



**MASAGANANG SAKAHAN, INC.**  
A Landbank Subsidiary

# **ACCOUNTING SYSTEM MANUAL**

DECEMBER 2012

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## FORMS EXHIBITS

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## I. INTRODUCTION

This Accounting Manual of the Masaganang Sakahan, Inc. was specifically designed to fit the needs of the corporation in respect to its operations and financial control system.

The objectives of the system are:

1. To optimize the use of its resources through efficient operations;
2. To ensure proper and expedient accumulation of data;
3. To provide for an effective internal control system and procedures that will safeguard the company's assets;
4. To equip management with vital and meaningful information by way of accurate as well as timely reporting; and
5. To ascertain from such management and financial reports the viability of its operations.

This Manual consists of the following:

1. General Accounting Plan
2. Chart of Accounts
3. Description of Pertinent Accounts
4. Illustrative Accounting Entries
5. Formats of Books of Accounts
6. Formats of Subsidiary Ledgers
7. Form Exhibits

The detailed procedures show the route the forms follow and indicate how these forms are entered in the Books of Accounts; likewise indicating the level of responsibilities involved in each transaction, the number of required copies as well as the proper distribution of copies for various forms.

## II. GENERAL ACCOUNTING PLAN

Various transactions involved in the corporations' operations are linked progressively from the source documents to the Books of Accounts to the General Ledger and finally to the Subsidiary Ledger. This inter-relationship is presented more coherently in graphic form in the General Accounting Plan (See Exhibit GAP-1).

The underlying general principles comprising the basic features contained in the accounting system are follows:

1. Accountability for the discharge of duty; i.e. responsibility for the performance of a specific duty is fixed:
2. Automatic check through widely dispersed functions; i.e. no one person should have complete in charge of a business transaction to ensure that errors committed inadvertently or deliberately will be discovered subsequently by others handling the same transaction;
3. Test of accuracy; i.e. all proofs of accuracy to the extent practicable should be employed to ensure the correctness of the accounting data compiled;
4. Segregation of duties; i.e. the performance of physical functions should be separated from recording functions so that an employee is not in a position where he/she has control of the records and at the same time control of the operations giving rise to the records; and
5. Integrity of record; i.e. only transactions pertaining to the operations of the corporation should be included in the books of accounts.

**MASAGANANG SAKAHAN, INC.**

**CHART OF ACCOUNTS**

**ASSETS**

**CURRENT ASSETS**

Cash

Cash In Bank

Petty Cash Fund

Area Operating Fund

Cash Collecting Officer

Cash Other Officer

Marketable Securities

Accounts Receivables

Receivables - Trade/Business

Receivables - Miscellaneous

Receivables - Others

Receivables - Notes

Receivables – Sales Contract

Inventories

Inventories - Rice

Inventories - Palay

Inventories - Brokens

Inventories - By-Products

Inventories - Binlid

Inventories - Supplies and Materials

Prepaid Expenses

## Other Assets

### Miscellaneous Assets and Deferred Charges

Miscellaneous Assets and Deferred Charges - Guaranty Deposits

Miscellaneous Assets and Deferred Charges - Short Term Investment

Miscellaneous Assets and Deferred Charges – Miscellaneous

### Contingent Assets

Contingent Assets - claims from accountable officers for cash shortages

Contingent Assets - claims for dishonored checks

## **Non- Current Assets**

### Plant, Property and Equipment

Transportation Equipment

Furniture and Fixtures

Office Equipment

Other Property Plant and Equipment

Machineries

### Investment Property

#### Investments

Investments on Stocks and Bonds

#### Deductions from Assets

#### Allowance from Valuation and Accumulated Depreciation

Allowance for Doubtful Accounts - Receivables -Trade/Business

Allowance for Doubtful Accounts – Receivables- Miscellaneous

Allowance for Doubtful Accounts - Receivables- Others

Allowance for Doubtful Accounts - Receivables- Notes

Allowance for Doubtful Accounts - Receivables- Sales Contract

Allowance from Valuation and Accumulated Depreciation - Transportation

Equipment

Allowance from Valuation and Accumulated Depreciation - Furniture and  
Fixtures

Allowance from Valuation and Accumulated Depreciation - Office Equipment

Allowance from Valuation and Accumulated Depreciation - Other Property  
Plant and Equipment

Allowance from Valuation and Accumulated Depreciation – Machineries

\*Allowance for Market Decline

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*\*Revised as of September 2014*

## **LIABILITIES**

### **CURRENT LIABILITIES**

#### **Payables**

Payables – Vouchers

Payables - Trade/Business

Payables – Miscellaneous

Payables – Income Tax

#### **Trust Liabilities**

Trust Liabilities - Withholding Tax Payable

Trust Liabilities – SSS Premium Payable

Trust Liabilities – SSS Loans payable

Trust Liabilities – Philhealth Premium Payable

Trust Liabilities – PAG-IBIG Premium Payable

Trust Liabilities – PAG-IBIG Loans Payable

Trust Liabilities – Miscellaneous

#### **Other Liabilities**

##### Miscellaneous Liabilities and Deferred Credits

Miscellaneous Liabilities and Deferred Credits – Containers and property

Miscellaneous Liabilities and Deferred Credits - Miscellaneous

## S U R P L U S    and    C A P I T A L

Income / Estimated Revenue (Summary Account)

Current Surplus Unappropriated – Earned Surplus and Reserves

Current Surplus Unappropriated – Balance At the End of the Year/  
Retained Earnings

Provision for Income Tax

Surplus Reserves

- For Plant Expansion
- For Retirement Of Employees
- For Replacement Of Plant and Office Equipment
- Others

Capital

Authorized Capital Stock

## **ASSETS**

### **CASH**

#### **CASH IN BANK**

This account is used to record deposits in a current account with authorized domestic depository banks.

Debit this account for:

- Current account deposits with authorized depository banks.
- Special deposits with authorized depository banks
- Credit advices received from depository banks

Credit this account for:

- Withdrawals or reduction of deposits with authorized depository banks
- Debit advices received from depository banks.

#### **CASH – COLLECTING OFFICERS**

This account is used to record unremitted or undeposited collections of collecting officers of the corporation.

Debit this account for:

- Collections made by collecting officers

Credit this account for:

- Remittances by collecting officers or deposit to corporate account.

#### **CASH- DISBURSING OFFICERS**

This account is used to record the amount of cash advances in the custody of officers of the agency/corporation granting the cash advance who are duly designated regular and special disbursing officers and whose duties are to disburse funds in payment of authorized official expenditures.

Debit this account for:

- Cash advances to duly designated regular and special disbursing officers

Credit this account for:

- Authorized official payments made by the disbursing officers.
- Cash advances refunded.

### **CASH – OTHER OFFICERS**

This account is used to record cash advances granted to officers and employees of the corporation for specific authorized official expenditures.

Debit this account for:

- Cash advances granted.

Credit this account for:

- Payments made by the officer /employee
- Cash advance refunded.

### **RECEIVABLES**

#### **RECEIVABLES – TRADE/BUSINESS**

This account is used to record the amount due from customers resulting from trading/business transactions, other than those supported by some form of commercial papers, which are expected to be collected in the regular course of business.

Debit this account for:

- Sale of goods and services on account.
- Other amounts due from customers resulting from trading/business transactions.

Credit this account for:

- Settlement of above-mentioned accounts.
- Write-off of uncollected accounts.

#### **RECEIVABLES – MISCELLANEOUS**

This account is used to record the amount due from all parties which do not fall under any of the other classes of receivables. Included in this account are lease/rental and commission receivables.

Debit this account for:

- Salaries, pensions or gratuities refundable.
- Other amounts due from private debtors and entities which cannot be classified under any of the other foregoing receivables accounts.
- Interest accrued but not yet due/collectible.

Credit this account for:

- Collection of above-mentioned items.

## **INVENTORIES**

### **INVENTORIES – RICE**

### **INVENTORIES – PALAY**

### **INVENTORIES – BROKENS**

### **INVENTORIES – BY PRODUCTS**

This account is used to record the cost or other appropriate value of merchandise in stock which have been purchased/ produced/ milled and intended for sale.

Debit this account for:

- Goods purchased for sale.
- Goods or merchandise for sale which have been manufactured/ produced/ milled

Credit this account for:

- Sales or disposition of the above items.
- Inventory shortage or deterioration

### **INVENTORIES – SUPPLIES AND MATERIALS**

This account is used to record the cost or other appropriate value of supplies and materials acquired for immediate use in the course of operations.

