refers to the money placed in the ATM manned by the cooperative. |
| 11200-11399 | ***Loans And Receivables*** | | | | These refer to financial assets with fixed or determinable payments that are not quoted in an active market. A receivable is recognized for the difference between the gross receivable and the related unearned interest income (PFRFC Chapter 10, Section 4.1., par. 5) Amount due beyond one year of these accounts shall be disclosed in the Notes to FS. |
| 11210 | Loans Receivable – Current | | | | This account refers to the outstanding balance of loans granted to the members which are not yet due. |
| 11220 | Loans Receivable - Past Due | | | | This account refers to outstanding balance of loans to member-borrowers not paid on installment due dates using the Portfolio at Risk (PAR). |
| 11230 | Loans Receivable Restructured | | | | This account refers to receivables from the member-borrowers whose loan accounts were restructured upon full payment of interests due. |
| 11240 | Loans Receivable – Loans in Litigation | | | | This account refers to receivables from member-borrowers under legal action. The loan shall remain in this account during the pendency of the legal proceedings and until fully paid/restructured/foreclosed and undergone proceedings. |
| 11241 | Unearned Interests and Discounts | | | | This account refers to interest on loans deducted in advance and presented as a contra asset account |
| 11242 | Allowance for Probable Losses – Loans | | | | This account refers to the cumulative amount of probable or impairment losses arising from non-collection of loans. |
| 11250 | Accounts Receivables Trade – Current | | | | This account refers to the amount due from member, non-member patrons and/or ATM providers resulting from sales of related goods /merchandise which are expected to be collected within the credit terms set by the Board of Directors. |
| 11260 | Accounts Receivables Trade - Past Due | | | | This account refers to total trade receivables due from members and/or non-member patrons which remain unpaid beyond the credit terms set by the BOD. |
| 11270 | Accounts Receivables Trade - Restructured | | | | This account refers to total Trade receivables from the member & non-member patrons whose accounts were restructured upon full payment or settlement of interests due and/or penalties. |
| 11280 | Accounts Receivables Trade - in Litigation | | | | This account refers to total trade receivables from member and non-member patrons under legal action. The receivables shall remain in this account during the pendency of the legal proceedings and until fully settled. |
| 11281 | Allowance for Probable Losses - Accounts Receivable Trade | | | | This account refers to the cumulative amount of probable or impairment losses arising from non-collection of accounts. |
| 11290 | Installment Receivables – Current | | | | This account refers to the amount due from members and non-member patrons for sale of merchandise/goods on a deferred payment or installment plan. |
| 11300 | Installment Receivables – Past Due | | | | This account refers to amount due from members and non-member patrons for sale of merchandise / goods on a deferred payment or installment plan which remain unpaid beyond the terms set by the cooperative. |
| 11310 | Installment Receivables – Restructured | | | | This account refers to amount due from members and non-member patrons for sale of merchandise / goods on a deferred payment or installment plan that were restructured upon full payment or settlement of interests due and/or penalties. |
| 11320 | Installment Receivable - in Litigation | | | | This account refers to amount due from members and non-member patrons for sale of merchandise / goods on a deferred payment or installment plan under legal action. The receivables shall remain in this account during the pendency of the legal proceedings and until fully settled. |
| 11321 | Allowance for Probable Losses  - Installment  Receivables | | | | This account refers to the cumulative amount of probable or impairment losses arising from non-collection of installment receivables |
| 11322 | Unrealized Gross Margin | | | | This account refers to the unrealized portion of the gross margin on goods sold on installment basis. This is a contra account to installment receivable. (used by coops involved in real estate operations) |
| 11330 | Service Receivable | | | | This account refers to the amount due from member, non-member patrons and/or ATM providers resulting from services rendered which are expected to be collected within the credit terms set by the Board of Directors. |
| 11340 | Sales Contract Receivable | | | | This account refers to amortized cost of the receivables arising from installment sale of assets acquired in settlement of loans/obligations. |
| 11341 |  |  | Allowance for Probable Losses - Sales Contract Receivables | | This account refers to the cumulative amount of probable or impairment losses that may arise from non-collection of payment on Sales Contract Receivables. |
| 11350 |  | Accounts Receivable – non trade | | | This account refers receivables other than accounts receivable-trade. Examples of this, income tax receivable, and insurance claims receivable, etc. |
| 11351 |  | Allowance for Probable Losses - Accounts Receivable-non trade | | | This account refers to the cumulative amount of probable or impairment losses that may arise from non-collection of payment on Accounts Receivable-non trade |
| 11360 |  | Advances to Officers,  Employees and Members | | | This account refers to duly approved cash advances for official business to officers, employees and members, subject to liquidation in accordance with the policy of the cooperative. |
| 11370 |  | Due from Accountable Officers, Employees and Members | | | This account refers to total collectibles due from accountable officers and employees arising from shortages, losses and unliquidated cash advances beyond the prescribed period, that are subject to immediate settlement. |
| 11380 |  | Finance Lease Receivable | | | This account refers to receivables arising from sale of goods/property under finance lease agreement. |
| 11381 |  | Allowance for Impairment – Finance Lease Receivable | | | This account refers to the cumulative amount of impairment loss that may arise from non-collection of payment on Finance Lease Receivables. |
| 11390 |  | Receivable Assigned – Surety Agreement | | | This account refers to the amount due from the CSF Cooperative’s member-borrower/endorser, by virtue of its endorsement or subrogation of the debt, under a deed of assignment of credit issued by the lending bank in favor of the CSF Cooperative, after payment has been made by the latter to the former in accordance with the Surety Agreement. |
| 11391 |  | Unearned Income- Receivable Assigned | | | This account refers to the amount of income received but not yet earned on receivable assigned from surety agreement, such as interest on loans, 20% of the principal balance and other income received in advance upon subrogation of the debt. |
| 11399 |  | Other Current Receivables | | | This account refers to transactions/adjustments not classified under any of the receivable accounts mentioned. |
| 11400 | ***Other Financial Assets*** | | | | These are financial instruments excluding cash and cash equivalents, loans and receivables, investment in associates, investment in joint ventures, and investments in subsidiaries. |
| 11410 |  | Financial asset at fair value through profit or loss | | | This account refers to financial assets invested in publicly-traded securities with quoted price in the form of debt or equity securities that are held for trading purposes. |
| 11420 |  | Financial asset at cost | | | This refers to financial assets in the form of debt or equity securities which are not quoted in an active market and are expected to be realized in cash within one year from the reporting period (net of impairment). |
| 11500 | ***Inventories*** | | | | These are assets: (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or c) in the form of materials or supplies to be consumed in the production process or in the rendering of services. |
| 11510 | Merchandise Inventory | | | | This account refers to cost of goods on hand out on consignment and in-transit, available for sale at the end of the accounting or reporting period. |
| 11520 | Repossessed Inventories | | | | This account refers to fair value of inventories previously sold but regained as a result of the default of the payments due from members/customers |
| 11530 | Spare Parts/Materials & Other Goods Inventory | | | | This account refers to spare parts/materials and other goods on hand and in transit |
| 11540 | Raw Materials Inventory | | | | This account refers to cost of raw materials on hand and in transit at the end of the accounting or reporting period. |
| 11550 | Work in Process Inventory | | | | This account refers to cost of job or work in process on hand at the end of accounting or reporting period. |
| 11560 | Finished Goods Inventory | | | | This account refers to cost of completed job or work orders and goods manufactured/ produced/ processed on hand and ready for sale at the end of accounting or reporting period |
| 11570 | Inventory -Agricultural Produce | | | | This account refers to the harvested product of the biological assets measured at cost. |
| 11580 | Equipment for Lease Inventory | | | | This account refers to cost of equipment on hand intended for lease purchase agreement. |
| 11590 | Allowance for impairment - Inventory | | | | This account refers to allowance set aside to provide for impairment losses on inventory. This is a contra account to Inventories. |
| 11600 | ***Biological Assets*** | | | | This account refers to living animals and plants that are intended for sale. This shall be measured at cost. |
| 12000 | ***Other Current Assets*** | | | | This account refers to any other current assets not classified above which are expected to be realized, consumed or used within the year. |
| 12110 | Input Tax | | | | This account refers to value-added tax due from or paid by a VAT registered/registrable entity on the importation or local purchases of merchandise/goods or services including lease or use of property. |
| 12120 | Creditable VAT | | | | An amount of Value Added Tax withheld by a cooperative supplier arising from sale or procurement of goods/services from a taxable institution/cooperative. |
| 12130 | Creditable Withholding Tax | | | | Refers to an amount that is **withheld by cooperative supplier arising** from sale or procurement of goods/services from a taxable institution/cooperative |
| 12140 | Deposit to Suppliers | | | | This account refers to the amount paid in advance to suppliers. |
| 12150 | Unused Supplies | | | | This account refers to cost of supplies on hand. |
| 12160 | Assets Acquired in Settlement of Loans/Accounts | | | | This refers to non real properties acquired in settlement of loans and receivables through foreclosure. |
| 12161 | Accumulated Depreciation and Impairment-Assets Acquired in Settlement of loans/accounts | | | | This account refers to the total amount of depreciation and impairment assets acquired in settlement of loans/accounts that are set up periodically and charged against the current operations. |
| 12170 | Prepaid Expenses | | | | This account refers to payments made in advance, to be amortized within one (1) year (e.g. insurance, interest, rentals, etc.) |
| 12200 | Other Current Assets | | | | This account refers to current assets not falling in any of the above categories. |
| 13000-17000 | **NON CURRENT ASSETS** | | | | *All other assets not classified as current to include tangible, intangible, operating and financial assets of a long term nature.* |
| 13100 | ***Other Financial Assets Long Term*** | | | | (excluding cash and cash equivalents, loans and receivables, investment in associates, investment in joint ventures, and investments in subsidiaries) |
| 13110 | Financial asset at fair value through equity | | | | This account refers to financial assets invested in publicly-traded securities with quoted price in the form of debt or equity securities not intended to be disposed within twelve (12) month period. |
