

Standard Chart of Accounts  
for Cooperatives

MC 2009-04

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National Confederation of Cooperatives  
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Republic of the Philippines  
OFFICE OF THE PRESIDENT  
Department of Finance  
COOPERATIVE DEVELOPMENT AUTHORITY

**MEMORANDUM CIRCULAR NO. 2009-04**  
*Series of 2009*

**TO : ALL CONCERNED**

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

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Pursuant to Section 3 of Republic Act No. 6939, an Act creating the Cooperative Development Authority defining its Powers, Functions and Responsibilities, the Authority hereby issues this Memorandum Circular prescribing the usage of Standard Chart of Accounts for Cooperatives.

**I. Scope**

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

**II. Objective and Purposes**

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

- 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) sets standards and discipline in measuring the financial safety and soundness;
- f) facilitate the analysis and evaluation of financial management performance;
- g) provide basis in monitoring, supervision and business linkages.

**III. Financial Statements**

A complete set of financial statements includes the following components:

- A. Statement of Financial Condition (Balance Sheet)** shows assets, liabilities, and equity accounts of a business entity as of a given date. Assets and liabilities are further classified as current or non-current. Non-current assets include property, plant and equipment, intangible assets, investments and financial assets (excluding investments under the



equity method, trade and other receivables and cash and cash equivalents); while non-current liabilities include long-term debt, long-term provisions and other liabilities that will be settled after the current operating cycle or will not require the use of current assets. Equity accounts for a cooperative include members' share capital, donations and/or grants, and statutory funds.

- B. Statement of Operations (Income Statement)** presents revenues, costs and expenses, gains and losses and net surplus or net loss. The items presented are recognized in the books using modified accrual basis of accounting. Expenses are classified according to their function as part of cost of sales/services rendered, distribution or administrative activities. In a cooperative the difference between revenues and expenses is called net surplus that is allocated in accordance with the Cooperative Code or the cooperative's by-laws.
- C. Statement of Changes in Equity** shows separately the changes in members' equity, donations and grants and statutory funds. Transactions affecting these accounts include members' capital build-up, refund of share capital due to membership withdrawal, acceptance of donations and grants in cash or in kind and subsequent utilization, allocation of net surplus to and utilization of statutory funds.
- D. Cash Flows Statement** is a formal statement summarizing all the cash activities of the cooperatives. These include their operating, investing and financing activities. **Notes to Financial Statements** include narrative descriptions or more detailed analyses of amounts shown on the face of the **financial statements as well as** additional information not presented on the face of the Statement of Financial Condition, Statement of Operation and Statement of Cash Flow to achieve fair presentation. It also describes the accounting policies and the measurement basis /bases used in the preparation of the financial statements.

#### IV. Standard Chart of Accounts for Cooperatives

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
	<b>STATEMENT OF FINANCIAL CONDITION</b>	
10000	<b>ASSET ACCOUNTS - <i>Economic Resources of Cooperatives that are recognized and measured in conformity with Philippine Financial Reporting Standard taking into consideration cooperative laws, principles and practices in the Philippines.</i></b>	
11000-12000	<b>CURRENT ASSETS</b>	<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 (PAS 1)</i>
11100	<i>Cash and Cash Equivalents</i>	This account refers to cash on hand and demand deposits and other cash equivalents that are: (1) readily convertible to known amounts of cash; and (2) so near their maturity (original maturities of 3 months or less) that they represent negligible risk of changes in value because of changes in interest rate. (PAS 7)
11110	Cash on Hand	This account refers to money (bills and coins) still in the possession of the cooperative's custodian.

ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
11120	Checks & Other Cash Items (COCI)	This account refers to dated checks, postal money order (PMO) and demand drafts awaiting deposits
11130	Cash in Bank	This account refers to money deposited in the bank under the name of the cooperative, i.e. savings, current, time deposits, and combo-account. A subsidiary ledger shall be maintained for each bank account.
11140	Cash in Cooperative Federation	This account refers to money deposited in the federations to which they are affiliated, i.e. savings and time deposits which are unrestricted and readily available when needed. A subsidiary ledger shall be maintained for each account.
11150	Petty Cash Fund	This account refers to 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.
11200	<i>Investment at Fair Value through Profit or Loss</i>	This account refers to financial assets that is classified as held to trading and upon initial recognition are designated by the coop as at fair value through profit or loss. This shall comprise of both debt and equity securities and shall be accounted for in the same manner as Hold to Maturity (HTM) securities.
11300	<i>Held-to-Maturity (HTM) Financial Assets</i>	This account refers to debt securities maturing within the year, quoted in an active market with fixed or determinable payments and fixed maturity that the cooperative has the positive intention and ability to hold to maturity (PAS 39).
11310	Unamortized Discount/ Premium - HTM	This account refers to the unamortized discount/premium on HTM debt securities, which shall be debited/credited monthly based on the effective interest method with the corresponding credit/debit to "Interest Income – HTM Debt Securities".
11400	<i>Available-for-Sale (AFS) Financial Assets</i>	This account refers to securities that are designated as available-for-sale, and are not classified as: (a) loans and receivables; (b) held to maturity investments; and (c) financial assets at fair value through profit and loss.
11410	Accumulated Gains/ Losses – AFS	This account refers to cumulative gains/ (losses) arising from change in the fair value of AFS securities. The contra cumulative account is "Net Unrealized Gains/ (Losses) on AFS Financial Assets", which is a separate component of equity.



ACCOUNT CODE	ACCOUNT TITLE	DEFINITION
11420	Allowance for Probable Losses - AFS FA	This account refers to the amount of impairment loss that has been incurred on AFS Securities. This is a temporary account to offset unrealized gains on investments – AFS.
11500	<i>Unquoted Debt Securities Classified As Loans</i>	This account refers to debt instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, including derivatives that are linked to and must be settled by delivery of such unquoted debt instruments, which shall be measured at cost.
11600	<i>Investment in Non-Marketable Equity Securities (INMES)</i>	This account refers to equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, but which shall be measured at cost.
11610	Allowance for Probable Losses – INMES	This account refers to cumulative amount of impairment loss that has been incurred on INMES.
11700	<i>Loans And Receivables</i>	These refer to financial assets with fixed or determinable payments that are not quoted in an active market other than Available for Sale, Held to Maturity and Investment at Fair Value through Profit and Loss.
11711	Loans Receivable – Current	This account refers to the outstanding balance of loans granted to the members which are not yet due
11712	Loans Receivable - Past Due	This account refers to outstanding balance of loans to member-borrowers not paid on installment due date, considered as Portfolio at Risk (PAR).
11713	Loans Receivable Restructured	This account refers to receivables from the member-borrowers whose loan accounts were restructured upon full payment of interests due.
11714	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.
11715	Unearned Interests and Discounts	This account refers to interest already received but not yet earned and presented as a contra asset account.
11716	Allowance for Probable Losses on Loans	This account refers to the cumulative amount set up against the current operation for possible losses arising from non-collection of loans.
11721	Accounts Receivables Trade – Current	This account refers to the amount due from member and/or non-member patrons resulting from services rendered and sales of related goods /merchandise which are expected to be collected within the credit terms set by the Board of Directors.
11722	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.