Debit this account for:

- Supplies and materials purchased for use.

Credit this account for:

- Use/consumption/disposition of the above items.

### **PREPAID EXPENSE**

This account is used to record expenses paid in advance but not yet incurred

Debit this account for:

- Advance payment made for billings

Credit this account for:

- Recording of expenses incurred (expired portion) for the period

### **MISCELLANEOUS ASSETS AND DEFERRED CHARGES**

### **MISCELLANEOUS ASSETS AND DEFERRED CHARGES – GUARANTY DEPOSITS**

This account is used to record the amount of deposits subject to refund which are made to secure or guaranty compliance with certain requirements in a transaction.

Debit this account for:

- Deposits for the exercise of an option to buy or lease
- Deposits to secure stocks and bonds of government corporations.
- Other deposits to guaranty performance.

Credit this account for:

- Refund or forfeiture of the above deposits.

#### **MISCELLANEOUS ASSETS AND DEFERRED CHARGES – SHORT TERM INVESTMENT**

This account is used to record the cost or other appropriate value of authorized marketable securities acquired as a means of temporarily investing excess/idle funds.

Debit this account for:

- Government bonds
- Treasury bonds
- Other authorized marketable securities

Credit this account for:

- Resale or disposition of the above

#### **MISCELLANEOUS ASSETS AND DEFERRED CHARGES – MISCELLANEOUS**

This account is used to record the amount of deposits, charges and other assets which do not fall under any of the miscellaneous assets and deferred charges.

Debit this account for:

- Installment sales over one year.
- Deposits on light, water, and gas meters.
- Deposits for goods transported COD.
- Deposits on Telephone installation.
- All other deposits, deferred charges, and other assets.

Credit this account for:

- Settlement or disposition of the above.

#### **CONTINGENT ASSETS**

##### **CONTINGENT ASSETS – CLAIMS FROM ACCOUNTABLE OFFICERS FOR CASH SHORTAGES.**

This account is used to record the amount of cash shortages in the accountability of collecting/disbursing officers pending final settlement or disposition.

Debit this account for:

- Shortages arising from embezzlements.
- Shortages arising from robbery, theft, fire or other calamities.

Credit this account for:

- Settlement or disposition of the above.

### **CONTINGENT ASSETS – CLAIMS FOR DISHONORED CHECKS**

This account is used to record the amount due from third parties whose checks, previously issued were dishonored by their banks.

Debit this account for:

- Dishonored checks

Credit this account for:

- Collections made on the above items.

### **INVESTMENTS**

#### **INVESTMENTS – ON STOCKS AND BONDS**

This account is used to record long-term investments on stocks and bonds.

Debit this account for:

- Subscriptions to capital stocks of government and private corporations other than public enterprises.
- Subscriptions to bond issues of government and private corporations.

Credit this account for:

- Redemption of bonds by issuing corporations.
- Resale of bonds.

### **PROPERTY, PLANT AND EQUIPMENT**

#### **BUILDINGS AND STRUCTURES**

This account is used to record the cost or appraised value or other appropriate value of buildings and structures which are more or less permanent and capital in nature.

Debit this account for:

- Acquisitions or additions through –
  - a. Purchase or construction
  - b. Transfers from other government agencies

- c. Transfers from other funds
- d. Free acquisition
- e. Donations received
- f. Appreciation
- g. Adjustments (Addition)

Credit this account for:

Disposition or reductions through -

- a. Sale
- b. Transfers to other government agencies
- c. Transfers to other funds
- d. Losses or other involuntary disposition
- e. Donation given
- f. Depreciation/Destruction
- g. Adjustment (reduction)

TRANSPORTATION EQUIPMENT

FURNITURE AND FIXTURES

OFFICE EQUIPMENT

Debit the pertinent account for:

Acquisition or additional through –

- Purchase or construction
- Transfers from other government agencies
- Transfers from other funds
- Free acquisition
- Donations received
- Appreciation
- Adjustment (additions)

Credit the pertinent account for:

Disposition or reductions through –

- Sale
- Transfers to other government agencies
- Transfers to other funds
- Losses or other involuntary disposition
- Donation given
- Destruction
- Adjustments (reduction)

**ALLOWANCES FOR VALUATION AND ACCUMULATED DEPRECIATION**

### **ALLOWANCE FOR DOUBTFUL ACCOUNTS**

This account is used to record reduction in the value of receivable accounts which are considered uncollectible.

Debit this account for:

- Accounts of particular customers which have been determined to be uncollectible

Credit this account for:

- Estimated amount of uncollectible accounts

### **ALLOWANCE FOR VALUATION AND ACCUMULATED DEPRECIATION- BUILDINGS AND STRUCTURES**

This account is used to record the estimate of the cumulative amount of capital (originally invested in buildings and structures) used up because of fixed assets services consumed in operation or in production of income. A separate allowance for depreciation account should be maintained for each group of depreciable fixed assets.

Debit the pertinent account for:

- Value of the building or structure to which the allowance relates upon its retirement or sale or demolition.

Credit the pertinent account for:

- Amount of periodic charges as depreciation expenses for buildings and structures.

### **ALLOWANCES FOR VALUATION AND ACCUMULATED DEPRECIATION –**

**TRANSPORTATION EQUIPMENT  
FURNITURE AND FIXTURES  
OFFICE EQUIPMENT  
OTHER PROPERTY PLANT AND EQUIPMENT  
MACHINERIES**

This account is used to record the estimate of the cumulative amount of capital (originally invested) used up because of fixed assets services consumed in operation or in the production of income. A separate allowance for depreciation account should be maintained for each group of depreciable fixed assets.

Debit the pertinent account for:

- Value of the pertinent property to which the allowance relates upon its retirement or sale.

Credit the pertinent account for:

- Amount of the periodic charges to depreciation expenses for the pertinent property

## LIABILITIES

### **PAYABLES**

#### **PAYABLES – VOUCHERS**

This account is used to record the amount of goods and services purchased on account.

Debit this account for

- Amounts paid to settle or liquidate the liabilities.

Credit this account for:

- Purchases of goods and services on account.

#### **PAYABLES – TRADE/BUSINESS**

This account is used to record liabilities for purchases of goods for resale and raw materials for manufacture or production and other obligations in connection with the agency's trade/business.

Debit this account for:

- Payments to settle or liquidate the liabilities.

Credit this account for:

- Liabilities arising from the agency's trade/business

#### **PAYABLES – NOTES, ACCEPTANCES AND LC's**

This account is used to record liabilities represented and letters of credit.

Debit this account for:

- Payments to settle promissory notes, trade acceptances and letters of credit.

Credit this account for:

- Amount due represented by promissory notes.
- Amount due represented by trade acceptance.
- Amount due represented by letters credit.

#### **PAYABLES – MISCELLANEOUS**

This account is used to record all other liabilities not falling under any of the above types or classes of accounts payable. Included in this account is interest payable on loans.

Debit this account for:

- Payments made to settle the liabilities.

Credit this account for:

- Excess payments received from parties other than government entities.
- Amount due for goods and services furnished by parties other than government entities.
- Unpaid obligations to officials and employees of the national and local government agencies and government corporations.
- Liabilities arising from transactions with non-government parties.
- Dividends declared by the board.
- Portion of loans payable due within the year.

## **TRUST LIABILITIES**

### **TRUST LIABILITIES – WITHHOLDING TAX PAYABLE**

This account is used to record the liability for collections received or amounts withheld in trust for the account of national government agencies and advances made by national agencies for specific purposes or expenditures.

Debit this account for:

- Remittance to the national government agencies concerned of collections received or amount withheld for their account.

Credit this account for:

- Amounts received or collected/withheld for the account of national government agencies.
- Advances received/withheld from national agencies for specific expenditures or purposes.

### **TRUST LIABILITIES –**

#### **SSS PREMIUM WITHHELD**

#### **SSS LOAN WITHHELD**

#### **PAG-IBIG PREMIUM WITHHELD**

#### **PAG-IBIG LOAN WITHHELD**

#### **PHILHEALTH PREMIUM WITHHELD**

This account is used to record the liability for collections received or amounts withheld in trust to government-owned or controlled corporations.

Debit this account for:

Remittance of collections received or amounts withheld for the account of the government-owned and/or controlled corporations concerned.