| 13120 | Financial asset at cost | | | | This refers to financial assets in the form of equity securities which are not quoted in an active market and are expected to be realized in more than one year from the reporting period (net of impairment) |
| 13130 | Financial Asset at amortized cost | | | | This refers to financial assets in the form of debt securities which are expected to be realized in more than one year from the reporting period (net of impairment) |
| 13200 | ***Investment in Subsidiaries*** | | | | This account refers to the amount of the cooperative’s investment in the equity instruments of non-cooperative subsidiaries (ownership of the more than 50% of the voting shares) |
| 13300 | ***Investment in Associates*** | | | | This account refers to the amount of the cooperative’s investment in the equity instruments of associates. (ownership of the 20%- 50% of the voting shares) |
| 13400 | ***Investment in Joint Ventures*** | | | | This account refers to the amount of the cooperative’s investment in shares of stocks of joint ventures evidenced by contractual agreement that gives the venturers joint control. |
| 13500 | ***Investment Property*** | | | | Investment property is property (land or a building, or part of a building, or both) held by the cooperative to earn rentals or for capital appreciation or both, rather than for:  (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. |
| 13510 | Investment Property - Land | | | | This account refers to cost of land that generate income or capital appreciation or both, not used in production of goods, supply or services nor for administrative purposes or sale in the ordinary course of business measured at cost. Fair value of the property must be disclosed at the end of the accounting/reporting period. |
| 13520 | Investment Property – Building | | | | This account refers to the cost of building that generate income or capital appreciation or both, not used in production of goods, supply or services nor for administrative purposes or sale in the ordinary course of business measured at cost and subject to depreciation. |
| 13521 | Accumulated Depreciation – Investment Property-Building | | | | This account refers to the total amount of depreciation and impairment on Investment Property – Building that are set up periodically and charged against the current operations. |
| 13530 | Real Properties Acquired (RPA) | | | | This account refers to real properties (Land and Building) acquired by the co-op in settlement of loans and receivables through foreclosure or *dacion enpago* and/or for other reasons. Should the cooperative use such assets in its main operation, the same assets shall be re-classified accordingly. |
| 13531 | Accumulated Depreciation – RPA | | | | This account refers to the cumulative amount of impairment loss incurred on RPA, which shall be accounted for in accordance with PAS 36 |
| 14000 | ***Property, Plant and Equipment*** | | | | These are tangible assets that:(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and (b) are expected to be used during more than one period. |
| 14100 | Land | | | | This account refers to the acquisition cost of the land used for its main operation plus all incidental costs . All these are reflected in a single cost (fair market value or appraised value if donated). At the end of the accounting/ reporting period, fair value of the property must be disclosed |
| 14110 | Land Improvements | | | | This account refers to the cost of improvements after land acquisitions such as fencing, roadways, landscaping, etc, that are subject to depreciation over their useful lives. |
| 14111 | Accumulated Depreciation– Land Improvements | | | | This account refers to the total amount of depreciation/ impairment loss on land improvement that are set up periodically and charged against the current operations. |
| 14120 | Building | | | | This account refers to the acquisition/construction cost of the building owned and used for its main operation. At the end of the accounting/ reporting period, fair value of the property must be disclosed |
| 14121 | Accumulated Depreciation– Building | | | | This account refers to the total amount of depreciation/ impairment cost on building that are set up periodically and charged against the current operations |
| 14130 | Building Improvements | | | | This account refers to the capital expenditures such as major repairs, renovations or additions that materially extend the useful life and/or increase the future service potential of a building and benefit future periods. |
| 14131 | Accumulated Depreciation-Building Improvements | | | | This account refers to the total amount of depreciation/ impairment loss on building improvement that are set up periodically and charged against the current operations. |
| 14140 | Building on Leased/Usufruct Land | | | | This account refers to the cost of construction of new building on a leased/usufruct land and shall be depreciated over the estimated life of the building or the lease/usufruct term whichever is shorter. |
| 14141 | Accumulated Depreciation–  Building on Leased/Usufruct Land | | | | This account refers to total amount of depreciation on Building on Leased/Usufruct Land based on cost that are set-up periodically and charged against the current operations. |
| 14150 | Utility Plant | | | | This account refers to cost of property and equipment used in the generation of power/water and other utilities for operation and/or for distribution to consumers. |
| 14151 | Accumulated Depreciation – Utility Plant | | | | This account refers to total amount of depreciation cost on Utility Plant that are set up periodically and charged against the current operations |
| 14160 | Property, Plant & Equipment -Under Finance Lease | | | | This account refers to the cost determined by the fair or present value of leased Property, Plant and Equipment.. |
| 14161 | Accumulated Depreciation –  Property, Plant & Equipment - Under Finance Lease | | | | This account refers to total amount of depreciation on PPE - under Finance Lease that are set-up periodically against current operations. |
| 14170 | Construction in Progress | | | | This account refers to the cost of materials, labor and other construction related costs incurred on unfinished construction project, prior to occupancy/actual use. |
| 14180 | Furniture, Fixtures & Equipment (FFE) | | | | This account refers to the cost of movable (furniture), immovable (fixtures) properties and office / production/ store equipment used in the ordinary course of business such as but not limited to desks, chairs, cabinets, computers, vaults, including incidental expenses incurred in acquiring them, up to the time they are received and ready for use. |
| 14181 | Accumulated Depreciation -FFE | | | | This account refers to the total amount of depreciation/ impairment cost on Furniture, Fixture and Office Equipment that are set up periodically and charged against the current operations |
| 14190 | Machineries, Tools and Equipment | | | | This account refers to the cost of machineries, tools and equipment owned and used in producing goods, providing services and repairs. |
| 14191 | Accumulated Depreciation – Machineries, Tools and Equipment | | | | This account refers to the total amount of depreciation on machineries, tools and equipment that are set-up periodically and charged against the current operations |
| 14200 | Kitchen, Canteen & Catering Equipment/ Utensils | | | | This account refers to the cost of equipment, cutleries and other tools used in food preparation and serving including incidental expenses incurred in acquiring them up to the time they are received and ready for use. |
| 14201 | Accumulated Depreciation –  Kitchen, Canteen & Catering Equipment/Utensils | | | | This account refers to the total amount of depreciation on Kitchen, Canteen and Catering Equipment/Utensils that are set-up periodically against current operations. |
| 14210 | Transportation Equipment | | | | This account refers to the cost of equipment owned and used in transporting goods, services or personnel such as motorcycles, pick-ups, vans and other vehicles. |
| 14211 | Accumulated Depreciation - Transportation Equipment | | | | This account refers to the total amount of depreciation/ impairment cost on Transportation Equipment that are set up periodically and charged against current operations |
| 14220 | Linens and Uniforms | | | | This account refers to the cost of linens and the uniforms used by employees and staff including costs of tablecloth, curtains, blankets and similar items. |
| 14221 | Accumulated Depreciation –  Linens and Uniforms | | | | This account refers to the total amount of depreciation on linens and uniforms that are set-up periodically against current operations. |
| 14230 | Nursery/ Greenhouses | | | | This account refers to the cost of nursery and greenhouse facilities and equipment used for seedling production and growing of vegetables |
| 14231 | Accumulated Depreciation -  Nursery/ Greenhouse | | | | This account refers to total amount of depreciation and impairment on nursery and greenhouse that are set-up periodically and charged against the current operations. |
| 14240 | Leasehold Rights & Improvements | | | | This account refers to the cost of improvements on premises under operating lease including cost of rights and concession rights which are subject to amortization over the useful life of the property or the term of the lease, whichever is shorter. |
| 14290 | Other Property, Plant and Equipment | | | | This account refers to Property, Plant and Equipment not falling in any of the above categories |
| 15000 | ***Biological Assets*** | | | |  |
| 15100 | Biological Assets – Animals | | | | This account refers to cost of breeding stock/working animals owned by the cooperative. |
| 15110 | Accumulated Depreciation – Biological Assets – Animals | | | | This account refers to total amount of depreciation and impairment on Biological Assets - Animals that are set-up periodically and charged against the current operations. |
| 15200 | Biological Assets – Plants | | | | This account refers to living plants that produces seeds, seedlings, flowers or fruits. |
| 15210 | Accumulated Depreciation Biological Assets – Plants | | | | This account refers to total amount of depreciation and impairment on BA - plants that are set-up periodically and charged against the current operations. |
| 16000 | ***Intangible Assets*** | | | | *Identifiable non-monetary asset without physical substance for which future economic benefits are expected to flow back and amortized over the estimated useful life.* |
| 16100 | Franchise | | | | This account refers to the cost of acquiring the right and privilege to sell goods and services using the particular trademark/ brand /logo of the franchisor. The cooperative is the franchisee. |
| 16200 | Franchise Cost | | | | This account refers to the cost of acquiring privilege or right granted by Franchising Agencies to a cooperative to exercise an exclusive service to a particular route or area. This is specific for Transport and Water Service Cooperatives. |
| 16300 | Copyright | | | | This account refers to the right for the exclusive use or distribution of products or services acquired from an author or artists. |
| 16400 | Patent | | | | This account refers to the exclusive rights granted by the state to a patentee (the inventor or assignee) for a fixed period in exchange for the regulated, public disclosure of certain details of a device, method, process or composition of matter which is new, inventive, and useful or industrially applicable |
| 17000 | ***Other Non-Current Assets*** | | | | *Assets which do not fit into any of the preceding classifications* |
| 17100 | Computerization Cost | | | | This account refers to the cost of acquisition or development of computer programs and other software including upgrading of system. This is amortized over a period not exceeding three (3) years or useful life whichever is shorter. |
