



COOPERATIVE DEVELOPMENT AUTHORITY

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MEMORANDUM CIRCULAR NO. 2022 - 24 Series of 2022

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 the respective Implementing Rules and Regulations (IRR), the Authority hereby issues this Memorandum Circular to prescribe the usage of Standard Chart of Accounts for Cooperatives in the accounting and financial reporting.

Section 1. Scope

This Circular shall be applied to all types and categories of cooperatives, duly registered with the Cooperative Development Authority, except Cooperative Banks, Insurance Cooperatives and Electric Cooperatives.

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. Specifically, it shall:

- a) ensure uniformity and common understanding of accounts;
- b) guide in the installation of accounting and internal control systems;
- c) facilitate the conduct of audit;
- d) enhance transparency;
- e) facilitate in setting standards and discipline in measuring the financial safety and soundness of cooperatives
- f) facilitate the analysis and evaluation of financial management performance;
- g) provide a basis in monitoring, supervision and business linkages.

Section 3. Financial Statements

A complete set of financial statements shall consist of the following:

- A. **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.
- B. **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 which 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, additions, provisions and utilization of statutory funds, movement in donations and grants, and revaluation surplus, if any, 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- provides 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 - cover 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	<i>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.)</i>
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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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.
11190	E-wallet Fund	This accounts refers to the money placed in G-cash, Paymaya, Paypal and other e-wallet or online payment system used by the cooperative
11200-11399	<i>Loans And Receivables</i>	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). PAR is the amount of the loan portfolio with one day missed payment.
11230	Loans Receivable Restructured	This account refers to receivables from the member-borrowers whose loan accounts were restructured upon full payment of interests and penalties due therein.
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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
11241	Unearned Interests and Discounts	This account refers only to the existing interest on loans deducted in advance prior to the effectivity of this guidelines. It shall be 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 past due loans. The allowance for probable losses on loans (APLL) shall be booked based on the Portfolio At Risk (PAR) with a 30-day grace period.
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 the 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 the 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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
11320	Installment Receivable - in Litigation	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 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. (This account is used by coops which are 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 to 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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 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. <i>Any realized or unrealized gains/losses should be recognized in the Statement of Operations as Gains or losses in Financial Asset through Profit or Loss (80900) and subject for distribution of net surplus</i>
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 the cost of goods on hand out on consignment and in-transit, available for sale at the end of the accounting or reporting period.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 the 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 the cost of a job or work in process on hand at the end of the 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. This includes cost to grow and all incidental cost necessary to bring the inventory to its saleable /usable condition.
11580	Equipment for Lease Inventory	This account refers to the cost of equipment on hand intended for lease purchase agreement.
11590	Allowance for impairment - Inventory	This account refers to an 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. This includes purchase price, cost to acquire and grow and all incidental costs necessary to bring the inventory to its saleable /usable condition.
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	This account refers to an amount of Value Added Tax withheld by a government entity arising from sale or procurement of goods/services from a taxable institution/cooperative.
12130	Creditable Withholding Tax	This account refers to an amount that is withheld by cooperative /supplier arising from sale or procurement of goods/services from a taxable institution/cooperative

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
12140	Deposit to Suppliers	This account refers to the amount paid in advance to suppliers.
12150	Unused Supplies	This account refers to the cost of supplies on hand.
12160	Assets Acquired in Settlement of Loans/Accounts	This refers to non-real properties which are acquired in settlement of loans and receivables such as foreclosure.
12161	Accumulated Depreciation and Impairment-Assets Acquired in Settlement of loans/accounts	This account refers to the total amount of depreciation and impairment of 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 the 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	<i>All other assets not classified as current. It includes tangible, intangible, operating and financial assets of a long term nature.</i>
13100	Other Financial Assets Long Term	This account refers to financial instruments excluding cash and cash equivalents, loans and receivables, investment in associates, investment in joint ventures, and investments in subsidiaries which are expected to be realized in more than one year from the reporting period.
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 of 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 as reflected in the equity instruments of non-cooperative subsidiaries (The ownership of the cooperative is more than 50% of the voting shares)
13300	Investment in Associates	This account refers to the amount of the cooperative's investment as reflected in the equity instruments of associates. (The ownership