Credit this account for:

- Amounts collected/withheld for the account of government corporation.

#### **TRUST LIABILITIES – MISCELLANEOUS**

This account is used to record the amount of funds collected or amount withheld in trust not falling under any of the other types or classes of trust liability accounts.

Debit this account for:

- Amount of collections remitted to the private individual or entity concerned.
- Liquidation of the advances received from private individual or entities.

Credit this account for:

- Amounts collected for the account of private individuals and entities.
- Advances received from private individuals and entities for specific purposes or expenditures.
- Contractor's retention money.

#### **MISCELLANEOUS LIABILITIES AND DEFERRED CREDITS – MISCELLANEOUS LIABILITIES AND DEFERRED CREDITS – SUPPLIERS**

Debit this account for:

- Return of guaranty deposit

Credit this account for:

- Amount received as guaranty deposits

#### **MISCELLANEOUS LIABILITIES AND DEFERRED CREDITS - MISCELLANEOUS**

This account is used to record all other miscellaneous liabilities and deferred credits which cannot be classified under any of the miscellaneous liabilities and deferred credits account.

Debit this account for:

- Disposition of the miscellaneous items.

Credit this account for:

- Other deferred credits.

### **SURPLUS AND CAPITAL**

#### **INCOME/ESTIMATED REVENUE**

This shall be used as a summary account for income only at year-end. Correction of prior year's profit is included in this account.

Debit this account for:

- Year-end reversion of income to retained earnings.
- Adjustment (correction of prior year's adjustment)

Credit this account for:

- Income realized
- Adjustment (correction of prior year's adjustment)

#### **CURRENT SURPLUS UNAPPROPRIATED – EARNED SURPLUS AND RESERVES**

#### **CURRENT SURPLUS UNAPPROPRIATED – BALANCE AT END OF YEAR/RETAINED EARNINGS**

This account reflects profits and losses of a corporation. Its balance indicates the cumulative amount earned over the corporate life of a business which has not been capitalized, consumed by losses, or distributed as dividends to stockholders.

Debit this account for:

- Net loss of each accounting period.
- Distribution of earnings to stockholders in the form of dividends.
- Reserve for plant expansion.
- Reserve for pending litigation.
- Reserve for retirement gratuities.
- Reserve for corporate sinking fund.
- Reserve for treasury stocks.

Credit this account for:

- Net income of each accounting period

#### **PROVISION FOR INCOME TAX**

This account is used to record provision for income tax.

Debit this account for:

- Provision for periodic payment of income tax.

Credit this account for:

- Income tax charged to retained earnings.

#### **SURPLUS RESERVES**

#### **CURRENT SURPLUS UNAPPROPRIATED – SURPLUS RESERVES - RESERVE FOR PLANT EXPANSION**

This account is used to record retained earnings earmarked for the expansion of plant.

Debit this account for:

- Value of the expansion that had already been completed and paid for.

Credit this account for:

- Retained earnings earmarked for plant expansion.

#### **CURRENT SURPLUS UNAAPPROPRIATED – SURPLUS RESERVES – RESERVE FOR RETIREMENT GRATUITIES**

This account is used to record the accumulated amount of retained earnings earmarked each year for the payment of retirement gratuities of corporate personnel.

Debit this account for:

- Gratuities paid to retired corporate personnel.

Credit this account for:

- Retained earnings earmarked each year for retirement gratuities.

#### **CURRENT SURPLUS UNAPPROPRIATED – SURPLUS RESERVES – RESERVE FOR REPLACEMENT OF FIXED ASSETS**

This account is used to record retained earnings earmarked for replacement of fixed assets.

Debit this account for:

- Fixed assets acquired as replacements.

Credit this account for:

- Retained earnings earmarked for replacement of fixed assets.

#### **CURRENT SURPLUS UNAPPROPRIATED – SURPLUS RESERVES – OTHER RESERVES**

This account is used to record the amount of retained earnings earmarked for reserves other than those specified above.

Debit this account for:

- Charges to other reserves.

Credit this account for:

- Retained earnings earmarked for other reserves.

#### **CAPITAL**

## **CAPITAL**

This account is used to record capitalization given to the corporation or the capital stock which it is legally authorized to issue as stated in its charter.

Debit this account for:

- Write-off upon liquidation or dissolution of the corporation after all its liabilities has been paid.

Credit this account for:

- Capital/capital stock authorized by the charter of the corporation

## **EXPENDITURES**

### **PERSONAL SERVICES**

#### **PERSONAL SERVICES**

This account includes the pay proper, accrued terminal leave pay, salary adjustments and standardization; allowances for subsistence, quarters, laundry, cost of living, per diem compensation and longevity pay; premiums for social security insurance; overtime pay; commutable allowances for transportation and representation expenses for training and improvement of personnel by agencies with schooling activities; fees, allowances and other emoluments given to consultants and specialists; bonuses and incentives; and hospitalization, medical, dental, optical, hazard pay, and other benefits given to officials and employees.

#### **SALARIES AND WAGES**

#### **SALARIES AND WAGES – TERMINAL LEAVE**

#### **PER DIEM COMPENSATION AND NON-COMMUTABLE ALLOWANCES**

#### **SSS PREMIUM**

#### **PHILHEALTH PREMIUM**

#### **PAG-IBIG PREMIUM**

#### **OVERTIME PAY**

#### **COMMUTABLE ALLOWANCES**

#### **CONSULTANTS' AND SPECIALISTS' FEES AND ALLOWANCES**

#### **BONUSES AND INCENTIVES**

#### **OTHER BENEFIT**

#### **PENSIONS**

### **MAINTENANCE AND OTHER OPERATING EXPENSES**

#### **TRAVELLING EXPENSES**

This account includes expenses incurred in the movement of persons, whether employed in the government or not, such as transportation, subsistence, lodging and travel per diem, hire of guides or patrol, transportation of personnel baggage or household effects; railroads, airline, and steamship fares, tips transfers, etc. of persons while travelling abroad; charter of boats, launches, automobiles, etc., non-commutable transportation allowances, road tolls, parking fees and all other similar expenses.

## **COMMUNICATION SERVICES**

This account includes expenses for the communication of messages such as telephone, wireless and cable charges and tolls, postage charges; rent of post office boxes; and messengerial services.

## **REPAIR AND MAINTENANCE OF GOVERNMENT FACILITIES**

This account includes the cost of repairing and maintaining government facilities such as public buildings, roads, bridges, irrigation systems, river control and sea protection works, artesian wells, water supply systems, telegraph lines, radio stations, wharves and other public structures.

## **TRANSPORTATION SERVICES**

This account includes cost of transportation of things such as commercial transportation of mail hauling charges and insurance of items sold by the government, hauling of government equipment or materials from one place to another, including cargadores and storage, if any, and freight charges.

## **OTHER SERVICES**

This account includes the cost of all other services which are not otherwise classified under any other account. Examples are: expenses for training; seminars/workshops of personnel; advertising and publication of notices in newspapers; repairs and maintenance of equipment (except motor vehicle) when done by other government agencies or by others and the cost of their alterations and improvements. Examples are: office and grounds, quarters of personnel, arsenal, barracks, warehouses, school houses, office machines, and road and other maintenance equipment.

## **INTERESTS**

This account includes charges for the use of funds belonging to others such as interest on bonds, loans, overdrafts, treasury notes, certificates of indebtedness, and other interest-bearing obligations.

## **LOAN REPAYMENT AND SINKING FUND CONTRIBUTION**

This account includes payments made either directly or into a sinking fund established for the retirement of public debt and other long term obligations.

## **LOSSES/DEPRECIATION/DEPLETION**

This account includes losses of current assets due to deterioration of supplies and sales stock, uncollectible debts and losses of government funds or property.

## **SUPPLIES AND MATERIALS**

This account includes the cost of all expendable commodities acquired or ordered for immediate use in connection with company's operation. It also includes, but is not restricted to

items (1) normally consumed within one year after being put into use, or (2) converted in the process of manufacture or construction, having a life expectancy of more than one year but which shall have decreased substantially in value after being put into use in only one year.

#### **RENTS**

This account includes the fees for the use of facilities or equipment.

#### **WATER, ILLUMINATION AND POWER SERVICE**

This account includes the cost of water and electricity or gas for illumination, consumed in facilities such as office buildings, shops and grounds; streets, plazas, parks and monuments; etc. in connection with the company's operations and projects.