| 17200 | Other Funds and Deposits | | | | This account refers to restricted funds set aside for funding of Statutory and other reserves such as Retirement, Members' Benefit, Depreciation Reserve Funds and Other Funds. This may be in the form of time deposit or other securities which may be convertible to cash when needed. A subsidiary account for each intended purpose shall be maintained. |
| 17300 | Trust Deposit for Surety | | | | This account refers to funds deposited by the CSF Cooperative in a bank licensed by the BSP to provide trust services (trustee bank), which fund shall be utilized to pay claims against the surety agreement. |
| 17400 | Due from Head Office/Branch/ Satellites | | | | This account refers to receivables from Head Office/ Branches/ Satellites and should be closed at the end of the reporting period. |
| 17500 | Deposit on Returnable Containers | | | | This account refers to deposits on containers subject to refund upon its return. |
| 17900 | Miscellaneous Assets | | | | This account refers to assets not falling in any of the above categories. |
| 20000-23000 | ***LIABILITIES -***present obligation of the cooperative arising from past events, the settlement of which is expected to result in an outflow from the cooperative of resources embodying economic benefits. | | | | |
| 21000 | **CURRENT LIABILITIES** | | | | *Obligations reasonably expected to be settled within the normal business operating cycle, that: (a) is due within 12 months after balance sheet date; (b) is held primarily for the purpose of being traded; (c) does not have an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.* |
| 21100 | **Deposit Liabilities** | | | | This account refers to deposits made by members that can be withdrawn at a given period. |
| 21110 | Saving Deposits | | | | This account refers to deposits made by members that can be withdrawn anytime at the option of the member-depositors. |
| 2112 | Time Deposits | | | | This account refers to0 deposits made by members for a specified period of time and withdrawable at a predetermined date. |
| 21130 | Other Deposit Liabilities | | | | This account refers to deposits other than Savings and Time Deposits |
| 21200 | ***Trade and Other Payables*** | | | |  |
| 21210 |  | Accounts Payable-Trade | | | This account refers to obligations/indebtedness to suppliers for purchase of goods and services intended for sale |
| 21220 |  | Accounts Payable-Non Trade | | | This account refers obligations/ indebtedness to suppliers for purchase of goods and services not intended for sale (e.g. supplies, periodicals and etc.) |
| 21230 |  | Loans Payable - Current | | | This account refers to the indebtedness to financial institutions, federations, unions, or individuals payable within the accounting/fiscal period and the current portion of the Long Term Loans Payable. |
| 21240 |  | Finance Lease Payable – current | | | This account refers to the current portion of PPE acquired under Finance Lease Agreement. |
| 21250 |  | Due to deployed members | | | This account refers to amount set aside for payment of salaries & other statutory obligations to deployed members of labor service cooperatives. |
| 21260 |  | Cash Bond Payable | | | This account refers to amount received from members/employees as guarantee for the use of equipment/ accessories / future losses, shortages and damages |
| 21270 |  | Financial Guarantee- Surety Agreement | | | This account refers to the amount payable by the CSF Cooperative to the lending bank, representing a maximum of 80% of the outstanding unpaid principal loan balance, after the loan has been declared in past due status based on the definition of “Past Due Account” under the rules. |
| 21280 |  | Unrealized Loss – Surety Agreement | | | This account refers to the amount recognized as possible loss which may arise from a decrease in estimated future cash flows from any of the loan accounts guaranteed by the surety fund. (Reference: PFRS 9, Paragraph 5.2.2) |
| 21290 |  | Other Payables | | | This account refers to Payables not falling in any of the above categories. |
| 21300 | ***Accrued Expenses*** | | | | This account refers to expenses that have been incurred but not yet paid as of the end of accounting period. |
| 21310 |  | Due to Regulatory Agencies | | | This account refers to amount collected from members in payment for registration, licensing, supervision, etc. with Regulatory Agencies |
| 21320 |  | SSS/ECC/ Philhealth / Pag-ibig Premium Contributions Payable | | | This account refers to amounts withheld from the compensation income of employees representing their premium contributions to SSS, Philhealth and Pag-ibig agencies and the corresponding share of the cooperative as employer. |
| 21330 |  | SSS/Pag-Ibig Loans Payable | | | This account refers to amounts withheld from the compensation income of employees representing their payment of loans to SSS and Pag-ibig agencies. |
| 21340 |  | Withholding Tax Payable | | | This account refers to all taxes withheld as prescribed by law. |
| 21350 |  | Output Tax | | | This account refers to value added tax on the sale of taxable merchandise/ goods and services. |
| 21360 |  | VAT Payable | | | This account refers to excess of output tax over input tax. |
| 21370 |  | Income Tax Payable | | | This refers to amount of unpaid tax due from cooperative arising from taxable income. |
| 21390 |  | Other Accrued Expenses | | | This account refers to other accrued expenses that cannot be classified under any of the preceding accrued  expenses accounts. |
| 21400 | ***Other Current Liabilities*** | | | | This account refers to transactions/adjustments not classified under any of the current liabilities above |
| 21410 | Deposit from Customers | | | | This account refers to deposits from customers for containers, food or other services subject to refund. |
| 21420 | Advances from Customers | | | | This account refers to advance payment for delivery of goods or services. |
| 21430 | School Program Support Fund Payable | | | | This account refers to an amount allocated as support mechanism to school program, which remains unpaid. (applicable to public school - based cooperatives only) |
| 21440 | Interest on Share Capital Payable | | | | This account refers to liability to members for interest on share capital, which can be determined only at the end of fiscal year |
| 21450 | Patronage Refund Payable | | | | This account refers to liability e to members for patronage refund, which can be determined only at the end of fiscal year. |
| 21460 | Due to Union /Federation (CETF) | | | | This account refers to the accumulated amount set aside to be credited to the Union/Federation where the cooperative is a member. This corresponds to the 50% of the total annual allocation for the Education and Training Fund. |
| 21470 | CETF Subsidy Payable | | | | This account refers to the receipts of CETF from affiliates/non-affiliates by a Federation. |
| 21490 | Other Current Liabilities | | | | This account refers to other liabilities that cannot be classified under any of the preceding current liability accounts. |
| 22000 | **NON-CURRENT LIABILITIES** | | | | *Liabilities payable beyond one year* |
| 22100 |  | *Loans Payable* | | This account refers to the indebtedness of the cooperative to financial institutions, federations, unions, or individuals payable beyond one year. | |
| 22200 |  | *Discounts on Loans Payable* | | This account represents the interest deducted from the loan value/principal to be amortized over the term of the loan using effective interest method. This is a contra account to Loans Payable. | |
| 22300 |  | *Revolving Capital Payable* | | The account refers to deferred payment of interest on share capital and patronage refund, which should be agreed upon in the General Assembly. | |
| 22400 |  | *Retirement Payable* | | This account refers to the accumulated retirement benefit costs charged against the income of the cooperative over the expected remaining working lives of participating qualified employees. | |
| 22500 |  | *Finance Lease Payable - Non-Current* | | This account refers to the future lease payments for Property, Plant and Equipment acquired under finance lease, Net of the Current Portion. | |
| 23000 | **Other Non-Current Liabilities** | | | | The totality of all other liabilities that cannot be classified after any of the preceding liability accounts. |
| 23110 | Project Subsidy Fund | | | | This account refers to the unused portion of the donation/grant for training, salaries and wages, etc. |
| 23120 | Members’ Benefit and Other Funds Payable | | | | This account refers to funds for special purposes such as member's benefits, including Kilusang Bayan Guarantee Fund (KBGF) / Cooperative Guarantee Fund (CGF) not part of the distribution of net surplus. |
| 23130 | Due to Head Office / Branch/ Satellite | | | | The account is used to record inter-office transactions in the books of Head Office (HO)/Branch/ Satellite/ Department within the cooperative and should be closed at the end of the accounting period. |
| 23140 | Water Maintenance Fund | | | | This account refers to advance collection from customers to cover maintenance of water facilities from the distribution lines up to the water meters. |
| 23150 | Officers Gratuity Fund Payable | | | | This account refers to fund set aside for the payment of gratuity benefit of the qualified retiring officers. |
| 23190 | Other Non Current Liabilities | | | | This account refers to other long term liabilities not elsewhere classified. |
| 30000-31000 | **EQUITY -** is the residual interest in the assets of the cooperative after deducting all its liabilities. | | | | |
| 30100 | **MEMBERS' EQUITY** | | | | *This account refers to ownership Interest of members in the cooperative.* |
| 30110 |  | Subscribed Share Capital- Common | | This account refers to the share capital subscribed by regular members payable over a certain period of time | |
| 30120 |  | Subscription Receivable - Common | | This account refers to the total unpaid subscribed share capital of regular members. | |
| 30130 |  | Paid-up Share Capital – Common | | This account refers to collected subscribed share capital - common | |
| 30131 |  | Treasury Shares Capital -Common | | This account refers to common shares bought back and held in treasury. This account should only be used in the event that there are no members who are willing to buy the shares of outgoing members. | |
| 30210 |  | Subscribed Share Capital-Preferred | | This account refers to the preferred share capital subscribed by member (regular and associate) payable over a certain period of time. | |
| 30220 |  | Subscriptions Receivable-Preferred | | This account refers to the total unpaid subscribed preferred share capital of regular and associate members | |
| 30230 |  | Paid-up Share Capital-Preferred | | This account refers to collected subscribed preferred share capital | |
| 30231 |  | Treasury Shares Capital -Preferred | | This account refers to preferred shares previously issued and reacquired and held in treasury, but not retired or cancelled, and maybe re-issued to existing members. | |
| 30300 | ***Deposit for Share Capital Subscription*** | | | | This account refers to amount paid by the members for capital subscription equivalent to the value of less than one share and additional subscriptions in excess of authorized capital pending approval of the amendments to increase Authorized Share Capital. This may also include the amount of share capital paid but not yet covered by subscription contract. Subsidiary ledgers shall be maintained for this account. |
| 30400 | ***Restricted Capital for Surety*** | | | | This account refers to contributions of cooperatives, NGOs, LGUs, GFIs, IGLF, GAs, individuals and private entities which shall form part of the Credit Surety Fund managed by a trustee bank. It shall be solely used to pay contingent liabilities resulting from claims on past due loans. |
| 30500 | ***Fund Balance*** | | | | This account refers to the fund of union which is in excess of the receipts derived from remittances of cooperative members and other program fund over expenses incurred by the union in its operation. |