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
		of the cooperative consists of 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 as evidenced by contractual agreement that gives the venturers joint control.
13500	Investment Property	This account refers to 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 the cost of land that generates income or capital appreciation or both. The land shall not be used in the production of goods, supply or services nor for administrative purposes or sale in the ordinary course of business. It shall be 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 generates income or capital appreciation or both. It shall not be used in the production of goods, supply or services nor for administrative purposes or sale in the ordinary course of business. It shall be 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 coop in settlement of loans and receivables through foreclosure or <i>dacion en pago</i> 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 in more than one period.
14100	Land	This account refers to the acquisition cost of the land which is being used for its main operation plus all incidental costs. All these are reflected in

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
		a single cost. If donated, the fair market value or appraised value shall be used. 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 cost of fencing, roadways, landscaping, etc. It shall be 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, the fair value of the property must be disclosed.
14121	Accumulated Depreciation– Building	This account refers to the total amount of depreciation/ impairment cost on the 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 improvements 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 a new building on a leased land or land under usufructuary. It 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 the cost of property and equipment used in the generation of power/water and other utilities used in the 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..

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
14161	Accumulated Depreciation – Property, Plant & Equipment - Under Finance Lease	This account refers to the total amount of depreciation on PPE - under Finance Lease that is 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 an 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 equipments 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 it until 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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 the 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. It shall be 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 the cost of breeding stock/working animals owned by the cooperative.
15110	Accumulated Depreciation – Biological Assets – Animals	This account refers to the 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 produce seeds, seedlings, flowers or fruits.
15210	Accumulated Depreciation Biological Assets – Plants	This account refers to the total amount of depreciation and impairment on BA - plants that are set-up periodically and charged against the current operations.
16000	Intangible Assets	<i>It refers to Identifiable non-monetary assets without physical substance for which future economic benefits are expected to flow back and amortized over the estimated useful life.</i>
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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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	Deferred Tax Asset	It refers to the amount of income taxes recoverable in future periods in respect of: deductible temporary differences, the carryforward of unused tax losses, and the carryforward of unused tax credits. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future.
17100	Deferred Tax Asset - NOLCO	This account refers to Deferred Tax on the amount of Net Operating Loss Carry Over (NOLCO) carried forward to offset against taxable income in future years
17200	Deferred Tax Asset - MCIT	This account refers to the Deferred tax on the amount of the MCIT in excess of the Normal Income Tax (NIT) which is carried over to the three (3) succeeding taxable years and will be credited against NIT due.
17300	Deferred Tax Asset - Others	This account refers to the Deferred Tax arising from temporary differences between financial income and income subject to income tax. This includes transactions of cooperatives with non-members which are subject to tax (for cooperatives with accumulated reserve fund and undivided net surplus of 10,000,000.00)
	Other Non-Current Assets	<i>Assets which do not fit into any of the preceding classifications</i>
18100	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.
18200	Other Funds and Deposits	This account refers to the restricted funds set aside for funding of Statutory and other reserves such as Retirement, Members' Benefit, Depreciation Reserve Funds (for water service coop 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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
18300	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 -It refers to the 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	<i>It refers to 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.</i>
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 to deposits made by the 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 which are intended for sale.
21220	Accounts Payable-Non Trade	This account refers to obligations/ indebtedness to suppliers for purchase of goods and services which are 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. It shall also include the current portion of the Long Term Loans Payable.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 the amount set aside for the payment of salaries & other statutory obligations to deployed members of a labor service cooperatives.
21260	Cash Bond Payable	This account refers to the amount received from members/employees as guarantee for the use of equipment/ accessories and 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 the accounting period.
21310	Due to Regulatory Agencies	This account refers to amount collected from members in payment for the 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.
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 the excess of output tax over input tax.
21370	Income Tax Payable	This refers to the amount of unpaid tax due from the cooperative arising from taxable income.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 any transactions/adjustments which are not classified under any of the current liabilities above.
21410	Deposit from Customers	This account refers to deposits received from customers for containers, food or other services subject to refund.
21420	Advances from Customers	This account refers to advance payment for the delivery of goods or services.
21430	School Program Support Fund Payable	This account refers to an amount allocated as a support mechanism to the 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 affiliated. 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	<i>It refers to liabilities which are payable beyond one year</i>
22100	<i>Loans Payable</i>	This account refers to the indebtedness of the cooperative to financial institutions, federations, unions, or individuals which are payable beyond one year.
22200	<i>Discounts on Loans Payable</i>	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	<i>Revolving Capital Payable</i>	The account refers to deferred payment of interest on share capital and patronage refund, which should be agreed upon in the General Assembly meeting .
22400	<i>Retirement Payable</i>	This account refers to the accumulated retirement benefit costs charged against the income of the cooperative over the expected