#### **MAINTENANCE OF MOTOR VEHICLES USED FOR OFFICIAL TRAVELS OF OFFICIALS AND EMPLOYEES**

This account includes the cost of maintaining automobiles and other vehicles for official travels of officials and employees. The following sub-accounts shall be used to identify the purpose of expenditures:

1. Repairs and servicing
2. Spare parts
3. Gasoline & Oil

#### **DISCRETIONARY EXPENSES**

This account includes the cost of services, which are confidential in nature, rendered by persons who are temporarily employed by authorized administrative or executive officers to carry on successfully administrative activities; and expressly authorized confidential expenses for which appropriations have been approved specifically for the purpose.

#### **REPRESENTATION EXPENSE**

This account includes the expenses for entertainments, memorials, flowers and the like. The purpose of the expenses should be of public character, beneficial to the interest of the public service, and connected with the exercise of the powers and functions of the agency concerned.

#### **TAXES, DUTIES AND FEES**

This account includes payments and provisions for all taxes and licenses except income tax.

#### **TRADING/PRODUCTION**

This account is for the exclusive use of agencies engaged in trading/production. Each agency shall supply the sub-accounts of expenditures peculiar to its business such as cost of sales, cost of production/manufacturing, direct cost, indirect cost, etc.

#### **\*LOSS ON SHRINKAGE**

This account is use to record the total cost of palay shrinkage at the end of the year or after the issuance of the stocks. The loss on shrinkage will be the difference in the weight/cost of palay received and t of palay issued.

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*\*Revised as of September 2014*

## **INCOME/RECEIPTS**

### **OPERATING AND MISCELLANEOUS INCOME**

#### **OPERATING AND SERVICE INCOME**

##### **INTEREST INCOME – DEPOSITS WITH GOVERNMENT BANKS**

This account includes all interest earned on account of the agency's business operation and rendition of government service and deposits with banks.

##### **COMMISSION**

This account includes all commissions earned on account of the agency's operations.

##### **RENT**

This account includes rents earned for lease of property such as land, buildings, machinery and equipment to the private sector.

##### **OPERATING AND SERVICE INCOME – TRADING/PRODUCTION**

##### **SALES**

##### **SALES RETURNS**

This account includes all income derived from business trading operation.

##### **MISCELLANEOUS INCOME**

This account includes all other income derived on account of corporate service and business operations not falling under any of the above-mentioned incomes.

##### **INCOME FROM PUBLIC ENTERPRISES/INVESTMENT**

This refers to interest income and dividends, in respect of financial assets, rent and royalties, in respect of the use of land.

##### **INCOME FROM PUBLIC ENTERPRISES INVESTMENTS – DIVIDENDS ON STOCKS**

This account includes dividends in any form derived from investments on stocks of corporations including public enterprises.

##### **MISCELLANEOUS INCOME INVENTORY ADJUSTMENTS**

This account includes the value of articles found as overages in any of the items falling under asset account "Inventories".

##### **MISCELLANEOUS INCOME – MISCELLANEOUS**

This account includes all other income not included in the income accounts previously enumerated.

## **GRANTS**

### **GRANTS**

This includes all non-repayable unrequited transfers received from other levels of government, private sector or international institutions. Grants encompass reparations and gifts for particular projects or programs, general budget support or of any other purposes.

### **GRANTS AND AIDS – FROM OTHER LEVELS OF GOVERNMENT**

This account includes grants and aids consisting of money and/or materials coming from another level of government within the country such as from national to local government and vice-versa; and from national or local government to government-owned or controlled corporations and vice-versa.

## **DUE FROM ACCOUNT**

### **DUE FROM PLANT/FIELD OFFICE**

This account is used to record the amount due from/to the field office/unit of government and/or controlled corporations.

Debit this account for:

- Transfer of funds and/or assets to field office.
- Payment of field office expenses/ payables.
- Income transferred from field office.

Credit this account for:

- Remittance of collection from field office through authorized government depository bank.
- Transfer of assets from field office.
- Expenses paid by field office.
- Receipt of refund for excess funds from field office.
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## **CASH RECEIPTS**

1. The responsibility for the receipts, custody and subsequent deposit of all collections is vested in the Cashier.
2. All cash receipts are deposited intact the following banking day. While on hand, these collections are segregated from other funds.
3. Encashment of personal checks from the undeposited collections is prohibited.

4. Only the cashier or the duly designated employee is authorized to issue Official Receipt.
5. Cash receipt is reported in the daily Report of Collections and Deposits and must equal the total of Official Receipts issued during the day.
6. The Cashier must not have access to the accounting records.
7. Post-dated checks received from customer/s shall be acknowledged by a provisional receipt only and once deposited and cleared, an Official Receipt shall be issued.
8. The Corporations Provisional Receipt and Official Receipt are in booklet form, pre-numbered and in three copies each.
9. Proper accounting and filing of said forms must be properly arranged according to its numerical sequence.
10. Cancelled Provisional Receipt and Official Receipt must be voided properly and must not be detached from the booklets.

### **CASH RECEIPT SYSTEM**

Area of responsibility	Activity
Corporate Services Department	
Cashier/Collecting Officer	<ol style="list-style-type: none"> <li>1. Receives cash/check from clients/Online Collection report from banks</li> <li>2. Prepares and issues Official Receipt</li> <li>3. Issues original copy of OR to clients/payors and files copies.</li> <li>4. Prepares Deposit Slip (DS) in 2 copies based on OR.</li> <li>5. Deposit collection the following day to the authorized bank.</li> <li>6. Receives duplicate copy of DS from the bank</li> <li>7. Based on OR and DS, prepare daily Report of</li> </ol>

Bookkeeper	<p>Collections and Deposits (RCD)</p> <p>8. Signs certification portion of RCD</p> <p>9. Forwards RCD together with the OR and DS copy to the Accountant II.</p> <p>10. Checks RCD. Sign on the "Checked by" portion</p> <p>11. Forwards RCD to the Bookkeeper</p> <p>12. Records collection and deposits to Account Receivable Subsidiary Ledger</p> <p>12. Record OR and DS on the Cash Receipts and Deposits Book</p> <p>13. Rule columnar balances at the end of the month</p>
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## **CASH DISBURSEMENT**

1. All classes of disbursement shall meet the following basic requirements:
  - a. All disbursement must be for a legal purpose, properly documented and sufficient funds certified by the Treasurer / Accountant II.
  - b. Legality of transaction and conformity with accounting rules and regulations and existing corporate policies.
  - c. Approval of the expense by the duly authorized officer
  - d. Submission of proper evidence to establish claims
2. All disbursement shall be by check which shall be issued in numerical sequence, except those which are paid from petty cash fund.
3. Disbursement in check shall be covered by properly supported and approved voucher.
4. Check voucher shall be prepared for every disbursement voucher. The check voucher shall serve as the duplicate copy of the check and must be attached to the DV.

5. A mechanical check writer shall be used as a safeguard against possible alterations in the amount of check. Voided and cancelled checks should be properly stamped cancelled and held available for inspection and reporting.
6. Checks shall be made payable to a specific person or entity and not to "CASH" or "BEARER".
7. Signing and countersigning of blank checks are prohibited.
8. No expenditures or obligations in excess of the approved budget and/or funds available shall be allowed.
9. Release of checks shall be effected only after it has been signed by at least two authorized/designated signatories.
10. All checks issued shall be recorded in a Check Register. After payment, the disbursement voucher and supporting documents shall be stamped "PAID" so that these may not be presented for second payment.
11. Official Receipt will be required from authorized collectors upon release of their checks.
12. Blank checks shall be kept in the proper custody of the Cashier as accountable Forms.
13. The Cashier and other fund custodian shall properly bonded.
14. Assuming all papers are complete, the normal processing period for the voucher and check is three (3) working days.