| 30600 | ***Undivided Net Surplus*** | | | | This account refers to the accumulated net surplus of the cooperative that is allocated and distributed at the end of each reporting period in accordance with Article 86 of RA 9520. This account is used for Interim Financial Statement Presentation only. |
| 30600 | ***Net Loss*** | | | | This account refers to temporary account to record losses in operations incurred during the reporting period. Net loss for the year shall be charged against reserve fund, subject to provisions of Article 86 of RA 9520 |
| 30700 | ***Donations/ Grants*** | | | | A **donation and grant** is assistance by another entity in the form of a transfer of resources to a cooperative in return for past or future compliance with specified conditions relating to the operating activities of the cooperative. |
| 30800 | ***Statutory Funds*** | | | | Mandatory funds established/set up in accordance with Article 86 of RA9520 |
| 30810 | Reserve Fund | | | | This account refers to the amount set aside annually for the stability of the cooperative (equivalent to at least 10% of net surplus) and to meet net operating losses in its operation. A corresponding fund should be set up either in the form of time deposit with local banks or government securities. |
| 30820 | Coop. Education & Training Fund | | | | This account refers to the amount retained by the cooperative which shall not be more than ten percent (10%) of the net surplus for the training, development and other similar cooperative activities geared towards the growth of the cooperative movement. Half of the amount allocated for the fund annually shall be spent by the cooperative for their own education and training purposes, while the other half may be remitted to a union or federation chosen by the cooperative. |
| 30830 | Community Development Fund | | | | This account refers to the fund set aside from the net surplus which should not be less than 3% for projects and/or activities that will benefit the community where the cooperative operates. |
| 30840 | Optional Fund | | | | This account refers to fund set aside from the net surplus not exceeding 7%. It shall be used for acquisition of land and/or building, machinery and equipment, replacement fund for PPE, members’ benefits, and other necessary funds. |
| 30900 | ***Revaluation Surplus*** | | | | This account refers to the appraisal increase in the revaluation of land which are allowed subject to the guidelines issued by the Authority. |
| 31000 | **Unrealized Gains/Losses on Investments** | | | | The cumulative gains/(losses) arising from change in the fair value of investments in publicly traded securities. |
| **STATEMENT OF OPERATIONS** | | | | | |
| 40000 | ***REVENUE*** is income that arises in the course of the ordinary activities of a cooperative and is referred to by a variety of names including sales, service income, commission, interest, dividends, royalties and rent. | | | | |
| 40100 |  | ***Income from Credit Operations*** | | *All income derived from Credit Operations* | |
| 40110 |  |  | Interest Income from Loans | This account refers to income earned and collected by the cooperative from the interest charged on the loans granted to their members. | |
| 40120 |  |  | Service Fees | This account refers to the fees collected by the cooperative for loan processing/ servicing/collecting. | |
| 40130 |  |  | Filing Fees | This account refers to the fees collected by the cooperative upon filing of loan applications by member-borrowers. | |
| 40140 |  |  | Fines, Penalties, Surcharges | This account refers to the fees imposed and collected by the cooperative on the delayed amortization payments of the member-borrower. | |
| 40200 |  | ***Income from Service Operations*** | | *All income derived from service operations* | |
| 40210 |  |  | Service Income | This account refers to the amount collected for various services rendered. | |
| 40220 |  |  | Interest Income from Lease Agreement | This account refers to interest earned arising from lease of assets under Finance Lease Agreement | |
| 40300 |  | ***Income from Marketing/ Consumers/ Production Operation****s* | | *All income derived from marketing / consumers / production operations* | |
| 40310 |  |  | Sales | This account refers to invoice price of all merchandise/ goods sold or services rendered whether paid or on account. (segregate sales from members and non-members) | |
| 40320 |  |  | Installment Sales | This account refers to sales to members and non-members of merchandise/goods on a deferred payment plan or installment plan | |
| 40330 |  |  | Sales Returns & Allowances | This account refers to deductions from the invoice price due to returns resulting from damage, defects or errors in the kind or quality of goods delivered/sold to customers/members. | |
| 40340 |  |  | Sales Discounts | This account refers to deductions allowed to customers for settlement/prompt payment of their accounts | |
| 40400 |  | ***Income from CSF*** | | *All income derived from credit surety fund operations* | |
| 40410 |  | *Service Fee* | | This account refers to the amount charged by the endorsing cooperative or, in its absence, the CSF Cooperative itself, to its member-borrower for securing the latter’s loan from the lending bank. This is computed based on the amount of the outstanding principal loan granted by the lending bank per transaction and may be shared by the CSF Cooperative and the endorsing member-cooperative/NGO depending on the CSF Cooperative policies. | |
| 40500 | **Program Fund – CETF** | | | | This account refers to receipts of CETF from affiliates/non-affiliates by a Union. |
| 40600 |  | ***Other Income*** | | *Income received by the cooperatives other than its main operation.* | |
| 40610 |  |  | Income/ Interest from Investment/ Deposits | This account refers to the income earned by the cooperatives from deposits in banks/other institutions and investments made in financial institutions/government/ business organizations. This shall include interest income derived from the deposit of statutory funds in the bank until utilized. (refer to the accounting manual) | |
| 40620 |  |  | Membership Fee | This account refers to the amount collected from the cooperative's members-applicants upon approval of their membership in the cooperative. | |
| 40630 |  |  | Commission Income | This account refers to an amount received by the cooperative from supplier as incentives. | |
| 40640 |  |  | Realized Gross Margin | This account refers to income earned by the cooperative from the installment sales of real estate. | |
| 40650 |  |  | Rental Income | This account refers to income generated from rental of real and other properties. | |
| 40700 |  |  | Miscellaneous Income | This account refers to all other income earned by the cooperative for which no specific account has been set up. This may include winnings from raffle, contest, competition resulting from income generating activity/fund raising. | |
| 50000 | ***Cost of Goods Sold*** | | | | The cost/value of commodity sold as determined using physical or perpetual inventory system. |
| 51000 |  | *Cost of Goods Sold* | | *This account refers to account used to record cost of finished goods sold under perpetual inventory system.* | |
| 51110 |  |  | Purchases | This account refers to cost of merchandise/goods bought whether paid or on account under periodic inventory system. | |
| 51120 |  |  | Raw Material Purchases | This account refers to gross cost of materials purchased for the production of food for sale, for catering and canteen operations (using periodic inventory system) | |
| 51130 |  |  | Purchase Returns & Allowances | This account refers to deductions from invoice cost due to damage, defects, or errors in the kind or quality of goods bought. | |
| 51140 |  |  | Purchase Discounts | This account refers to reductions in the cost of product bought due to the early payment. | |
| 51150 |  |  | Freight In | This account refers to the cost of transporting merchandise/ goods from the place of purchase to storage area. Should form part of the Cost of Good Available for Sale. | |
| 51160 |  |  | Direct Labor | This account refers to cost of labor directly attributed to the production of goods. | |
| 51170 |  |  | Factory/Processing Overhead | This account refers to all cost other than raw materials and direct labor used in the production/manufacturing/ process of goods including royalties and production garments | |
| 51200 |  | Inventory Loss | | This account refers to reduction in inventory due to spoilage, breakage and variance between inventory per books and per count | |
| 60000 | ***Cost of Services*** | | | | All costs incurred that are directly related to the generation of power, water and other services (A separate subsidiary shall be maintained) |
| **61000** | ***Project Management Cost*** | | | | This account refers to all costs incurred that are directly related to the projects and contract entered into by clients like manpower servicing, construction and other professional works, including consulting fee. |
| 61110 |  |  | Labor and Technical Supervision | This account refers to amount incurred for technical and other services ancillary to the generation of service income. | |
| 61210 |  |  | Salaries & Wages | This account refers to amount incurred for services rendered by employees directly involved in providing services including overtime pay | |
| 61230 |  |  | Employees' Benefits | This account refers to benefits given to employees directly involved in providing services other than salaries and wages such as but not limited to 13th month pay, bonus, allowances, and subsistence allowances including human resource development. | |
| 61240 |  |  | SSS, Philhealth, Pag-Ibig Contribution | This account refers to the cooperative's share in the employees' contribution to SSS, Philhealth and Pag-ibig. | |
| 61250 |  |  | Retirement Benefit Expenses | The cost of providing retirement benefits to employees directly involved in providing services. The cost of retirement benefits is recognized as an expense in the periods during which the services are rendered. | |
| 61260 |  |  | Professional and Consultancy Fees | This account refers to amount incurred for professional and consultancy services in relation to the generation of service income | |
| 61270 |  |  | Supplies | This account refers to expenses incurred for various supplies used for service activities. | |
| 61280 |  |  | Power, Light and Water | This account refers to the cost of electricity and water incurred in the generation of service income. | |
| 61290 |  |  | Insurance | This account refers to expenses incurred to insure the equipment used in providing services. | |
| 61300 |  |  | Repairs and Maintenance | This account refers to expenses incurred in the repair and maintenance of machineries and equipment used in the delivery of service except major repairs that prolong the life of the asset. | |
| 61310 |  |  | Rentals | This account refers to expenses incurred for the building/office spaces or facilities leased by the cooperative for the generation of service income | |
| 61320 |  |  | Gas, Oil & Lubricants | This account refers to This account refers to amounts incurred for gasoline, fuel and lubricants for cooperative's machineries and equipment used in the delivery of service. | |
| 61340 |  |  | Miscellaneous | This account refers to all other expenses incurred by the cooperative not classified under any of the specified expenses account. | |
| 61350 |  |  | Depreciation | This account refers to amount provided for wear and tear of building, machineries and equipment used in the delivery of service. | |
| 61360 |  |  | Amortization | This account refers to amount provided for amortization of intangible assets. | |
| **62000** |  | ***Generation Cost*** | | Cost incurred in the generation of power, water and other utilities. | |
| 62110 |  |  | Power Cost | This account refers to cost of power whether purchased or generated for distribution. | |
| 62120 |  |  | Labor and Technical Supervision | This account refers to amount incurred for technical and other services ancillary to the generation of service income. | |