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
		remaining working lives of participating qualified employees.
22500	<i>Finance Lease Payable - Non-Current</i>	This account refers to the future lease payments for Property, Plant and Equipment acquired under finance lease, Net of the Current Portion.
23000	Deferred Tax Liability	The amounts of income taxes payable in future periods in respect of taxable temporary differences
24000	Other Non-Current Liabilities	The totality of all other liabilities that cannot be classified after any of the preceding liability accounts.
24110	Project Subsidy Fund Payable	This account refers to the unused portion of the cash grants from third parties intended to implement specific projects, e.g. training, salaries and wages, etc.
24120	Members' Benefit and Other Funds Payable	This account refers to funds for special purposes such as member's benefits, health aid, and mutual aid including Kilusang Bayan Guarantee Fund (KBGF) / Cooperative Guarantee Fund (CGF) not part of the distribution of net surplus.
24130	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.
24140	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.
24150	Officers Gratuity Fund Payable	This account refers to funds set aside for the payment of gratuity benefits of the qualified retiring officers.
24190	Other Non Current Liabilities	This account refers to other long term liabilities not elsewhere classified.
30000-31000	EQUITY -It refers to the residual interest in the assets of the cooperative after deducting all its liabilities.	
30100	MEMBERS' EQUITY	<i>This account refers to ownership Interest of members in the cooperative.</i>
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

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 members (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	<i>Deposit for Share Capital Subscription</i>	This account refers to the 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 the 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	<i>Restricted Capital for Surety</i>	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	<i>Fund Balance</i>	This account refers to the fund of the union of cooperatives which is in excess of the receipts derived from remittances of cooperative members and other program funds over expenses incurred by the union in its operation.
30600	<i>Undivided Net Surplus</i>	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	<i>Net Loss</i>	This account refers to a 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	<i>Donations/Grants</i>	This account refers to any assistance by another entity which is in the form of a transfer of resources to a cooperative in return for past or

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
		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 shall 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 the 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. A corresponding fund should be set up with local banks and shall be used in accordance with approved plans and budget.
30900	Revaluation Surplus	This account refers to the appraisal increase in the revaluation of land which is allowed subject to the guidelines issued by the Authority.
31000	Unrealized Gains/Losses on Investments	The cumulative gains/(losses) arising from the change in the fair value of investments in publicly traded securities.
STATEMENT OF OPERATIONS		
40000	REVENUE	refers to the 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	<i>All income derived from Credit Operations</i>
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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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	<i>Income from Service Operations</i>	<i>All income derived from service operations</i>
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	<i>Income from Marketing/ Consumers/ Production Operations</i>	<i>All income derived from marketing / consumers / production operations</i>
40310	Sales	This account refers to the invoice price of all merchandise/ goods sold or services rendered whether paid or on account. Sales to members and non-members shall be segregated.
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	<i>Income from CSF</i>	<i>All income derived from credit surety fund operations</i>
40410	<i>Service Fee</i>	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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
40600	<i>Other Income</i>	<i>Income received by the cooperatives other than its main operation.</i>
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. It 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 a 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	<i>Cost of Goods Sold</i>	The cost/value of the commodity sold as determined using the physical or perpetual inventory system.
51000	<i>Cost of Goods Sold</i>	<i>This account refers to the account used to record the cost of finished goods sold under perpetual inventory system.</i>
51110	Purchases	This account refers to the cost of merchandise/goods bought whether paid or on account under a 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 the 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 the storage area. Should form part of the Cost of Goods Available for Sale.
51160	Direct Labor	This account refers to the 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

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
		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 the amount incurred for technical and other services ancillary to the generation of service income.
61210	Salaries & Wages	This account refers to the amount incurred for services rendered by employees directly involved in providing services including overtime pay
61230	Employees' Benefits	This account refers to the 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