### **Preparation of Voucher and recording of obligation**

<b>Area of Responsibility</b>	<b>Activity</b>
<b>Corporate Services Department</b>	
<b>Accounting Assistant</b>	<ol style="list-style-type: none"> <li>1. Receives Suppliers' Sales Invoice (SSI) and other Supporting Documents (SD) from different originating sources.</li> <li>2. Checks accuracy of extension and footings of documents presented for voucher preparation.</li> </ol>

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
<b>Bookkeeper</b>	3. On the basis of these documents, prepare Disbursement Voucher (DV). 4. Attaches Tax Certificate, if applicable, SSI and SD to DV. 5. Forwards DV to the Bookkeeper 6. Record DV in Voucher Register Book (VRB). 7. Forwards DV to the Accountant II
<b>Accountant II</b>	8. Receives DV from the Accounting Assistant 9. Verify correctness of entries and footings. Checks legality and conformity of transactions with accounting rules and regulations and existing corporate polices. 10. Signs "Certified Fund Available" and "Certified Correct" portion of DV.
<b>Internal Auditor</b>	11. Receives DV from the Accountant II. 12. Checks completeness of the required supporting documents. 13. Recommends approval of obligation. 14. Signs the "Audited By:" portion of the DV. 15. Forwards DV to the President and CEO for approval.
<b>President and CEO</b>	16. Receives DV and signs "Approved for Payment" portion.
<b>Cashier</b>	17. Forwards DV to the Cashier. 18. Checks documents and prepare checks based on DV. 19. Schedules DV for payment. 20. Files copy of DV until due date of payment arrive.
<b>Bookkeeper</b>	21. At the end of the month, balances and rules columns with account balances.
<b>Accountant II</b>	22. Forwards VRB to the Accountant II. 23. Checks equality of columnar totals of VRB. 24. Records totals of VRB to the General Ledger (GL).
<b>Bookkeeper</b>	25. Files GL. 26. Returns back the VRB to the Bookkeeper. 27. Files VRB.

## Preparation of Check and Recording of Payment

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
<b>Cashier</b>	<ol style="list-style-type: none"> <li>1. Prepares Check ( C ) based on the DV.</li> <li>2. Record name of payee, amount paid and DV number on Check Register Book.</li> <li>3. Forwards copy of C, DV and SD to the Accountant II.</li> </ol>
<b>Accountant II</b>	<ol style="list-style-type: none"> <li>4. Receives copies of C, DV and SD from Cashier.</li> <li>5. Checks legality of payment and initials on the Certified Fund Available and Certified Correct portion on the DV.</li> <li>6. Forwards copies of C, DV and SD to the President and CEO.</li> </ol>
<b>President and CEO</b>	<ol style="list-style-type: none"> <li>7. Receives copies of C, DV and SD from the Accountant II.</li> <li>8. Signs C and DV.</li> <li>9. Forwards copies of C, DV and SD to the Cashier.</li> </ol>
<b>Cashier</b>	<ol style="list-style-type: none"> <li>10. Receives C, DV and SD from the President and CEO.</li> <li>11. Stamps "PAID" on voucher and supporting documents.</li> </ol>
<b>Bookkeeper</b>	<ol style="list-style-type: none"> <li>12. Records checks issued in the Check Register Book (CRB) based on the duplicate copy of check.</li> <li>13. Balances CRB and rule columns with balances.</li> <li>14. Forwards CRB to the Accountant II.</li> </ol>
<b>Accountant II</b>	<ol style="list-style-type: none"> <li>15. Receives CRB from Bookkeeper.</li> <li>16. Checks equality of ruled balances in the CRB.</li> <li>17. Records totals of CRB to the General Ledger (GL).</li> </ol>

## Accounting System for Sales

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
<b>Accounting Assistant</b>	1. Receives copy of Request for Payment (RFP) from the Logistics Unit.
<b>Bookkeeper</b>	2. Checks accuracy of amount of sales.
<b>Accountant II</b>	3. Records SI to the Sales Book (SB)
<b>Accountant II</b>	4. At the end of the month, balances and rules columns with account balances on SB.
<b>Accountant II</b>	5. Forwards SB to the Accountant II.
<b>Accountant II</b>	6. Receives SB from bookkeeper.
<b>Accountant II</b>	7. Checks equality of ruled balances.
<b>Accountant II</b>	8. Records total of SB to the General Ledger (GL).
<b>Accountant II</b>	9. Returns back SB to the Bookkeeper.
<b>Bookkeeper</b>	10. Receives SB from Accountant II.
<b>Bookkeeper</b>	11. Files SB.

## RECORDING OF NON-CASH TRANSACTIONS

Policies on preparation of Journal Voucher

1. A Journal Voucher is used to record any or all of the following transactions:
  - 1.1 incurrence of Accounts Payable in General
  - 1.2 End-up month transaction like
    - Accruals
    - Pre-payments
    - Corrections/adjustments
    - Non-cash transactions
  
2. A Journal Voucher is prepared, filed and safe kept in a labeled folder with attachments.
  
3. When the transactions to be recorded entails a series of computations that correspond to different items, a schedule must be prepared.

### JOURNAL VOUCHER PREPARATION

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
<b>Accounting Assistant</b>	1. Whenever there are corrections, adjustments and items that need to be adjusted or even accruals prepares Journal Voucher.  2. Signs JV.  3. Forward JV to the Accountant II for review and certification.
<b>Accountant II</b>	4. Reviews the JV with the attached Supporting Documents (DSs) and certifies the correctness of entry.
<b>Accounting Assistant</b>	5. Records entry of JV in the General Journal (GJ).
<b>Accountant II</b>	6. Forwards GJ to the Accountant II.  7. Posts the total of GJ to the General Ledger (GL).  8. Files GL and returns back GJ to the Accounting Assistant.

## Bank Reconciliation

### Policy Guidelines:

1. Bank deposit and withdrawal transactions must be reconciled monthly with the bank by the Bookkeeper or the duly authorized personnel.
2. Bank Reconciliation must be evidenced by monthly Bank Statement with paid checks, debit and credit memos attached thereto.
3. Bank Reconciliation Statement must be prepared and presented using the adjusted balance concept.

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
<b>Bookkeeper</b>	<ol style="list-style-type: none"> <li>1. Receives Bank Statement (BS), Paid Check (PC) and Debit/Credit Memo (DM/CM) from bank.</li> <li>2. Checks BS, PC and DM/CM against Bank Check Book (BCB) from Cashier and General Ledger (GL) retrieved from file.</li> <li>3. Prepares Bank Reconciliation Statement (BRS) in 3 copies based on BS, PC and DM/CM.</li> <li>4. Forwards BS, PC, DM/CM, all copies of BRS to the Accountant II.</li> </ol>
<b>Accountant II</b>	<ol style="list-style-type: none"> <li>5. Receives copies of BRS, BS PC and DM/CM from Bookkeeper.</li> <li>6. Certifies correctness of documents and signs.</li> <li>7. Forwards documents to the Accounting Assistant.</li> </ol>
<b>Accounting Assistant</b>	<ol style="list-style-type: none"> <li>8. Records entry of JV to the General Journal (GJ).</li> </ol>
<b>Bookkeeper</b>	<ol style="list-style-type: none"> <li>9. At the end of the month, balances and rules columns with account balances of GJ.</li> <li>10. Forwards GJ to the Accountant II.</li> </ol>
<b>Accountant II</b>	<ol style="list-style-type: none"> <li>11. Receives GJ from the bookkeeper and checks equality of ruled balance.</li> <li>12. Posts JV entries to the General Ledger (GL).</li> </ol>

<b>Area of Responsibility</b>	<b>Activity</b>
<b>Corporate Services Department</b>	
	13. Files GL and returns back GJ to the Accounting Assistant.

**PETTY CASH FUND OPERATION  
DISBURSEMENT AND REPLENISHMENT**

**POLICY GUIDELINES:**

1. Petty Cash Fund shall be in the sole custody of a single employee.
2. Petty Cash Fund shall be maintained on an interest basis, which means that the amount of the fund will remain constant that the custodian will be reimbursed by check for amount paid out of the fund.
3. The amount of the reimbursing check shall be for the exact amount of the disbursements made from the fund which shall be properly approved and adequately documented.
4. Reimbursement shall be made only as frequently as the fund requires replenishing
5. Petty cash disbursement shall be recorded promptly in the petty cash book.
6. Petty cash fund shall be balanced with cashbook periodically by the custodian, preferably after reimbursement.
7. The practice of cashing checks out of the petty cash fund shall be restricted.
8. Surprise count of the petty cash fund shall be made at regular intervals.
9. Cash and all cash items comprising the fund must be kept in a petty cash box locked in a safe or vault under the custody of the petty cash custodian.
10. Every disbursement from the fund must be supported by a properly accomplished petty cash voucher (PCV), duly approved by an authorized approving officer and the numerical sequence of the PCV must be accounted for by the petty cash custodian.
11. A maximum disbursement of P3, 000.00 only should be made out of the Petty Cash Fund.
12. A request for petty cash advance should always be required from employee making and advance, duly signed by the head of the unit/department where she/he belongs.