| 62130 |  |  | Salaries & Wages | This account refers to amount incurred for services rendered by employees directly involved in providing services including overtime pay. | |
| 62140 |  |  | Employees' Benefits | This account refers to benefits given to employees directly involved in providing services other than salaries and wages such as but not limited to 13th month pay, bonus, allowances, and subsistence allowances including human resource development. | |
| 62150 |  |  | SSS, Philhealth/ECC/ Pag-Ibig Contribution | This account refers to the cooperative's share in the employees' contribution to SSS, Philhealth and Pag-ibig. | |
| 62160 |  |  | Retirement Benefit Expenses | This account refers to the cost of providing retirement benefits to employees directly involved in providing services. The cost of retirement benefits is recognized as an expense in the periods during which the services are rendered. | |
| 62170 |  |  | Miscellaneous | This account refers to all other expenses incurred by the cooperative not classified under any of the specified expenses account. | |
| 62180 |  |  | Professional and Consultancy Fees | This account refers to amount incurred for professional and consultancy services in relation to the generation of service income. | |
| 62190 |  |  | Supplies | This account refers to expenses incurred for various supplies used for service activities. | |
| 62200 |  |  | Power, Light and Water | This account refers to cost of electricity and water incurred in the generation of service income. | |
| 62210 |  |  | Insurance | This account refers to expenses incurred to insure the equipment used in providing services. | |
| 62220 |  |  | Repairs and Maintenance | This account refers to expenses incurred in the repair and maintenance of machineries and equipment used in the delivery of service except major repairs that prolong the life of the asset. | |
| 62230 |  |  | Rentals | This account refers to expenses incurred for the building/office spaces or facilities leased by the cooperative for the generation of service income. | |
| 62240 |  |  | Gas, Oil & Lubricants | This account refers to amounts incurred for gasoline, fuel and lubricants for cooperative's machineries and equipment used in the delivery of service. | |
| 62250 |  |  | Depreciation | This account refers to amount provided for wear and tear of building, machineries and equipment used in the delivery of service | |
| 62260 |  |  | Amortization | This account refers to amount provided for amortization of intangible assets. | |
| 62270 |  |  | Impairment Loss | This account refers to difference between the carrying value and the recoverable value of the assets directly used in the delivery of services | |
| **63000** |  | ***Distribution Cost*** | | Cost incurred in the distribution of power, water and other services**.** | |
| 63110 |  |  | Power Cost | This account refers to cost of power whether purchased or generated for distribution. | |
| 63120 |  |  | Labor and Technical Supervision | This account refers to amount incurred for technical and other services ancillary to the generation of service income. | |
| 63130 |  |  | Salaries & Wages | This account refers to amount incurred for services rendered by employees directly involved in providing services including overtime pay. | |
| 63140 |  |  | Employees' Benefits | This account refers to benefits given to employees directly involved in providing services other than salaries and wages such as but not limited to 13th month pay, bonus, allowances, and subsistence allowances including human resource development. | |
| 63150 |  |  | SSS, Phil health, ECC, Pag-Ibig Contribution | This account refers to the cooperative's share in the employees' contribution to SSS, ECC, Philhealth and Pag-ibig. | |
| 63160 |  |  | Retirement Benefit Expenses | This account refers to the cost of providing retirement benefits to employees directly involved in providing services. The cost of retirement benefits is recognized as an expense in the periods during which the services are rendered. | |
| 63170 |  |  | Professional and Consultancy Fees | This account refers to amount incurred for professional and consultancy services in relation to the generation of service income. | |
| 63180 |  |  | Supplies | This account refers to expenses incurred for various supplies used for service activities. | |
| 63190 |  |  | Training/ Seminars | This account refers to an amount incurred for officers and staff directly involved in providing services for attending trainings and seminars/conducting seminars including expenses related thereto after exhausting the CETF. | |
| 63200 |  |  | Power, Light and Water | This account refers to cost of electricity and water incurred in the generation of service income. | |
| 63210 |  |  | Travel and Transportation | This account refers to amount incurred for fares, toll fees, board and lodging, per diem, and meal allowance of officers, employees directly involved in providing services while on official travel. | |
| 63220 |  |  | Insurance | This account refers to expenses incurred to insure the equipment used in providing services including that of the employees who are directly involved in generating service income. | |
| 63230 |  |  | Repairs and Maintenance | This account refers to expenses incurred in the repair and maintenance of machineries and equipment used in the delivery of service except major repairs that prolong the life of the asset. | |
| 63240 |  |  | Rentals | This account refers to expenses incurred for the building/office spaces or facilities leased by the cooperative for the generation of service income. | |
| 63250 |  |  | Communication | This account refers to amount incurred for transmission of messages such as courier, telephone, e-mail, fax, internet, messengerial, and all other means of communication used in the delivery of service. | |
| 63260 |  |  | Gas, Oil & Lubricants | This account refers to amount incurred for gasoline, fuel and lubricants for cooperative's machineries and equipment used in the delivery of service. | |
| 63270 |  |  | Miscellaneous | This account refers to all other expenses incurred by the cooperative not classified under any of the specified expenses account. | |
| 63280 |  |  | Depreciation | This account refers to amount provided for wear and tear of building, machineries and equipment used in the delivery of service. | |
| 63290 |  |  | Amortization | This account refers to amount provided for amortization of intangible assets. | |
| 63300 |  |  | Impairment Loss | This account refers to difference between the carrying value and the recoverable value of the assets directly used in the delivery of services. | |
| **64000** | ***Transport Service Cost*** | | | | All costs incurred that are directly related to Service Income and Passenger's Fee. (A separate subsidiary shall be maintained). |
| 64110 |  |  | Driver's /Conductor's Fees | This account refers to cost incurred for payment to drivers (control mechanism will be developed to recognized actual gross receipts) - subject to 10% withholding tax. | |
| 64120 |  |  | Vehicle Registration and Licensing Expenses | This account refers to expenses incurred for licensing, registration, dropping, filing, supervision, accreditation fees, penalties and other fees. (this account is used for cooperatively owned units only). | |
| 64130 |  |  | Toll Fees | This account refers to amount paid for toll fees (SA) | |
| 64140 |  |  | Incidental Expenses | This account refers to expenses incurred to cover the cost of expenditures which are not anticipated / expected *such as accidents not covered by insurance.* | |
| 64150 |  |  | Insurance | This account refers to expenses incurred to insure the equipment used in providing transport services. | |
| 64160 |  |  | Repairs and Maintenance | This account refers to expenses incurred in the repair and maintenance of transport facility and equipment except major repairs that prolong the life of the asset. | |
| 64170 |  |  | Gas, Oil & Lubricants | This account refers to amounts incurred for gasoline, fuel and lubricants for cooperative's vehicles and for day to day operation. | |
| 64180 |  |  | Depreciation | This account refers to amount provided for wear and tear of property and equipment. | |
| 70000 | ***EXPENSES -Gross outflows of economic resources and incurrence of obligations in the course of the ordinary activities of the cooperative when those outflows result in decreases in surplus.*** | | | | |
| 71000 |  | ***Financing Cost*** | | Expenses related to borrowings of funds used for operations. | |
| 71100 |  |  | Interest Expense on Borrowings | This account refers to interest incurred on borrowings. | |
| 71200 |  |  | Interest Expense on Deposits | This account refers to the interest incurred on savings and time deposits of both regular & associate members | |
| 71300 |  |  | Other Financing Charges | This account refers to service charges, filing fees and other fees for borrowings incurred by the cooperative. | |
| 72000 |  | ***Selling/ Marketing Cost*** | | Costs incurred in the promotion/distribution and selling of products and services of the cooperatives. | |
| 72110 |  |  | Product/ Service Marketing and Promotion Expenses | This account refers to expenses incurred in the marketing and promoting the coop. products and services (expenses related to pricing, promotion, place packaging). | |
| 72120 |  |  | Product/ Service Development | This account refers to expenses incurred in the development of coop. products and services (expenses related to research and development). | |
| 72130 |  |  | Product Research | This account refers to expenses incurred in the enhancement of existing products. | |
| 72140 |  |  | Salaries & Wages | This account refers to amount incurred for services rendered by employees including overtime pay. | |
| 72150 |  |  | Incentives and Allowances | This account refers to amount incurred for services rendered by sales, part-time and on-call employees. | |
| 72160 |  |  | Employees Benefits | This account refers to benefits given to employees other than salaries and wages such as 13th month pay, bonus, allowances, termination or separation pay and others, termination or separation pay and others. | |
| 72170 |  |  | SSS, Philhealth, ECC, Pag-Ibig Premium Contribution | This account refers to the cooperative's share in the employees' premium contribution to SSS, ECC, Philhealth and Pag-ibig. | |
| 72180 |  |  | Retirement Benefit Expenses | This account refers to This account refers to the cost of providing retirement benefits to employees for their services rendered. The cost of retirement benefits is recognized as an expense in the periods during which the services are rendered. | |
| 72190 |  |  | Commission Expenses | This account refers to amount paid to sales personnel and others as incentives. | |
| 72200 |  |  | Advertising & Promotion | This account refers to expenses incurred for advertising and promotion of cooperatives' products. | |
| 72210 |  |  | Professional Fees | This account refers to fees and related expenses incurred for professional services rendered. | |
| 72220 |  |  | Royalties | This account refers to the amount provided to authors for the right to the reproduction of books and related items that is made available for sale. | |
| 72230 |  |  | Store/ Canteen/ Kitchen and Catering Supplies Expenses | This account refers to expenses incurred for stationery and various supplies used in store/canteen/kitchen and catering for selling/trading operations. | |
| 72240 |  |  | Breakage & Losses on Kitchen Utensils | This account refers to expenses incurred for lost or breakage of kitchen/utensils after deducting accumulated depreciation. | |
| 72250 |  |  | Freight Out/Delivery Expenses | This account refers to amount incurred for the delivery of goods/services including traveling expenses of sales personnel from the place of production/store to buyer including lubricants. | |
| 72260 |  |  | Spoilage, Breakage And Losses | This account refers to expenses incurred for unavoidable decay, breakage, expiration or losses of goods beyond the normal condition. | |
| 72270 |  |  | Storage/ Warehousing Expenses | This account refers to expenses incurred for temporary housing of merchandise/goods. | |
