

**Table of Specifications
in FINANCIAL ACCOUNTING AND REPORTING
Effective October 2022 Licensure Examination for Certified Public Accountants (LECPA)**

Philippine Qualifications Framework level 6

Difficulty Level			Easy (30%)		Moderate (40%)	Difficult (30%)		
Bloom's Taxonomy			Remembering	Understanding	Applying	Analyzing	Evaluating	Creating
Topics and Outcomes		Weight In Percent	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items
The examinee can perform the following competencies under each topic:								
A. Development of Financial Reporting Framework, Standard-Setting Bodies and Regulation of the Accountancy Profession		5.71%	4	4				
1. History, Development and Functions of the Standard-Setting Bodies			2					
1.1 Explain the history, development and functions of IASB, IFRIC and SIC, FRSC AND PIC.			2	2				
2. Regulation and Environment of the Accounting Profession in the Philippines			2					
2.1 Explain the regulation and environment of the profession through the Professional Regulatory Board of Accountancy, the accredited professional organization of professional accountants in the Philippines and the sectors of the practice of accountancy profession and their accreditation requirements.			2	2				
B. Conceptual Framework, Accounting Process and Presentation of Financial Statements		12.86%	9	3	5	1		
1. Conceptual Framework for Financial Reporting			2					
1.1 Explain the objective and status of the Conceptual Framework together with the Qualitative Characteristics of Useful Financial Information.			1	1				
1.2 Explain the definition of recognition and derecognition criteria and measurement bases for the elements of the financial statements together with the concepts of capital and capital maintenance.			1	1				
2. Accounting Process			1	1				
2.1 Summarize the steps in the accounting process, the use of the special journals, general journal, subsidiary ledgers and general ledgers and completing the accounting cycle, including use of worksheet, adjusting entries, closing entries and reversing entries.			1					
3. Presentation of Financial Statements			6					
			1					

3.1 Apply the general features, describe the definition of elements and illustrate a classified statement of financial position.		1			1			
3.2 Apply the general features, describe the nature and function of expense, describe the components of profit from continuing operations and the components of discontinued operations and illustrate the statement of comprehensive income together with the statement of changes in equity.		1			1			
3.3 Apply the general features, describe the sections and illustrate the statement of cash flows from operations both the direct and indirect methods.		1			1			
3.4 Prepare Notes to the Financial Statements		2			1			
3.5 Compute and Disclose Basic and Diluted Earnings Per Share Information.					1	1		
C. Cash and other Financial Assets	14.29%	10		2	5	3		
1. Cash		4						
1.1 Describe the nature and composition of cash		2		1	1			
1.2 Prepare a bank reconciliation		1			1			
1.3 Apply the accounting for petty cash fund		1			1			
2. Other Financial Assets (initial recognition, basis for classification, subsequent measurement, reclassification and presentation in the financial statements)		6						
2.1 Apply the recognition principles for financial assets at fair value through profit or loss, recognition principles for financial assets at fair value through other comprehensive income and recognition principles for financial assets at amortized cost.		2				2		
2.2 Measure trade and other receivables including valuation using allowance for doubtful accounts and transfer of receivables (pledging, assignment and factoring).		2			2			
2.3 Measure other financial assets at amortized cost (including investment in bonds).		1				1		
2.4 Discuss investment in associates and joint venture		1		1				
D. Non-financial Assets	20.00%	14		2	6	6		
1. Inventories		2						
1.1 Describe the nature and determine the capitalizable cost at initial recognition; and, apply inventory cost flow assumptions and subsequent measurement at lower of cost or estimated selling price less cost to complete and sell.		1			1			
1.2 Apply estimation procedures – gross profit and retail inventory method.		1				1		
2. Property, plant and equipment		4						