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
61320	Gas, Oil & Lubricants	This account refers to amounts incurred for gasoline, fuel and lubricants for the 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 the amount provided for wear and tear of building, machineries and equipments used in the delivery of service.
61360	Amortization	This account refers to the amount provided for amortization of intangible assets.
62000	<i>Generation Cost</i>	Cost incurred in the generation of power, water and other utilities.
62110	Power Cost	This account refers to the cost of power whether purchased or generated for distribution.
62120	Labor and Technical Supervision	This account refers to the amount incurred for technical and other services ancillary to the generation of service income.
62130	Salaries & Wages	This account refers to the 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 the 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 the 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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 the 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 the 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	<i>Distribution Cost</i>	Cost incurred in the distribution of power, water and other services.
63110	Power Cost	This account refers to the cost of power whether purchased or generated for distribution.
63120	Labor and Technical Supervision	This account refers to the amount incurred for technical and other services ancillary to the generation of service income.
63130	Salaries & Wages	This account refers to the 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 the 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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
63190	Training/ Seminars	This account refers to an amount incurred for officers and staff directly involved in providing services for trainings and seminars attended/conducted including expenses related thereto after exhausting the CETF.
63200	Power, Light and Water	This account refers to the cost of electricity and water incurred in the generation of service income.
63210	Travel and Transportation	This account refers to the 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 the amount incurred for the 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 the amount incurred for gasoline, fuel and lubricants for the 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 the amount provided for wear and tear of building, machineries and equipment used in the delivery of service.
63290	Amortization	This account refers to the amount provided for amortization of intangible assets.
63300	Impairment Loss	This account refers to the difference between the carrying value and the recoverable value of the assets directly used in the delivery of services.
64000	<i>Transport Service Cost</i>	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 the cost incurred for payment to drivers (control mechanism will be developed to recognized actual gross receipts) - subject to 10% withholding tax.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 <i>such as accidents not covered by insurance.</i>
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	<i>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.</i>	
71000	<i>Financing Cost</i>	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	<i>Selling/ Marketing Cost</i>	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 the amount incurred for services rendered by employees including overtime pay.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
72150	Incentives and Allowances	This account refers to the 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 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 the 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 the loss or breakage of kitchen/utensils after deducting accumulated depreciation.
72250	Freight Out/Delivery Expenses	This account refers to the 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 the 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 the amount incurred by employees while on official travel such as fares, gasoline and fuel for service vehicles borrowed

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
		or rented by the cooperative, toll fees, board and lodging, per diem and meal allowance I.
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 that do not prolong the life of the asset but increase capacity and safety measures. It does not include major repairs.
72320	Rentals	This account refers to the 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 the 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 accounts.
72380	Depreciation	This account refers to the amount provided for wear and tear of property and equipment and amortization of intangible assets.
72390	Amortization	This account refers to the amount provided for amortization of intangible assets.
72400	Amortization of Leasehold Rights & Improvement	This account refers to the amount provided for amortization of leasehold rights and improvements.
72410	Periodicals, Magazines & Subscription	This account refers to the amount incurred for subscription or purchase of periodicals, magazines and others.
72500	Franchise/Royalty Expenses	This account refers to amount paid for franchise and royalty fees treated as outright expense
73000	Administrative Cost	Expenses incurred related to general administration and management of the cooperative/enterprise