| 72280 |  |  | Power, Light and Water | This account refers to cost of electricity, water and/or gasoline/diesel, oil and lubricants used for generators which are incurred in business operations. | |
| 72290 |  |  | Travel and Transportation | This account refers to amount incurred for fares, gasoline and fuel for service vehicles borrowed or rented by the cooperative, toll fees, board and lodging, per diem and meal allowance of employees while on official travel. | |
| 72300 |  |  | Insurance | This account refers to expenses incurred to insure the assets/properties/employees of the cooperative and the bonds of accountable officers and employees. | |
| 72310 |  |  | Repairs and Maintenance | This account refers to expenses incurred in the repair and maintenance of each facility and equipment except major repairs that do not prolong the life of the asset but increase capacity and safety measures. | |
| 72320 |  |  | Rentals | This account refers to amount incurred for the lease or rental of the building/office space, the utilized portion of the rent paid in advance. | |
| 72330 |  |  | Taxes, Fees and Charges | This account refers to expenses incurred for taxes, fees and charges due to government entities, both national and local. | |
| 72340 |  |  | Communication | This account refers to the amount incurred for courier (letters), telephone, cell phone, e-mail, fax, internet, messengerial, and all other means of communication. | |
| 72350 |  |  | Representation | This account refers to expenses incurred related to accommodating visitors and guests on official business. | |
| 72360 |  |  | Gas, Oil & Lubricants | This account refers to amount incurred for gasoline, fuel and lubricants for service vehicles, delivery vans and others. | |
| 72370 |  |  | Miscellaneous Expenses | This account refers to all other expenses incurred by the cooperative not classified under any of the specified expenses account. | |
| 72380 |  |  | Depreciation | This account refers to amount provided for wear and tear of property and equipment and amortization of intangible assets. | |
| 72390 |  |  | Amortization | This account refers to amount provided for amortization of intangible assets. | |
| 72400 |  |  | Amortization of Leasehold Rights & Improvement | This account refers to amount provided for amortization of leasehold rights and improvements. | |
| 72410 |  |  | Periodicals, Magazines & Subscription | This account refers to amount incurred for subscription or purchase of periodicals, magazines and others. | |
| 73000 |  | ***Administrative Cost*** | | Expenses incurred related to general administration and management of the cooperative/enterprise | |
| 73110 |  |  | Salaries & Wages | This account refers to amount incurred for services rendered by employees including overtime pay. | |
| 73120 |  |  | Employees Benefits | This account refers to benefits given to employees other than salaries and wages such as but not limited to 13th month pay, bonus, allowances, and subsistence allowances including human resource development. | |
| 73130 |  |  | SSS,Philhealth, ECC, Pag-ibig Premium Contributions | This account refers to the cooperative's share in the employees' premium contributions to SSS, ECC, Philhealth and Pag-ibig. | |
| 73140 |  |  | Retirement Benefit Expenses | This account refers to the cost of providing retirement benefits to employees for their services rendered. The cost of retirement benefits is recognized as an expense in the periods during which the services are rendered. | |
| 73150 |  |  | Officers' Honorarium and Allowances | This account refers to amount incurred for services rendered by directors, committee members and officers. | |
| 73160 |  |  | Officers’ Gratuity Expenses | This account refers to amount set aside for the benefit of the qualified retiring officers. | |
| 73170 |  |  | Litigation Expenses | This account refers to expenses incurred in judicial and quasi-judicial cases including incidental costs where the coop is the complainant or respondent as authorized by the BODs. | |
| 73180 |  |  | School Program Support | This account refers to an amount allocated by the cooperatives as support mechanism to school program such as school food supplementation of identified under-nourished cases and administration contingency fund, outreach program and school development, etc. (applicable to school-based cooperatives for canteen activity only) | |
| 73190 |  |  | Office Supplies | This account refers to expenses incurred for office and various supplies used in the administration and conduct of business operation. | |
| 73200 |  |  | Meetings and Conferences | This account refers to amount incurred for the conduct of/ attendance to meetings and conferences. | |
| 73210 |  |  | Trainings/ Seminars | This account refers to amount incurred for officers, directors, employees and members, for attending trainings and seminars including all expenses related thereto after exhausting the CETF (local). For purposes of analysis, amount incurred may be classified as to the recipient. | |
| 73220 |  |  | Certifications and Recognitions | This refers to expenses incurred for certifications and recognitions acquired from non government agencies. | |
| 73230 |  |  | Power, Light & Water | This account refers to cost of electricity and water incurred in business operations. | |
| 73240 |  |  | Travel & Transportation | This account refers to amount incurred for fares, toll fees, board and lodging, per diem and meal allowance of officers and employees and members while on official travel. | |
| 73250 |  |  | Insurance | This account refers to expenses incurred to insure the assets/properties of the cooperative, premium of insurance for officers and employees and bonds of accountable officers and employees. | |
| 73260 |  |  | Repairs & Maintenance | This account refers to expenses incurred in the repair and maintenance of each facility and equipment except major repairs that prolong the life of the asset. | |
| 73270 |  |  | Rentals | This account refers to expenses incurred for building/office spaces or facilities leased by the cooperative. | |
| 73280 |  |  | Taxes, Fees and Charges | This account refers to expenses incurred for taxes, fees and charges due to government entities, both national and local. | |
| 73290 |  |  | Communication | This account refers to amount incurred for courier (letters), telephone, cell phone, e-mail, fax, internet, messengerial, and all other means of communication. | |
| 73300 |  |  | Representation | This account refers to expenses incurred related to accommodating visitors and guests on official business. | |
| 73310 |  |  | Gas, Oil & Lubricants | This account refers to amount incurred for gasoline, fuel and lubricants for cooperative's vehicles and for day to day operation | |
| 73320 |  |  | Collection Expense | This account refers to amount, including commissions, incurred as incentives in effecting the collection of loans of the cooperative. | |
| 73330 |  |  | General Support Services | This account refers to expenses incurred for employing the services of security, janitors, messengers and other support services. | |
| 73340 |  |  | Miscellaneous Expense | This account refers to all other expenses incurred by the cooperative not classified under any of the specified expenses account. | |
| 73350 |  |  | Depreciation | This account refers to allocation of cost over the estimated life of Property, Plant and Equipment. | |
| 73360 |  |  | Amortization | This account refers to amount provided for amortization of intangible assets. | |
| 73370 |  |  | Amortization of Leasehold Rights and Improvement | This account refers to amount provided for amortization of leasehold rights and improvements. | |
| 73380 |  |  | Probable Losses on Loan /Accounts/ Installment Receivables | This account refers to allocation or provision for estimated losses arising from probable uncollectible loans/accounts/ installment receivables. | |
| 73390 |  |  | Impairment Losses | This account refers to the difference between the carrying value and the recoverable value of an asset. | |
| 73400 |  |  | Bank Charges | This account refers to bank fees and other charges excluding cost of checkbooks. | |
| 73410 |  |  | General Assembly Expenses | This account refers to expenses incurred in the conduct of regular/special general assembly. | |
| 73420 |  |  | Cooperative Celebration Expense | This account refers to expenses incurred in the celebration, to include but not limited to, anniversary, cooperative month and christmas. | |
| 73430 |  |  | Members Benefit Expenses | This account refers to expenses incurred in providing for additional members' benefits and social services | |
| 73440 |  |  | Affiliation Fee | This account refers to amount incurred to cover membership or registration fees and annual dues to a federation or union. | |
| 73450 |  |  | Social & Community Service Expense | This account refers to expenses incurred by the cooperatives in its social community involvement including solicitations and donations to charitable institutions. | |
| 73460 |  |  | Provision for CGF (KBGF) | This account refers to amount set up at the option of the cooperative for the provision of CGF (KBGF).This is not part of the Statutory Fund. | |
| 80000 |  | ***Other Items – Subsidy/ Gain (Losses)*** | | Special transactions arising from the operations of the cooperatives***.*** | |
| 80100 |  |  | Project Subsidy | This account refers to an amount deducted from Project Subsidy fund to subsidize project expenses. This shall appear in the statement of operation as a contra account to subsidized project expenses | |
| 80200 |  |  | CETF Subsidy | This account refers to the income account to offset CETF Subsidized Expenses | |
| 80300 |  |  | Donation and Grant Subsidy | This account refers to an amount deducted from Donation and Grant to subsidize depreciation charges on property and equipment funded by donation and grant. | |
| 80400 |  |  | Optional Fund Subsidy | This account refers to an amount deducted from Optional Fund to subsidize depreciation charge of property and equipment funded by Optional Fund | |
| 80500 |  |  | Education~~al~~ Fund Subsidy | This account refers to amount deducted from Education and Training Fund to subsidize depreciation charge on property and equipment funded by Education and Training Fund. | |
| 80600 |  |  | Subsidized Project Expenses | This account refers to portion of the Project Subsidy Fund expended for training, salaries and wages and other activities subsidized by donations and grants and optional fund. | |
| 80700 |  |  | CETF Subsidized Expense | This account refers to the utilization/expenses of CETF by a Federation. | |
| 80800 |  |  | Gains or Losses on Sale of Property & Equipment | This account refers to gains or losses derived from the sale of acquired assets/properties and equipment | |
| 80900 |  |  | Gains or Losses in Financial Assets through Profit and Loss | This account refers to the cumulative gains (losses) arising from change in the fair value and from the disposal of financial assets through profit and loss | |
| 81000 |  |  | Gains or Losses in Financial Assets at cost | This account refers to income earned or losses incurred from the disposal of financial assets at cost. | |
| 81100 |  |  | Gains or Losses on RPA | This account refers to income earned or losses incurred from the disposal of RPA | |
| 81200 |  |  | Gains or Losses on assets acquired in settlement of loans | This account refers to income earned or losses incurred from the disposal of Assets acquired in settlement of loans. | |
| 81300 |  |  | Gains or Losses on Sale of Repossessed Item | This account refers to income earned or losses incurred from the sale of repossessed items. | |
| 81400 |  |  | Gains or Losses from Foreign Exchange Valuation | This account refers to gains or Losses arising from retirement or conversion of foreign currency exchange rate fluctuation per actual transaction | |
| 82000 |  |  | Prior Years' Adjustment | This account refers to adjustments on transactions affecting income and expenses incurred in the previous year(s) which are taken up on the current year. | |