2.1 Describe the nature and determine capitalizable cost at initial recognition; and measure borrowing costs		1		1			
2.2 Identify subsequent expenditures and apply subsequent measurement based on cost with consideration on depreciation, depreciation methods and changes in useful life and depreciation methods.		2			2		
		1				1	
2.3 Determine Revaluation and Impairment and account for retirement and disposals.							
3. Investment property		2					
3.1 Describe the nature, determine capitalizable cost at initial recognition, apply measurement subsequent to initial recognition using cost method and fair value method and account for derecognition and reclassification.		2				2	
4. Intangible assets		2					
4.1 Describe the nature, determine capitalizable cost at initial recognition, identify subsequent expenditures, apply subsequent measurements for finite lives assets – amortization and indefinite lives assets, determine impairment and account for derecognition.		2			1	1	
5. Biological assets		2					
5.1 Describe the nature, distinction from bearer plants and agricultural produce, determine capitalizable cost at initial recognition and apply subsequent measurement		2			1	1	
6. Non-current assets held for sale (or disposal group)		1					
6.1 Describe the nature – criteria for this classification, determine capitalizable cost at initial recognition, apply measurement subsequent to initial recognition and account for Reclassification and Derecognition		1			1		
7. Prepaid expenses and other assets		1					
7.1 Describe and measure prepaid expenses and other assets.		1		1			
E. Financial Liabilities	5.71%	4		2		2	
1. Financial Liabilities		4					
1.1 Identify the classification of financial liabilities and measure initial recognition		1		1			
1.2 Account for debt issue cost		1		1			
1.3 Illustrate measuring using effective interest method		1				1	
1.4 Illustrate troubled debt restructuring		1				1	

F. Non-financial liabilities, provisions and contingencies	5.71%	4		2	2		
1. Non-financial liabilities, provisions and contingencies		4					
1.1 Account for liabilities arising from customer loyalty programs		1			1		
1.2 Illustrate warranties and product guarantees		1			1		
1.3 Explain unearned revenues arising from contracts, gift certificates, and subscriptions		1		1			
1.4 Describe other provisions and contingencies		1		1			
G. Shareholders' Equity	14.29%	10		2	5	3	
1. Share capital transactions		4					
1.1 Discuss initial issuance and stock issuance cost		2		1	1		
1.2 Account for treasury share transactions		1			1		
1.3 Account for the retirement, conversion		1				1	
2. Retained earnings		4					
2.1 Carry out correction of prior period errors and change in accounting policies		1			1		
2.2 Compute dividends		2				2	
2.3 Apply the recognition principles for quasi reorganization and recapitalization		1			1		
3. Cumulative other comprehensive income		1					
3.1 Describe cumulative other comprehensive income		1		1			
4. Book value per share		1					
4.1 Compute book value per share		1			1		
H. Other Topics	14.29%	10		2	3	5	
1. Share-based payments		1					
1.1 Describe and account for share-based payment transactions for Equity-settled, Cash-settled and Equity-settled with cash alternative		1				1	
2. Leases		4					
2.1 Account for the initial recognition of right-of-use asset and lease liability on the books of the lessee, determine subsequent measurement of right-of-use asset and lease liability (including changes in estimates)		1				1	
2.2 Describe financial statement presentation of right-of-use asset and lease liability on the books of the lessee and discuss exemption to recognition and measurement principles		1		1			
2.3 Account for direct finance lease, manufacturer's or dealer's lease and operating lease		1				1	
2.4 Account for sale-leaseback		1				1	
3. Income Tax							
3.1 Measure accounting profit and taxable profit and explain book basis and tax basis		2					
		1			1		

3.2 Compute and record the accounting for current income tax and deferred income tax, deferred tax liability (asset) and current income tax liability (asset) and illustrate financial statement presentation and disclosure		1			1		
4. Employee benefits		1					
4.1 Describe the nature and classification, apply the recognition and measurement of employee benefit costs under defined benefit plan and defined contribution plan and illustrate the presentation and disclosures		1				1	
5. Interim Reporting		1					
5.1 Describe the purpose and components of interim financial reports and apply the recognition of income, expenses, assets and liabilities for interim reporting		1			1		
6. Operating segments		1					
6.1 Identify operating segments and reporting segment information		1		1			
I. Other Reporting Frameworks	7.14%	5		2	2	1	
1. Other Reporting Frameworks		5					
1.1 Describe and illustrate the applicability and salient differences from PFRS of the following reporting frameworks: PFRS for SMEs, PFRS for Small Entities and Reporting for microenterprises		5		2	2	1	
TOTAL	100%	70		21	28	21	

TABLE OF SPECIFICATIONS
in ADVANCED FINANCIAL ACCOUNTING AND REPORTING
Effective October 2022 Licensure Examination for Certified Public Accountants (LECPA)