<b>Area of Responsibility</b>	<b>Activity</b>
<b>Corporate Services Department</b>	
<b>Cashier</b>	1. Receives Memo Request for Petty Cash Fund

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
	<p>Advance (MRPCA) from employee requesting for cash advance.</p> <p>NOTE: Before MRPCA is presented to the Cashier, it should be duly signed by the Department Head.</p> <ol style="list-style-type: none"> <li>2. Withdraws cash from safe based on the memo.</li> <li>3. Records cash withdrawal in logbook (LB).</li> <li>4. Forwards cash to the employee concerned.</li> <li>5. Files temporarily MRPCA.</li> <li>6. Files back logbook (LB).</li> </ol> <p><u>Upon Liquidation:</u></p> <ol style="list-style-type: none"> <li>1. Receives Official Receipt (OR) and other supporting documents (OSDs) from employee concerned.</li> <li>2. Attaches MRPCA retrieved from temporary file to OSDs.</li> <li>3. Prepares Petty Cash Voucher (PCV) in 3 copies based on OR and OSDs and initials PCV.</li> <li>4. Forwards PCV, OR, OSDs and MRPCA to the Accountant II.</li> <li>5. Receives PCV, OR, OSDs, MRPCA and checks from Cashier, reviews documents, approves and signs PCV. Forwards documents to the cashier after approval.</li> <li>6. Receives PCV, MRPCA, OR and OSDs from the Accountant II.</li> <li>7. Records documents to Petty Cash Book (PCB) retrieved from file.</li> <li>8. Files Back PCB.</li> <li>9. Prepares Petty Cash Replenishment Voucher (PCRV) in 2 copies based on PCV, OR, OSDs, MRPCA, and PCB retrieved from file.</li> </ol>
<b>Accountant II</b>	
<b>Cashier</b>	

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
<b>Accountant II</b>	<p>10. Files back PCB.</p> <p>11. Forwards copy 1 of PCV, OR, MRPCA, OSDs, and copy 1 &amp; 2 of PCRs to the <b>Accountant II</b> for signature in the PCRS.</p> <p>12. Receives copy of 1-2 of PCRV, copy of PCV, MRPCA, OR and OSDs. Signs PCRV, then forwards documents to the Internal Auditor.</p> <p>13. Receives copy of 1-2 of PCRV, copy of PCV, MRPCA, OR and OSDs from the Accountant II.</p>
<b>Internal Auditor</b>	<p>14. Audit, checks and signs PCRV, then forwards documents to the President and CEO.</p>
<b>President and CEO</b>	<p>15. Receives copy of 1-2 of PCRV, copy of PCV, MRPCA, OR and OSDs. Approves and signs PCRV. Forwards documents to the Accounting Assistant for Disbursement Voucher preparation. (Please refer to Disbursement Voucher Narrative Procedure.)</p>

## TEMPORARY CASH ADVANCE

### POLICY GUIDELINES:

1. Temporary cash shall be given only for emergency purposes and should be official in nature.
2. A temporary cash advance shall be granted only upon presentation of duly accomplished and approved Temporary Cash Advance (TCA) form.
3. Temporary cash advance shall not be allowed unless a previous one has been settled/liquidated and properly accounted for.
4. Temporary cash advance shall be liquidated within forty eight (48) hours after the purpose for which it has been granted has been accomplished. Any unused portion should be refunded to the Cashier.
5. Temporary cash advance shall be granted only if the amount involved is not less than P3,000.00

6. Upon liquidation of the temporary cash advance, the TCA must be stamped "LIQUIDATED" and be made part of the liquidation papers.

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
<b>Employee Concerned</b>	<ul style="list-style-type: none"> <li>• GRANTING</li> </ul> <p><u>When Emergency Arises:</u></p> <ol style="list-style-type: none"> <li>1. Prepares Temporary Cash Advance (TCA) and signs.</li> <li>2. Forwards copy of TCA to the approving authority.</li> </ol>
<b>Approving Authority</b>	<ol style="list-style-type: none"> <li>3. Receives copy of TCA from employee concerned, approves and forwards to the Accounting Assistant.</li> </ol>
<b>Accounting Assistant</b>	<ol style="list-style-type: none"> <li>4. Receives approved TCA from approving authority.</li> <li>5. Prepares Disbursement Voucher (DV) based on TCA. (Refer to Disbursement System).</li> </ol>
<b>Employee Concerned</b>	<ul style="list-style-type: none"> <li>• LIQUIDATION</li> </ul> <p><u>Upon Accomplishment of the Purpose :</u></p> <ol style="list-style-type: none"> <li>1. Prepares Reimbursement/Liquidation Form (RF/LF) and attaches supporting documents.</li> <li>2. Forwards RF/LFs to the Accountant II.</li> </ol>
<b>Accountant II</b>	<ol style="list-style-type: none"> <li>3. Receives RF/LFs from employee concerned. Reviews and check documents and signs. Forwards documents to the Internal Auditor.</li> </ol>
<b>Internal Auditor</b>	<ol style="list-style-type: none"> <li>4. Audit, check and signs LDs, then forwards documents to the President and CEO.</li> </ol>
<b>President and CEO</b>	<ol style="list-style-type: none"> <li>5. Receives LDs from the Internal Auditor. Approves and signs the LDs.</li> </ol>
<b>Employee Concerned</b>	<ul style="list-style-type: none"> <li>• <u>When there is unused portion of cash advance</u>, the employee concerned shall refund to the Cashier then issues OR. (Refer to</li> </ul>

Area of Responsibility	Activity
<b>Corporate Services Department</b>	
	<p>Cash Receipt System – Accounting)</p> <ul style="list-style-type: none"> <li>• <u>When exceed approved itinerary</u>, the employee concerned shall forward TCA to the Cashier when the amount did not exceed P3, 000.00 for Petty Cash Fund payment. (Refer to Disbursement System)</li> <li>• When there is no refund to be made, the RF/LFs shall be forwarded to the Accounting Assistant for JV preparation.</li> </ul>

**POLICY GUIDELINES ON EMERGENCY PURCHASES**

1. The purchase was necessary and absolutely indispensable to prevent immediate danger to property and avoid detriment to public service.
2. The price being claimed is the lowest price obtainable at the time of purchase.
3. In addition to all the needed supporting documents on purchases of all types must include a Certification of Emergency Purchase which states :

**“This is to certify that the purchase made was necessary and absolutely indispensable to prevent immediate danger to property and avoid detriment to public service and that the prices being claimed are the lowest price obtainable at the time of purchase”.**

**PURCHASING SYSTEMS AND PROCEDURES (SUPPLIES AND MATERIALS/ PROPERTY AND EQUIPMENT**

**POLICY GUIDELINES:**

1. Purchases of equipment, supplies and materials shall be made through canvassing and / or bidding. Quotation shall be obtained from at least three (3) bonafide suppliers, manufacturers, producers, regular dealers or service establishment.
2. When purchases are made from an exclusive distributor the supporting papers needed are certificate of sole distributorship and an official price list.

3. In cases where an exclusive distributor or manufacturer has several dealers, a bid and /or canvass shall be made to at least three of its authorized dealers and the award shall be given to the lowest bidder.
4. In cases where the item/equipment to be procured are technical in nature, the Procurement Officer shall be accompanied by a representative of the requisitioning Unit.
5. Purchases through negotiations shall only be restored to when the requisitioned articles are sold by an exclusive dealer or manufacturer who does not have sub-dealers selling at lower prices for which no suitable substitute can be obtained elsewhere at prices more advantageous to the corporation. These purchases are made under the following cases:
  - a) When canvassing/bidding has been conducted and no offer has qualified to meet specifications, terms and conditions.
  - b) Where the items to be purchased are “critical” in nature and are not available in the open market.