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
73110	Salaries & Wages	This account refers to the 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 the amount incurred for services rendered by directors, committee members and officers.
73160	Officers' Gratuity Expenses	This account refers to the 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 operations including cost of cheques.
73200	Meetings and Conferences	This account refers to the amount incurred in the conduct of/ attendance to meetings and conferences.
73210	Trainings/ Seminars	This account refers to the 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, the 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.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
73230	Power, Light & Water	This account refers to the cost of electricity and water incurred in business operations.
73240	Travel & Transportation	This account refers to the 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 the 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 the 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 outsourcing support services of security guards, 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 accounts.
73350	Depreciation	This account refers to allocation of cost over the estimated life of Property, Plant and Equipment.
73360	Amortization	This account refers to the amount provided for amortization of intangible assets.
73370	Amortization of Leasehold Rights and Improvement	This account refers to the amount provided for amortization of leasehold rights and improvements.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
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 the 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 the 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 the 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 the 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. This account shall be used by Federations only.
80300	Donations/Grants 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 and Training Fund Subsidy	This account refers to the amount deducted from the Education and Training Fund to subsidize training expenses and depreciation charge on property and equipment funded by CETF-Local.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
80600	Subsidized Project Expenses	This account refers to a portion of the Project Subsidy Fund expended for training, salaries and wages and other activities. A supporting schedule for details of expenses should be provided.
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.
90000	Income Tax Expense	This account refers to income tax paid/to be paid by cooperatives subject to income tax before allocation and distribution of Statutory Funds and Interest on share capital and patronage refund
91000	Income Tax Expense - Current	This account refers to income tax to be paid (based on the taxable profit for the year)
92000	Income Tax Expense- (Benefit) - Deferred	This account refers to income tax expense or benefits arising from timing difference e.g. NOLCO, MCIT

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:

- a) Statement of Financial Condition:
 - Primary/Secondary Cooperatives (Annex A)
 - CSF Cooperatives (Annex A-1)
 - Union of Cooperatives (Annex A-2)
- b) Statement of Operations
 - Primary/Secondary Cooperatives (Annex B)
 - CSF Cooperatives (Annex B-1)
 - Union of Cooperatives (Annex B-2)
- c) Statement of Changes in Equity (Annex C)
 - Primary/Secondary Cooperative (Annex C)
 - CSF Cooperative (Annex C-1)
- d) Statement of Cash Flows (Annex D)
- e) Notes to Financial Statement
- f) 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 Financial Condition and Statement of Operations 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

I. 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. Distribution of Net Surplus

a. In case of Net Surplus

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	

To record distribution of Net Surplus

b. In case of Net Loss

Reserve Fund	xxx	
Net Loss		xxx
<i>To close Net Loss to Reserve Fund</i>		

c. Setting up of Other Funds and Deposits

Other Funds and Deposits	xxx	
Cash in Bank		xxx
<i>To set aside cash equivalent to the amount allocated for Statutory Fund in 1a above</i>		

II. Accounting entries for the Utilization of CETF Local

1. Utilization of CETF

a. Conduct of Training

Training Expenses	xxx	
Other Funds and Deposits/Cash		xxx
<i>To record disbursement of CETF for the conduct of training and seminar</i>		
CETF – Local	xxx	
Education and Training Fund Subsidy		xxx
<i>To record adjustment to capital to reduce CETF –Local equivalent to the actual utilization of the fund</i>		

b. Purchase of equipment for training purposes

Office Equipment	xxx	
Other Funds and Deposits/Cash		xxx
<i>To record utilization of CETF for the purchase of equipment for training purposes</i>		
Depreciation	xxx	
Accumulated Depreciation		xxx
<i>To record depreciation</i>		
CETF	xxx	
Education and Training Fund Subsidy		xxx
<i>To close depreciation expense to CETF</i>		

III. Remittance of CETF to Federations/Unions

Due to Federations/Unions	xxx	
Cash		xxx
<i>To record remittance of CETF to federations</i>		

IV Accounting Treatment of the CETF received by Federations/Unions (MC 2019-08)

a. Unions

Cash		xxx	
Program Fund - CETF			xxx
	<i>To record receipt of CETF collected from affiliates/non-affiliates</i>		
Training and Education Expenses		xxx	
Advocacy Expenses		xxx	
Salaries and Wages Expenses	xxx		
Light and Water Expenses		xxx	
Cash			xxx
	<i>To record utilization of CETF collected</i>		

b. Federations

Cash		xxx	
CETF Subsidy Payable			xxx
	<i>To record receipt of CETF collected</i>		
CETF Subsidized Expense		xxx	
Cash			xxx
	<i>To record utilization of CETF collected</i>		

V. Accounting entries for the utilization of CDF

- To set up the income account for the use of CDF

CDF		xxx	
CDF Subsidy			xxx

- To record expenses funded by CDF

CDF Subsidized Expenses		xxx	
Cash in Bank /Other Funds and Deposits			xxx

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

Social Service Expenses	xxx		
Cash in Bank			xxx

VI. Accounting entries for the utilization of Optional Fund

- To record soft project expenses funded by Optional Fund

Optional Fund		xxx	
Cash in Bank /Other Funds and Deposits			xxx

- To record purchase of depreciable property and equipment directly charge to Optional Fund