Philippine Qualifications Framework level 6

Difficulty Level				Easy (30%)		Moderate (40%)	Difficult (30%)		
Bloom's Taxonomy				Remembering	Understanding	Application	Analyzing	Evaluating	Creating
Topics and Outcomes			Weight in percent	No. of items	No. of items	No. of items	No. of items	No. of items	No. of items
The examinees can perform the following competencies under each topic:									
1.0	Partnership Accounting			14.29%	10		3	4	3
	1. Nature, Scope, and Objectives								
	1.1.1 Describe the nature, scope, and objectives of partnership accounting and conceptually differentiate it from single proprietorship and corporation accounting								
	1.1.2 Describe the concepts, principles, rules, practices, and procedures applicable in partnership accounting			5.71%	3		3		
	1.2 Formation of Partnership								
	1.2.1 Compute and account for the initial capital contribution of the partners in the partnership			2.86%	2		2		
	1.3 Operations, Dissolutions, and Changes in Ownership of Interest of the Partners								
	Compute, account, and allocate the changes in the capital balances of the partners as a result of:								
	1.3.1 Admission of a new partner								
	1.3.1.1 By purchase of an interest								
	1.3.1.2 By Investment								
	1.3.2 By withdrawal, retirement, or death of a partner								
	1.3.3 Incorporation of a partnership			2.86%	3		2	1	
	1.4 Liquidation of Partnership								
	Compute the amount of settlement to the partners after liquidating the partnership under:								
	1.4.1 Lump-sum method								
	1.4.2 Installment method			2.86%	2			2	
2.0	Corporate Liquidation			5.71%	4		1	1	2

	Prepare the Statement of: 1. Affairs 2. Deficiency 3. Realization and liquidation	4.29%	3		1	1	1		
	2.4 Determine the order of priority of the claimants to the company assets of a corporation subject to liquidation	1.42%	1				1		
3.0	Joint Arrangements (PFRS 11)	5.71%	4		1	2	1		
	1. Joint Operation 3.1.1 Describe the nature and scope of joint operations 3.1.2 Differentiate Joint Operations from Business Combinations 3.1.3 Apply the standards, principles, and methods in accounting for joint operation transactions	2.87%	2		1	1			
	3.2 Joint Venture 3.2.1 Describe the nature and scope of joint ventures 3.2.2 Differentiate Joint Venture from Business Combinations 3.2.3 Apply the standards, principles, and methods in accounting for joint venture transactions	1.42%	1			1			
	3.3 Accounting for SMEs	1.42%	1				1		
4.0	Revenue Recognition	14.29%	10		2	5	3		

	<p>1. Recognize revenue from contracts with customers</p> <p>4.1.1 Describe the Five-steps model framework</p> <p>4.1.2 Recognition of other revenues:</p> <p>4.1.2.1 Right of return</p> <p>4.1.2.2 Principal-agent relationships</p> <p>4.1.2.3 Non-refundable upfront fees</p> <p>4.1.2.4 Licensing/royalties</p> <p>4.1.2.5 Repurchase arrangements</p> <p>4.1.2.6 Gift cards</p> <p>4.1.2.7 Consignment arrangements</p> <p>4.1.2.8 Bill-and-Hold arrangements</p> <p>4.1.2.9 Long-term Construction Contracts</p> <p>4.1.2.9.1 Prepare journal entries and determine revenue, costs, and gross profit under:</p> <p>4.1.2.9.1.1 Over Time (Percentage Of Completion Method)</p> <p>4.1.2.9.1.2 Input method (Cost-to-cost and Efforts-expensed method)</p> <p>4.1.2.9.1.3 Output method (Point in time-Cost recovery method/Zero-profit approach)</p>	1.43%	1		1				
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	4.1.2.9.2 Determine the amount of Contract Asset/Contract Liabilities based on the performance obligation								
	4.1.2.10 Franchise Operations – Franchisor's point of view	7.14%	5		1	3	1		
	4.1.2.10.1 Determine the amount of revenue, costs, and gross profit for:								
	4.1.2.10.1.1 Initial franchise fee								
	4.1.2.10.2 Continuing franchise fee								
	4.1.2.11 Accounting for Consignment Sales	1.43%	1			1			
	4.1.2.11.1 Prepare journal entries to record the sale of merchandise by the consignee to third parties and its remittance to the consignor								
	4.1.2.11.2 Solve for the value of ending inventory								
	4.1.2.11.3 Examine the amount of the consignor's cost of goods sold and profit or loss								
	4.1.3 Solve for the amount to be presented in the Financial Statement	1.43%	1			1			
		2.86%	2				2		
5.0	Accounting for Home Office, Branch and Agency Transactions	5.71%	4		1	1	2		
	1. Prepare journal entries for transactions on the books of the Home Office and the Branch applying								
	5.1.1 General procedure								
	5.1.2 A special procedure (Inter-branch transfer of cash and merchandise at billed price)	1.42%	1		1				
	5.2 Compute and reconcile reciprocal accounts	1.43%	1			1			
	5.3 Prepare individual and combined financial statements	1.43%	1				1		
	5.4 Determine the impact in the Financial Statements of agency transactions	1.43%	1				1		
6.0	Accounting for Business Combination (PFRS 3)	8.57%	6		1	3	2		
	6.1 Describe the nature, scope, and characteristics of a business combination transactions	1.43%	1		1				
	6.2 Review statutory merger and consolidation/Acquisition of assets and liabilities (Acquisition method)								
	6.2.1 Determination of consideration transferred								
	6.2.2 Recognition of acquired assets and liabilities								
	6.2.3 Recognition and measurement of goodwill and gain from a bargain purchase								