**Section 5. Financial Reports with supporting schedules**

For purposes of monitoring, supervising and regulating all types of cooperatives, the following basic financial reports and schedules (formats are shown in Annexes A - E) shall be prepared:

1. Statement of Financial Condition (Annex A)
2. Statement of Operations (Annex B)
3. Statement of Changes in Equity (Annex C)
4. Statement of Cash Flows (Annex D)
5. Notes to Financial Statement
6. Related Schedules such as but not limited to:

* Bank reconciliation Statement
* Aging of Receivables using Portfolio at Risk (PAR)
* Property and equipment lapsing schedule
* Members loans receivables, savings/time deposits, subscribed and paid-up share capital
* Investments
* Accounts payable
* Loans payable
* Allocation and Utilization of Statutory Funds
* Distribution of Interest on Share Capital and Patronage Refund

For cooperatives with multi-business activities, departmentalized statement of operation shall be prepared for each type of activity.

For cooperatives transacting with members and non-members, a separate recording of sales and schedules for such sales to members and non-members shall be prepared and maintained.

**Section 6. Accounting Entries for the Allocation, Distribution and Utilization of Statutory Funds**

1. At the end of the accounting period and based on the Audited Financial Statement, the cooperative shall close the Net Surplus or Net Loss and allocate the same using the following entries:
   * + 1. To close Net Surplus and allocation of Statutory Funds

Net Surplus xxx

Reserve Fund

Cooperative Education and Training Fund xxx

Due to Federations and Unions xxx

Community Development Fund xxx

Optional Fund xxx

Interest on Share Capital Payable xxx

Dividend Payable xxx

* + - 1. In case of Net Loss, the following entry shall be used

Reserve Fund xxx

Net Loss xxx

* + - 1. To set up Other Funds and Deposits equivalent to the amount allocated in no. 1 above

Other Funds and Deposits xxx

Cash in Bank xxx

1. **Accounting entries for the Utilization of CETF**

To set up the income account for the use of CETF

CETF xxx

    CETF Subsidy xxx

2. To record training expenses funded by CETF

CETF Subsidized Expenses xxx

        Cash in Bank /Other Funds and Deposits  xxx

3. To record training and seminars directly charge to expense once CETF is fully exhausted

Training and Seminar Expenses xxx

Cash in Bank xxx

1. **Accounting entries for the utilization of CDF**

* + - 1. To set up the income account for the use of CDF

CDF xxx

    CDF Subsidy xxx

2. To record expenses funded by CDF

CDF Subsidized Expenses xxx

        Cash in Bank /Other Funds and Deposits  xxx

3. To record social service expenses directly charge to expense once CDF is fully exhausted

Social Service Expenses xxx

Cash in Bank xxx

1. **Accounting entries for the utilization of Optional Fund**
   * + 1. To set up the income account for the use of Optional Fund and for the amount of depreciation charged for the year

Optional Fund xxx

    Optional Fund Subsidy xxx

2. To record soft project expenses funded by Optional Fund

Subsidized Project Expenses xxx

        Cash in Bank /Other Funds and Deposits  xxx

3. To record purchase of fixed asset directly charge to Optional Fund

Land xxx

Building xxx

Office Equipment xxx

Cash in Bank/Other Funds and Deposits xxx

* + - 1. To provide depreciation expense (based on the useful life of the asset) for the above fixed asset

Depreciation Expense xxx

Accumulated Depreciation – Building xxx

Accumulated Depreciation – Office Equipment xxx

**Section 7. Accounting Entries and Illustrations for Credit Surety Fund (CSF) Cooperatives**

1. **Capitalization of CSF Cooperatives**
2. To record the fund set-up by the CSF cooperative from contributions of its members and receipt of grants from individual or private entities.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1.1 To record the contribution as Grant | | | | |
|  | Cash in Bank | | xxx |  |
|  |  | Restricted Capital for Surety |  | xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1.2 To record the contribution as Investment | | | | |
|  | Cash in Bank | | xxx |  |
|  |  | Paid-up Share Capital |  | xxx |
|  |  | Restricted Capital for Surety |  | xxx |
|  |  | Membership fee |  | xxx |
|  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1.3 To record the establishment of Surety Fund | | | | |
|  | Trust deposit for Surety fund | | xxx |  |
|  |  | Cash in Bank |  | xxx |

Illustration I – contributions

* The following information pertains to the contributions of Cooperative Members, Local Government Unit, National Government Agencies and Government Financial Institutions, a total of Php 10,000 membership fee has been collected.

|  |  |  |
| --- | --- | --- |
| CONTRIBUTORS | TYPE | AMOUNT |
| Total Contribution from Member Cooperatives / NGOs | Investment | PHP 800,000 |
| LGU’s Contribution | Grant | 800,000 |
| Government Financial Institutions | Investment | 200,000 |
| NGA’s Contribution | Grant | 200,000 |
|  |  |  |
| TOTAL CONTRIBUTIONS |  | PHP 2,000,000 |

To record the above transactions:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1.1 The receipt of Grant1 | | | | |
|  | Cash in Bank | | P 1,000,000 |  |
|  |  | Restricted Capital for Surety |  | P1,000,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1.2 The receipt of Investment1 | | | | |
|  | Cash in Bank | | P 1,010,000 |  |
|  |  | Restricted Capital for Surety |  | P 990,000 |
|  |  | Paid-up Share Capital |  | 10,000 |
|  |  | Membership fee |  | 10,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1.3 Establishment of Surety Fund | | | | |
|  | Trust Deposits for Surety | | P 2,000,000 |  |
|  |  | Cash In Bank |  | P2,000,000 |

1. **Operation of CSF Cooperative**

The CSF cooperative shall issue the Surety Agreement after the borrower has complied with all the terms and conditions of the cooperative/NGO under which such loan was approved for endorsement to the bank, the bank’s notification for its issuance has been received, and the CSF’s cooperatives share in the service fee has been remitted to the treasurer of CSF Cooperative (Rule 20, Sec.23)

* 1. Issuance of Surety Agreement (80% of the Principal amount of Loan)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unrealized loss – Surety Agreement | | Xxx |  |
|  |  | Financial Guarantee - Surety Agreement |  | Xxx |

Illustration II – issuance of surety cover

* Assuming that the 2% Service fee was remitted to the treasurer, the member-borrower complied with all the terms and conditions, and the approved and the duly signed surety agreement for the principal amount of loan amounting P1, 000,000 was issued to the lending bank.

* 1. To record the issuance of Surety Agreement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unrealized loss – Surety Agreement | | P 800,000 |  |
|  |  | Financial Guarantee - Surety Agreement2,3 |  | 800,000 |

* 1. To record the collection of Service Fee

Cash in bank P 20,000

Service Fee 20,000

1. **Collection and Defaults**

* Adjustment to Financial Guarantee and Unrealized loss from surety agreement accounts, shall be made, based on the consolidated statement of account provided by all participating lending bank to the borrower member-cooperative.
* The lending bank may file a claim against the CSF Cooperatives within 30 days after the loan has been declared past due, provided that the conditions are met in accordance with Rule 22, Sec.1 of IRR of RA 10744.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| * + - 1. Adjusting Entries, shall be made, if no Past-due reported by the lending bank (80% of the principal amount paid), frequency of adjustment shall depend on the approved accounting policies of the CSF Cooperative.’ | | | | |
|  | Financial Guarantee – Surety Agreement | | xxx |  |
|  |  | Unrealized loss –Surety Agreement |  | Xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2. To record payment to lending bank through surety cover (80% of Outstanding loan, principal only) | | | | |
|  | Financial Guarantee – Surety Agreement | | xxx |  |
|  |  | Trust Deposits for Surety |  | xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 3. To record the Assignment of receivable without recourse | | | | |
|  | Receivable Assigned-Surety Agreement4 | | xxx |  |
|  |  | Unrealized Loss – Surety Agreement |  | xxx |
|  |  | Unearned Income – Receivable Assigned5 |  | xxx |
|  |  | Due to Lending Bank6 |  | xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4. To record collection of Receivable Assigned-Surety Agreement | | | | |
|  | Cash | | xxx |  |
|  |  | Receivable - Assigned |  | Xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5. To record the remittance of 20% due to lending bank. | | | | |
|  | Due to Lending Bank | | Xxx |  |
|  |  | Cash |  | Xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 6. To record expenses in connection with the collection of Receivable Assigned-Surety Agreement | | | | |
|  | Collection expenses | | Xxx |  |
|  |  | Cash |  | Xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 7. Adjusting entry to recognize the realized gain at period end | | | | |
|  | Unearned Income – Receivable Assigned | | Xxx |  |
|  |  | Other Income7 |  | Xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 8. To record the write-off of Receivable Assigned | | | | |
|  | Reserve Fund | | xxx |  |
|  | Restricted Capital for Surety | | xxx |  |
|  | Unearned Income – Receivable Assigned | | xxx |  |
|  | Due to Lending Bank | | xxx |  |
|  |  | Receivable assigned |  | xxx |

Illustration III – loan portfolio, current

* In reference to Illustration II, listed below are the selected information based on the consolidated statement of account provided by all participating lending banks to the borrower member-cooperative.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Total Amount of Loan Releases (Principal only) |  | 1,000,000 |
|  | Total outstanding balance on loans (Principal Only) |  | 800,000 |
|  | Total Loan Payments |  |  |
|  | Principal |  | 200,000 |
|  | Interest |  | 20,000 |
|  | No past-due reported |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Since there is no past due reported, the adjusting entries shall be made based on the approved accounting policies of the CSF Cooperative | | | | |
|  | Financial Guarantee – Surety Agreement | | P 160,000 |  |
|  |  | Unrealized loss –Surety Agreement |  | 160,000 |

* Immediately, the ledger account shows the following balances:

|  |  |  |  |
| --- | --- | --- | --- |
| The Ledger Account of Financial Guarantee – Surety Agreement | | | |
| Particulars | Dr | Cr | Balance |
| Issuance of Surety Cover (illustration II) |  | P 800,000 | P 800,000 |
| Payments (illustration III) | P 160,000 |  | 640,000 |

* With the timely payment of the borrower for the first year, the contingent obligation of the CSF cooperative (wherein it binds himself to be jointly and severally liable with the principal debtor) decreased. The P640, 000 ending balance of financial guarantee – Surety Agreement as shown in the ledger, nonetheless, is at all times equal to 80% of the total outstanding loan balance (P800, 000 principal only) with all participating lending banks.