Building	xxx		
Office Equipment		xxx	

Others (specify)			
Cash in Bank/Other Funds and Deposits			xxx

3. 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

4. .To set up the income account to offset the depreciation charged for the year

Optional Fund	xxx		
Optional Fund Subsidy			xxx

5. To record purchase of land out of optional fund

Land	xxx		
Other funds and Deposits/Cash			xxx

Note: Land is not depreciable, however required disclosure in the notes to the financial statement under Optional Fund reconciling balance per book and available unutilized Optional Fund.

VI. Accounting Entry for Cash Grants intended to implement specific Projects (Project Subsidy Fund)

1. To record receipt of cash intended for specific projects such as Trainings, salaries and wages, etc.

Cash	xxx		
Project Subsidy Fund Payable			xxx

2. To record disbursements/utilization of the Project Subsidy Fund

Subsidized Project Expense	xxx		
Cash			xxx

3. To set up income to offset subsidized project expense

Project Subsidy Fund Payable	xxx		
Project Subsidy			xxx

VI. Accounting Entry for Cash Grants intended to implement specific projects (Project Subsidy Fund)

1. To record receipt of cash intended for specific projects such as Trainings, salaries and wages, etc.

Cash	xxx		
Project Subsidy Fund Payable			xxx

2. To record disbursements/utilization of the Project Subsidy Fund

Subsidized Project Expense	xxx		
Cash			xxx

3. To set up income to offset subsidized project expense

Project Subsidy Fund Payable	xxx	
Project Subsidy		xxx

VII. Accounting Entries for Donations and Grants

- To record receipt of cash donation and grants intended as donated capital

Cash	xxx	
Donations/Grants		xxx

- To record donations in the form of property or equipment

Property and Equipment (specified)	xxx	
Donations/Grants		xxx

- To provide depreciation expense (based on the useful life of the asset) for the above property and equipment

Depreciation Expense	xxx	
Accumulated Depreciation		xxx

- To set up the income account to offset the depreciation charged for the year

Donations/Grants	xxx	
Donations/Grants Subsidy		xxx

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

I. Capitalization of CSF Cooperatives

- 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

II. 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.

1.1 To record the issuance of Surety Agreement

Unrealized loss – Surety Agreement	P 800,000	
Financial Guarantee - Surety Agreement ^{2,3}		800,000

1.2 To record the collection of Service Fee

Cash in bank	P 20,000	
Service Fee		20,000

III. 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 Agreement ⁴	xxx	
Unrealized Loss – Surety Agreement		xxx
Unearned Income – Receivable Assigned ⁵		xxx
Due to Lending Bank ⁶		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 Income ⁷		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
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- 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 – Assigned ⁵	P 960,000	
Unrealized Loss – Surety Agreement		P 640,000
Unearned Income – Receivable Assigned ⁵		160,000
Due to Lending Bank ⁶		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	
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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, 1 st		P 200,000	760,000
Partial Collection, 2 nd		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	Receivable – Assigned	P 360,000	P 360,000
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To record the transfer of the collected amount to trust fund

Trust Deposits for Surety	Cash	P 65,000	P 65,000
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- 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 (1 st)	190,000		1,550,000
Transfer of the collected amount to trust fund (2 nd)	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	Cash	P 160,000	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

IV. 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.

Failure of the Accredited Cooperative External Auditor to render qualified opinion in case the Audited Financial Statements do not conform with this standard shall be a ground for non-renewal of his/her accreditation.

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. Transitory Provision


This Memorandum Circular shall apply for 2022 Financial Statements onwards to be submitted not later than 120 days after the close of the preceding calendar year.

Section 12. Effectivity

This Memorandum Circular shall take effect following the completion of its publication in the Official Gazette and filing of copy thereof with the Office of the National Administrative Register (ONAR).

Approved per CDA Board Resolution No. 429, S-2022 dated June 8, 2022.

Issued this 5th day of September 2022.

For the Board of Directors

USEC. JOSEPH B. ENCABO
Chairman