	6.2.4 Prepare journal entries in the books of the acquirer	5.71%	4			3	1		
	6.3 Ascertain the proper financial statement presentation of the results of the business combination transaction	1.43%	1				1		
7.0	Separate Financial Statement (PAS 27)	5.71%	4		1	2	1		
	1. Determine the carrying amount of Investment in subsidiaries, associates, joint ventures and its effect on the profit or loss applying the following methods: 7.1.1 At cost 7.1.2 Financial Instruments: Recognition and measurement (PAS 39) 7.1.3 Financial instruments under PFRS 9	4.28%	3		1	1	1		
	7.2 Determine the treatment of dividends and their related disclosures in applying the accounting policies in the Investment of subsidiaries, associates, and joint ventures	1.43%	1			1			
8.0	Consolidated Financial Statements (PFRS 10)	7.14%	5		2	1	2		
	1. Determine the consolidation procedures and the amount to be presented in the financial statements relating to: 8.1.1 Net income, dividends amortization, and impairment of goodwill 8.1.2 Intercompany transactions (inventories, land, and depreciable assets) 8.1.3 Determine the amount of: 8.1.3.1 Net income, other comprehensive income/equity 8.1.3.1.1 Attributable to equity holders of parent/controlling or parent's interest 8.1.3.1.2 Non-controlling interest 8.1.3.1.3 Consolidated/group 8.1.3.2 Retained Earnings / common share/dividends attributable to 8.1.3.2.1 Equity Holders of Parent / Controlling or Parent's Interest and, Consolidated/group	2.86%	2		2				
		4.28%	3			1	2		
9.0	Derivatives and Hedging Accounting (PFRS 9)	5.71%	4		1	2	1		
	1. Identify the criteria for initial recognition, subsequent measurement, and de-recognition of derivatives 9.1.1 Determine the number of derivatives to be recognized in the financial statements and consideration of fair value measurement to it 9.1.2 Identify the types of derivative and determine the values of 9.1.2.1 Forwards and futures instruments 9.1.2.2 Options and swaps instruments	2.86%	2		1	1			

	<p>9.2 Determine the impact or effect of hedging transactions in the investor's point of view under:</p> <p>9.2.1 Foreign currency forward contract</p> <p>9.2.1.1 Hedges that does not require a hedge accounting (Undesignated hedges)</p> <p>9.2.1.1.1 Exposed Asset (import) or Liability (export) position</p> <p>9.2.1.1.2 Speculation</p> <p>9.2.1.2 Hedges that requires hedge accounting:</p> <p>9.2.1.2.1 Fair value hedge</p> <p>9.2.1.2.1.1 Hedge of a firm commitment (purchase or sale transaction)</p> <p>9.2.1.2.2 Cash flow hedge</p> <p>9.2.1.2.2.1 Hedge of a firm commitment (purchase or sale transaction)</p> <p>9.2.1.2.2.2 Hedge of a forecasted transaction (purchase or sale transaction)</p> <p>9.2.1.3 Hedge of a net investment in a foreign entity</p>	2.85%	2			1	1		
10.0	Translation of Foreign Currency Financial Statements (PAS 21 / PAS 29)	4.29%	3		1	1	1		
	1. Translate from the Functional Currency into the Presentation Currency using closing/current rate method	1.43%	1		1				
	2. Translate into Functional Currency (Remeasurement from Foreign Currency Financial Statements to the Functional Currency)	1.43%	1			1			
	3. Restate the Financial Statements (Functional Currency of a Hyperinflationary Economy)	1.43%	1				1		
11.0	Not-for-Profit Organizations	2.86%	2		1	1			
	Describe the nature of business transactions and financial reporting implications of:								
	1. Voluntary health and welfare organizations (VWHO)								
	2. Hospitals and other health care organizations								
	3. Colleges and Universities								
	4. Churches, museums, fraternities, associations, and others	2.86%	2		1	1			
12.0	Government Accounting – General Fund	2.86%	2		1	1			
	1. Describe the basic concepts in Government Accounting								
	2. Identify the procedures in government budgeting								