## **RECEIVING AND STOCKING (MATERIALS/SUPPLIES/PROPERTY/EQUIPMENT)**

### **POLICY GUIDELINES:**

1. All deliveries shall be checked/compared against the supplier’s invoice/delivery receipt with the purchase order on file.
2. The property officer shall be assisted by a representative of the requisitioning unit in cases where the items/equipment to be received are technical in nature.
3. The property officer shall be responsible for ensuring that the items to be received from the suppliers are according to specifications as indicated in the Purchase Order/Contract. For this purpose, a copy of the Purchase Order duly approved by designated officers shall be furnished by the Property Officer.
4. Delivered items which do not meet the specifications shall be rejected and returned to the supplier for appropriate action.

5. A Materials Received Report shall be accomplished by the Property Officer upon receipt of the delivery of supplies and materials purchased.

## **ISSUANCE OF SUPPLIES AND MATERIALS /PROPERTY/EQUIPMENT**

### **POLICY GUIDELINES:**

1. Issuance of materials and supplies to end-users must be properly accounted for through a Requisition and Issue Slip (RIS) duly approved by the Department Head.
2. All issuances of materials and supplies must be properly recorded in the stock card.
3. Issuances of semi and non-expendable items must be properly recorded in a ledger card and shall be covered by a Memorandum Receipt (MR).

## **INSURANCE COVERAGE OF PROPERTY AND EQUIPMENT**

### **POLICY GUIDELINES:**

1. All properties of the corporation which are classified as Property, Plant and Equipment shall be insured.
2. The properties shall be insured in an authorized government insurance agency.
3. All original insurance record shall be in the custody of the General Services Assistant.

## **DEPRECIATION OF PROPERTY AND EQUIPMENT**

### **POLICY GUIDELINES:**

1. Depreciation is the allocation of cost or value of the Property, plant and equipment over fixed asset cost to operating periods which benefits from its use in a reasonable

manner with the objectives of properly matching expenses against revenues rather than accumulating funds for the replacement.

2. In accordance with generally accepted practice on the depreciation of fixed assets, all fixed assets except land are subject to depreciation.
3. The straight line method of depreciation is to be adopted in computing for the depreciation of depreciable fixed assets. Under this method, depreciation is computed by dividing the depreciable amount (cost less estimated residual value or scrap value which is 10%) by the estimated economic life of the asset.
4. For expediency, depreciation begins on the month following the date in which the asset is acquired or put into use or operation.

Depreciation on the addition to an existing asset is computed over the remaining life of the main existing asset.

## **REPAIRS AND MAINTENANCE OF PROPERTY AND EQUIPMENT**

### **POLICY GUIDELINES:**

1. Repairs and maintenance work either for outside services or for in-house services by the General Services.
2. The procedures for in-house repairs and maintenance cover only those repair services requiring the use or purchase of necessary materials and supplies which are not normally carried as stock items.
3. Repairs and maintenance are to be classified as to :
  - a) Major Repairs

This involves relatively large expenditures which either or both prolong the life of the asset beyond its originally estimated economic life and/or enhance the value of the asset, thereby benefiting future accounting periods. The cost of major repairs, therefore, should be capitalized as follows:

- If the major repair work prolongs the remaining life of the asset whether, or not it enhances the value of the asset, the cost should be charged against or deducted from the accumulated depreciation of the asset.
- If the major repairs only enhance the value but do not prolong remaining life of the asset, the cost should be charged or added to the

cost of the asset; accordingly, the amount of periodic depreciation should be increased.

b) Minor Repairs

This involves relatively small expenditures which does not prolong the life nor enhance the value of the asset. Since it does not benefit future accounting periods, it should be charged directly against current operations.

4. Major repairs require prior written approval by the Department Head with the concurrence of the President and CEO.
5. Minor repairs require written approval of the President and CEO.

### **PHYSICAL INVENTORY TAKING**

#### **POLICY GUIDELINES:**

1. Physical inventory of all fixed assets and supplies and materials shall be conducted at least once a year, as of December 31 and whenever there is a change of property officer. The Inventory Report shall be compared with the quantity reflected in the Fixed Asset Ledger card and eventually with the General Ledger balance.
2. Discrepancies between the actual count and the recorded figure should be properly investigated, reported and adjusted, if necessary.

### **RETURN AND TRANSFER OF PROPERTY AND EQUIPMENT**

#### **POLICY GUIDELINES:**

1. Accountability for fixed asset should be transferred from the original user staff to the new accountable employee in case the property is transferred from one employee to another.
2. Transfer of accountability should be done by cancelling the old MR and issuing a new MR in the name of the transferee.
3. The transferor shall notify the General Services Assistant and surrender the copy of covering MR in case of resignation or transfer from one unit to another.
4. The General Services Assistant shall ensure that accountability is transferred promptly and properly to the new accountable employee.

5. The transferee should see to it that accountability for MSI's property in his/her possession/disposition is properly documented and charged to his/her name.

## **RETIREMENT AND DISPOSAL OF PROPERTY AND EQUIPMENT**

### **POLICY GUIDELINES:**

1. Retirement, disposal or sale of fixed asset should be made only upon prior approval by the Board of Directors and is promptly communicated to the accountant for appropriate recognition thereof in the accounting records.
2. Retirable and obsolete properties are disposed of in the presence of authorized official and in conformity with existing applicable government rules and regulation.

**FORMS EXHIBITS**

**No. 1 – General Ledger**

ACCOUNT TITLE				
Year	Dr		Year	Cr
Jan			Jan	
Feb			Feb	
Mar			Mar	
April			April	
May			May	
June			June	
July			July	
Aug			Aug	
Sept			Sept	
Oct			Oct	
Nov			Nov.	
Dec			DEC	

**No. 2 – General Journal**

GENERAL JOURNAL				
Date	JV No.	Particular/Journal Entry	DR	CR
JAN				
FEB				
MAR				
APR				
MAY				
JUNE				
JULY				
AUG				
SEPT				
OCT				
NOV				
DEC				









**No. 7 – Report of Collections and Deposits**

<b>MASAGANANG SAKAHAN, INC.</b>			Report No:			
REPORT OF COLLECTION AND DEPOSITS			Date:			
<b>SUMMARY OF COLLECTIONS:</b>						
Undeposited Collection						
Add: Today's Collections:						
			<b>BANK CREDIT</b>			
<b>CASHIER</b>	<b>COLLECTOR</b>	<b>AMOUNT</b>	<b>DEPOSIT</b>	<b>CM</b>	<b>MBC AYALA</b>	<b>BUENDIA</b>
			<b>DATE</b>	<b>DATE</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
<b>SUB-TOTAL</b>			<b>SUB TOTAL</b>			
<b>TOTAL COLLECTION</b>			<b>TOTAL DEPO:</b>			
<b>UNDEPOSITED COLLECTION</b>						
<b>CERTIFICATION</b>			<b>REVIEW AND NOTATION</b>			
I hereby certify on my official oath that the above is a true and correct statement of collections and deposits at the close of business on _____			Reviewed and found to be in order. Attachments are complete.			
<b>CECILIA A. PAGULAYAN</b> Cashier			<b>LUIS ALBERTO F. SAYCO</b> Accountant II			

**No. 8 – Petty Cash Advance**

**MASAGANANG SAKAHAN, INC.**

MEMORANDUM

FOR : \_\_\_\_\_  
FROM : \_\_\_\_\_  
DATE : \_\_\_\_\_  
SUBJECT: **PETTY CASH ADVANCE**

This is to request for a petty cash advance in the amount of \_\_\_\_\_ (P \_\_\_\_\_)  
for \_\_\_\_\_.

For your approval: \_\_\_\_\_ Approved By: \_\_\_\_\_

**ACKNOWLEDGEMENT**

I acknowledge receipt of P \_\_\_\_\_ which I promise to liquidate within two days (2 days) from date of disbursement/completion of purpose, otherwise, the said amount shall be automatically deducted from my next salary.

\_\_\_\_\_  
Payee









**No. 13 – Travel Order**



**MASAGANANG SAKAHAN, INC.**  
A Land Bank Subsidiary

NO. 153

**TRAVEL ORDER**

<u>NAME OF TRAVELLER</u>	<u>DEPARTMENT</u>	<u>DESTINATION</u>	<u>DURATION</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Attachment: Travel Itinerary

PURPOSE : \_\_\_\_\_  
\_\_\_\_\_

Requested by: \_\_\_\_\_ RECOMMENDING APPROVAL: \_\_\_\_\_

\_\_\_\_\_  
Signature Over Printed Name

\_\_\_\_\_  
Immediate Supervisor

**TO BE FILLED UP BY AUTHORIZED SIGNATORY**

Above described travel is hereby approved persons authorized to travel are allowed to claim travel allowances per approved policies.