Illustration Iv – loan portfolio, pastdue

* In reference to Illustration III, listed below are the selected information based on the consolidated statement of account provided by all participating lending banks to the borrower member-cooperative.

Total Amount of Loan Releases (Principal only) 1,000,000

Total outstanding balance on loans (Principal Only) 800,000

Total Loan Payments

Principal 200,000

Interest 20,000 220,000

* Assume that no payments were made by the member-borrower on the succeeding period and the lending bank filed a claim against the CSF Cooperative after the loan has been declared past due, the conditions have been met in accordance with Rule 22, Secs. 1, 2 & 3.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record payment to lending bank through surety cover (80% of Outstanding loan, principal only) | | | | |
|  | Financial Guarantee – Surety Agreement | | P 640,000 |  |
|  |  | Trust Deposits for Surety |  | P 640,000 |

* After payment to the lending bank, the contingent obligation of the CSF Cooperative is now zero.
* As a result of the above entry, the ledger account shows the following balances:

|  |  |  |  |
| --- | --- | --- | --- |
| The Ledger Account of Financial Guarantee – Surety Agreement | | | |
| Particulars | Dr | Cr | Balance |
| Issuance of Surety Cover (illustration II) |  | P 800,000 | P 800,000 |
| Adjustments (illustration III) | P 160,000 |  | 640,000 |
| Payments | 640,000 |  | -0- |

After paying the lending bank, the CSF Cooperative shall book its claims in accordance with Sec.4 of Rule 22.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the Assignment of receivable without recourse, accrued interest on the accounts due amounting P160, 000. | | | | |
|  | Receivable – Assigned5 | | P 960,000 |  |
|  |  | Unrealized Loss – Surety Agreement |  | P 640,000 |
|  |  | Unearned Income – Receivable Assigned5 |  | 160,000 |
|  |  | Due to Lending Bank6 |  | 160,000 |

Illustration v – collection of receivable assigned, lumpsum

* In reference to Illustration IV, assume that all receivable assigned has been collected in full

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record collection of Receivable Assigned | | | | |
|  | Cash | | P 960,000 |  |
|  |  | Receivable Assigned |  | P 960,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the remittance of 20% due to lending bank. | | | | |
|  | Due to Lending Bank | | P 160,000 |  |
|  |  | Cash |  | P 160,000 |
| To recognize the realized gain at period end | | | | | | |
|  | Unearned Income – Receivable Assigned | | P 160,000 |  | | |
|  |  | Other Income |  | P 160,000 | | |
| To record the transfer of the collected amount to trust fund. | | | | | |
|  | Trust Deposits for Surety | | P 640,000 |  | |
|  |  | Cash |  | P 640,000 | |

* Thus, the balance of Trust Deposits for Surety will be P2,000,000.

|  |  |  |  |
| --- | --- | --- | --- |
| The Ledger Account of Trust deposits for Surety | | | |
| Particulars | Dr | Cr | Balance |
| Establishment of Fund (illustration I) | P 2,000,000 |  | P 2,000,000 |
| Payments (illustration IV) |  | P 640,000 | 1,360,000 |
| Transfer of the collected amount to trust fund (illustration V) | 640,000 |  | 2,000,000 |

Illustration vi – collection of receivable assigned, partial

* In reference to Illustration IV, assume that the borrower member-cooperative made his 1st partial payment amounting to P200,000 on receivable assigned and incurred various collection expenses amounting to P10,000**.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record collection of Receivable Assigned | | | | |
|  | Cash | | P 200,000 |  |
|  |  | Receivable – Assigned |  | P 200,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record various expenses in connection with the collection of Receivable Assigned | | | | |
|  | Collection expenses | | P 10,000 |  |
|  |  | Cash |  | P 10,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the transfer of the collected amount to trust fund | | | | |
|  | Trust Deposits for Surety | | P 190,000 |  |
|  |  | Cash |  | P 190,000 |

* Assume that the borrower member-cooperative made his 2nd partial payment amounting to P400,000 on receivable assigned and incurred Php15,000 collection expenses.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record collection of Receivable Assigned | | | | |
|  | Cash | | P 400,000 |  |
|  |  | Receivable Assigned |  | P 400,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record various expenses in connection with the collection of Receivable Assigned | | | | |
|  | Collection expenses | | P 15,000 |  |
|  |  | Cash |  | P 15,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the transfer of the collected amount to trust fund | | | | |
|  | Trust Deposits for Surety | | P 385,000 |  |
|  |  | Cash |  | P 385,000 |

* All collections on CSF’s claims, net of collection cost, shall be deposited to the trustee bank (Rule 22, Sec. 7)
* After posting the above collections, the ledger account of Receivable Assigned would show the following balances:

|  |  |  |  |
| --- | --- | --- | --- |
| The Ledger Account of REceivable assigned | | | |
| Particulars | Dr | Cr | Balance |
| Receipt of Assignment | P 960,000 |  | P 960,000 |
| Partial Collection, 1st |  | P 200,000 | 760,000 |
| Partial Collection, 2nd |  | 400,000 | 360,000 |

* Assuming that the remaining balance of the Receivable Assigned was collected in full.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record collection of remaining balance of Receivable Assigned | | | | |
|  | Cash | | P 360,000 |  |
|  |  | Receivable – Assigned |  | P 360,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the transfer of the collected amount to trust fund | | | | |
|  | Trust Deposits for Surety | | P 65,000 |  |
|  |  | Cash |  | P 65,000 |

* Be it noted that based on the above information, the CSF cooperative paid the lending bank amounting P640,000. Thus, the total amount to be redeposited to the trust fund account should be equal to the amount previously charged as payment thru surety cover.

|  |  |  |  |
| --- | --- | --- | --- |
| The Ledger Account of Trust deposits Surety | | | |
| Particulars | Dr | Cr | Balance |
| Establishment of Fund  (illustration I) | P 2,000,000 |  | P 2,000,000 |
| Payments (illustration IV) |  | P 640,000 | 1,360,000 |
| Transfer of the collected amount to trust fund (1st) | 190,000 |  | 1,550,000 |
| Transfer of the collected amount to trust fund (2nd) | 385,000 |  | 1,935,000 |
| Transfer of the collected amount to trust fund (full) | 65,000 |  | 2,000,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the remittance of 20% due to lending bank net of total collection expenses. | | | | |
|  | Due to Lending Bank | | P 160,000 |  |
|  |  | Cash |  | P 135,000 |
|  |  | Collection Expenses or Other Income |  | 25,000 |

* The collection expenses incurred during the 1st and 2nd partial payments amounting to P10,000 and P15,000, respectively, shall be netted against the claim of lending bank(s) in relation to the receivable assigned upon remittance of the collection and recognized as other income if the collection expenses were incurred during prior years. On the other hand, if the collection is made within the accounting period, the CSF cooperative may reverse the collection expense previously recognized by crediting directly the collection expense account. Henceforth, this account shall be recognized by the lending bank, not on the books of CSF Cooperative.
* No profit shall be recognized until the CSF Cooperative is able to recover the full amount of its exposure on account to claims paid.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To recognize the realized gain at the end of the period | | | | |
|  | Unearned Income – Receivable Assigned | | P 160,000 |  |
|  |  | Other Income |  | P 160,000 |

Illustration viI – receivable assigned, writeoff

* In reference to Illustration IV, assuming that no other plain and remedy to collect the receivable assigned.
* The losses from past-due loans shall be charged in the following order of priority (Rule 25, Sec.6):
  1. Share in the RCS of the endorsing or borrowing cooperative;
  2. General Reserves;
  3. Borne proportionately by all members of the fund as a deduction from their share in the RCS.
* To record the above transaction, assume further, reserve fund has a credit balance of P1,000.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the write-off of receivable assigned | | | | |
|  | Reserve Fund | | P 1,000 |  |
|  | Restricted Capital for Surety | | 639,000 |  |
|  | Unearned Income – Receivable Assigned | | 160,000 |  |
|  | Due to Lending Bank | | 160,000 |  |
|  |  | Receivable assigned |  | P960,000 |

1. **OTHER ADJUSTING ENTRIES AT THE END OF ACCOUNTING PERIOD**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To record the Investment income earned from trust deposits (Note: Rule 1, Sec. 24) | | | | |
|  | Trust Deposit for Surety | | xxx |  |
|  |  | Imputed Income |  | xxx |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| To close the imputed income to Restricted Capital for Surety account | | | | |
|  | Imputed Income | | xxx |  |
|  |  | Restricted Capital for Surety |  | xxx |

**Section 8. Sanctions**

Cooperatives which fail to comply with this Circular shall be subject to the following sanctions:

* First non-compliance, the Authority shall issue warning to concerned cooperatives;
* Second non-compliance, Certificate of Compliance shall not be issued by the Authority;
* Third non-compliance, the Certificate of Registration of cooperative shall be cancelled after compliance with due process of law.

**Section 9. Repealing Clause**

MC 2016-06 S-2016 and all other circulars, regulations, issuances or parts thereof, inconsistent with any of the provisions of this Circular are hereby repealed or modified accordingly.

**Section 10. Separability Clause**

Should any part of this Circular be declared invalid or unconstitutional, the rest of the provisions not affected thereby shall continue in full force and effect.

**Section 11. Effectivity**

This Circular shall be published in the Official Gazette and Office of the National Administration Registry (ONAR) and shall take effect fifteen (15) days after its publication.

Approved per CDA Board Resolution No. \_\_\_\_\_\_, S-2021 dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.