	12.3 Identify the accounting policies under the Government Accounting Manual (GAM) 12.4 Prepare Journal Entries (Books of National Government Agency)	2.86%	2		1	1			
13.0	Cost Accounting	14.29%	10		3	4	3		
	1. Describe the system of cost accumulation or costing system 13.1.1 Differentiate actual costing, normal costing, and standard costing	1.42%	1		1				
	13.2 Job Order Costing 13.2.1 Record transactions using a job order costing procedures 13.2.2 Compute Cost of Goods Manufactured and Sold 13.2.3 Account for spoiled units and rework costs 13.2.4 Describe the cost accumulation procedures for materials, labor, and overhead	2.86%	2		1		1		
	13.3 Process Costing System 13.3.1 Record transactions using a process costing procedures 13.3.2 Determine cost of production under 13.3.2.1 FIFO 13.3.2.2 Weighted Average 13.3.3 Account for lost units in scraps, wastes, spoilages, and reworks 13.3.3.1 Normal lost units-end of process 13.3.3.2 Abnormal lost units 13.3.4 Accumulate cost procedures for materials, labor, and overhead	2.86%	2		1	1			
	13.4 Backflush / JIT Costing System 13.4.2 Prepare the journal entries 13.4.1 Determine cost of materials, labor, and overhead to be backflushed to finished goods	1.43%	1			1			
	13.5 Activity-Based Costing System (ABC System) 13.5.1 Allocate cost using Activity Based Costing System versus Traditional costing 13.5.2 Compute total manufacturing cost and cost per unit using ABC and Traditional costing 13.5.3 Apply the concepts of activity levels, cost pools, and activity drivers 13.5.4 Determine cost pool rates and their application to overhead costs	1.43%	1			1			
	13.6 Joint and By-Products								

	13.6.1 Compute and allocate joint (common) costs at the point of split-off using: 13.6.1.1 Market (Sales) value method 13.6.1.1.1 Market Value at split-off point approach 13.6.1.1.2 Hypothetical market value approach or approximated net realizable value approach or net realizable value method 13.6.1.1.3 Average unit (production output) method 13.6.1.1.4 Weighted average method 13.6.1.2 Methods of allocating Joint cost to by-products 13.6.1.2.1 No joint cost allocated to by-product 13.6.1.2.2 With joint costs allocated to by-product 13.6.1.3 Treatment of By-products	2.86%	2			1	1		
	13.7 Service Cost Allocation 13.7.1 Allocate service department costs using 13.7.1.1 Direct method 13.7.1.2 Step-down method 13.7.1.3 Reciprocal method	1.43%	1				1		
14.0	Other Special Topics	2.86%	2		2				
	1. Accounting for insurance contracts by insurers (PFRS 17) 14.1.1 Identify the different types of insurance contracts 14.1.2 Apply changes in Accounting Policies 14.1.3 Recognize and measure insurance and reinsurance contracts	1.43%	1		1				
	14.2 Accounting for the build, operate and transfer (IFRIC 12) 14.2.1 Recognition and measurement of build, operate, and transfer arrangements 14.2.1.1 Determine the value of financial assets 14.2.1.2 Determine the value of intangible assets		1		1				
	TOTAL	100%	70		21	28		21	

**Table of Specifications
in Management Services
Effective October 2022 Licensure Examination for Certified Public Accountants (LECPA)**