Authorized to claim cash advance:

Gasoline and Oil P \_\_\_\_\_

Representation P \_\_\_\_\_

Others P \_\_\_\_\_

APPROVED BY:

\_\_\_\_\_

11<sup>th</sup> Floor, All Asia Capital Center, 105 Paseo de Roxas, Legaspi Village, Makati City 1229  
Tel. Nos.: 893-2378 • 893-7593 • 893-9390 • 392-3490 • 893-3206 • Fax No., 319-5995

No. 14 – Purchase Order



**MSI**

**MASAGANANG SAKAHAN, INC.**  
 ( A LandBank Subsidiary )  
 11th Floor, All Asia Capital Center, 105 Paseo de Roxas  
 Legaspi Village, Makati City  
 Tel. Nos. 819.5995 \* 892.3498 \* 893.8208  
 Fax No. 893.7698  
 Non-VAT Reg. TIN: 000-475-993-000

No. **2288**

**PURCHASE ORDER**

TO : \_\_\_\_\_

ADDRESS : \_\_\_\_\_

BUS. STYLE : \_\_\_\_\_

SAF NO. \_\_\_\_\_

TIN : \_\_\_\_\_

DATE : \_\_\_\_\_

Kindly furnish this office within \_\_\_\_\_ days upon receipt of this Purchase Order the following item/s as per terms and condition stipulated herein:

QTY	Unit	Complete Description of Items(s)	Unit Price	Unit Price

Conforme : \_\_\_\_\_ Date : \_\_\_\_\_

Total Amount in Pesos : \_\_\_\_\_

Certified By:	Funded By:	Approved By:
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**CONDITIONS**

- This Purchase Order is made in accordance with your quotation and/or formal bid as per our set of specifications.
- Upon your receipt of the original copy of this P.O., all terms and specifications thereof shall be deemed accepted if not returned within forty-eight (48) hours.
- We reserve the right to cancel this Purchase Order if:
  - Specifications are not met.
  - The Order cannot be filed within the time specified herein and
  - Price is changed.
- Should the supplier fail to deliver the goods for causes other than, natural calamities such as major floods, destructive typhoons, and the like on the date specified herein, he shall be liable to pay for everyday of delay the liquidated damages equivalent to 1% of the total value involved.
- Goods supplied hereon will be received by our authorized representative, subject to final acceptance by requisitioning department.

**PROCEDURE FOR PAYMENT**

This Purchase Order must be attached to the Original Invoice bearing your company's authorized signatures, and submitted to the Accounting Department for payment. Payment however, is subject to acceptability of item(s) delivered as stated in the foregoing.

50 Bkts (4X) 0001 - 2500 BIR Authority to Print No. 9AJC000588606  
 Date Issued: 06-14-2013, Valid until 06-13-2018  
 JA-ZI printers, 2835 cabarran st., pasay city  
 Non VAT Reg. TIN: 198-864-747-000

*"This document receipt is not valid for claiming input taxes."*

"THIS PURCHASE ORDER SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP"

No. 15 – Purchase Requisition



**MASAGANANG SAKAHAN, INC.**  
 (A Landbank Subsidiary)  
 11<sup>th</sup> Floor All Asia Capital Center  
 105 Paseo de Roxas, Legaspi Village  
 Makati City 1209  
 Tel. Nos. 893-9376 • 819-5995 • 893-9369 • 892-3498  
 893-9208 • Fax No.: 893-7698

No. PR -2210

**PURCHASE REQUISITION**

Date: \_\_\_\_\_

TO: General Services Clerk

Please Purchase for us the items listed below:

Immediately       Within \_\_\_\_\_ days •      Needed on \_\_\_\_\_

UNITS	QTY.	DESCRIPTION OF ITEM	SUGGESTED SUPPLIER

REMARKS : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

P.O. NO.	REQUISITIONED BY :	APPROVED BY :
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**No. 18 – Memorandum Receipt**

General Form No. 32 (A)  
Revised July  
1974

**MEMORANDUM FOR EQUIPMENT, SEMI-EXPENDABLE AND  
NON-EXPENDABLE PROPERTY**

I acknowledged to have received from \_\_\_\_\_, property Custodian, the following property for which I am Responsible, Subject to the provisions of the Accounting Law, and which will be used in Finance/Admin. Unit.

QTY	UNIT	NAME AND DESCRIPTION	DATE ACCOUNTED	PROP. NO.	AMOUNT
-----	------	----------------------	-------------------	-----------	--------

Prepared by:

Admin. Asst. I

Approved  
by:

Corporate Services  
Manager

Received by:

Employee Name and Signature  
Designation

**No. 19 – Check Voucher**

ACCOUNT NAME: MASAGANANG SAKAHAN, INC.		<b>CV No. 46421</b>	
PAY TO THE ORDER OF _____		P _____	
PESOS _____			
Particulars			
DV No. _____		Date _____	
Prepared by:	Checked by:	Posted by:	Check No.:
_____	_____	_____	_____
Cashier	Finance / Admin. Head II	Bookkeeper	

No. 20 – Disbursement Voucher



**MASAGANANG SAKAHAN, INC.**

(A Land Bank Subsidiary)  
 6<sup>th</sup> Floor SyCip Law Center, 105 Paseo de Roxas,  
 Legaspi Village, Makati City 1229  
 Tel. Nos.: 893-9376 • 893-7698 • 893-9369 • 892-3498 • 893-9208  
 Fax No.: 819-5995  
 Non-VAT Reg. TIN: 000-475-993-000

Nº \_\_\_\_\_

**DISBURSEMENT VOUCHER**

Payee \_\_\_\_\_

Date \_\_\_\_\_

Address \_\_\_\_\_

Details		Amount	

Account	Code No.	DEBIT	CREDIT

Bank & Check No. \_\_\_\_\_

CERTIFIED FUND AVAILABLE \_\_\_\_\_ DATE \_\_\_\_\_

Prepared By: \_\_\_\_\_ Certified Correct: \_\_\_\_\_

Received from MASAGANANG SAKAHAN, INC.  
 The sum of \_\_\_\_\_  
 (P \_\_\_\_\_) in partial/full payment  
 of the above mentioned account/s.

Approved for Payment:  
 \_\_\_\_\_  
 \_\_\_\_\_

Received By: \_\_\_\_\_ Date: \_\_\_\_\_

Audited by: \_\_\_\_\_

No. 21 – Collection Receipt/ Official Receipt



**MASAGANANG SAKAHAN, INC.**  
 (A LandBank Subsidiary)  
 6th Floor, Sycip Law Centre, 105 Paseo de Roxas,  
 Legaspi Village, Makati City  
 Tel. Nos. 819-5995 • 893-9376 • 893-9208 • 893-9369  
 Fax No.: 893-7698  
 Non-VAT Reg. TIN: 000-475-993-000

No. **10836**

**COLLECTION RECEIPT**

Date \_\_\_\_\_

Received from \_\_\_\_\_ with TIN \_\_\_\_\_  
 and address at \_\_\_\_\_  
 engaged in the business style of \_\_\_\_\_, the sum of  
 \_\_\_\_\_ pesos ( P \_\_\_\_\_ )  
 in partial/full payment for \_\_\_\_\_  
 This cancels Provisional Receipt No. \_\_\_\_\_ dated \_\_\_\_\_

DETAILS OF PAYMENT			
CASH			
CHECK			
P.M.O.			
OTHERS			
<b>TOTAL</b>	<b>P</b>		

**MASAGANANG SAKAHAN, INC.**

\_\_\_\_\_

*Cashier / Collector*

**\*THIS DOCUMENT IS NOT VALID FOR CLAIMING INPUT TAXES.\***

\*THIS COLLECTION RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP.\*

BIR FORM NO. 2 (REV. 07-01-11) 1108 Date Issued: 02-20-2011, 15:00 (P.M.) 02-20-2011 Lower Level Permit No. 11-0847-14 Date: 04-04-2014	 PESCO International Enterprise Corporation 229 Carroll Ave., Proj. 6, D.C. No. 108, 505-01-05 0-28 107 7003, 178 602-01-0-00-000	PESCO International Enterprise Corporation 229 Carroll Ave., Proj. 6, D.C. No. 108, 505-01-05 0-28 107 7003, 178 602-01-0-00-000
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