Philippine Qualifications Framework level 6

Difficulty Level			Easy (30%)		Moderate (40%)	Difficult (30%)		
Bloom's Taxonomy			Remembering	Understanding	Applying	Analyzing	Evaluating	Creating
Topics and Outcome	Weight	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items
The examinees can perform the following competencies under each topic:								
A. Management Accounting	57.1%	40		12	16	12		
1. Describe the objectives, role and scope of management accounting and differentiate it from financial accounting, roles and activities of controller and treasurer, international certifications in management accounting and global trends in management accounting	2.9%	2		2				
2. Management accounting concepts and techniques for planning and control	31.4%	22		6	11	5		
2.1 Identify and differentiate the different types of costs (e.g., direct, indirect; fixed, variable; inventoriable, period; opportunity cost, sunk cost) and their characteristics and behavior; utilize cost behavior segregation and cost behavior prediction techniques to determine their usefulness in cost planning and financial and management reporting.		4		1	3			
2.2 Analyze the relationship of costs, volume, and sales to calculate break-even points and target profit (CVP Analysis) under various scenarios. Apply sensitivity analysis including determination of indifference point. Apply the concepts of margin of safety and degree of operating leverage. Analyze CVP relationships in multi-product companies		4		1	3			
2.3 Apply the concept of traditional and activity-based costing in:		4		1	3			
2.3.1 Product costs and period costs								
2.3.2 Inventory costing								
2.3.3 Treatment of fixed factory overhead cost								
2.3.4 Reconciliation of income under absorption and variable costing								
2.3.5 Allocation of cost; activity levels, cost pools and activity drivers								
2.3.6 Determine cost pool rates and overhead allocation								
2.4 Application of various financial planning and budgeting techniques		6		1	2	3		
2.4.1 Describe the budgeting process								
2.4.2 Prepare a master budget by analyzing the behavior of revenues and costs and use it to calculate and prepare different types of supporting budgets (e.g., production, inventory levels, operating expenses, cash budget) for planning and control purposes								
2.5 Apply the concept of standard costing and variance analysis in planning and control in terms of cost, sales, and gross profit variations. Apply appropriate techniques in		4		2		2		
2.5.1 Budget variance analysis								
2.5.2 Standard costing and variance analysis								

2.5.3	Determination of direct material variances								
2.5.4	Determination of direct labor variances								
2.5.5	Determination of factory overhead variances using two-way; three-way and four-way methods								
3.	Management accounting concepts & techniques for performance measurement	11.4%	8		2	4	2		
3.1	Identify and differentiate the different types of responsibility centers (i.e., profit center, cost center, investment center) and determine the proper accounting of transactions affecting each one. Determine the proper use of transfer pricing in measuring the performance of business operations.		4		1	3			
3.2	Identify and differentiate the four perspectives of the balanced scorecard and formulate performance indicators to evaluate, monitor and improve business performance.		4		1	1	2		
4.	Management Accounting Concepts & Techniques for Decision Making	11.4%	8						
4.1.	Identify and use appropriate relevant costs in making analysis and business decision for short-term non routine scenarios. Understand and apply the concept of opportunity costs		2						
4.2.	Determine the key elements of capital budgeting investment decisions (net investment, operating cash flow and cost of capital) and evaluate the same using both discounted and non-discounted cash flow techniques.		2						
4.3.	Application of approaches in analyzing alternative non-routine decisions (Alternatives involving make or buy, accept or reject a special order, continue or shut-down, sell or process further, product combinations and pricing decisions).		3						
4.4.	Application of probability analysis, decision tree diagram and linear programming.		1						
B.	Financial Management	35.7%	25		7	10	8		
1.	Identify and describe the nature, objectives, and scope of financial management in making business decisions.	4.3%	3		1	1	1		
2.	Analyze and use financial data derived from financial statements in evaluating the performance of the management and make business decisions.	7.1%	5		1	3	1		
3.	Apply different working capital (cash, receivables, inventory, and other short-term resources) management methods and techniques in making short-term business decisions.	8.5%	6		1	3	2		
4.	Determine the key elements of capital budgeting investment decisions (net investment, operating cash flow and cost of capital) and evaluate the same using both discounted and non-discounted cash flow techniques.	7.1%	5		1	2	2		
5.	Apply the concept of risk and leverage. Understand and analyze situations involving the types of risks, measures of risks and degree of operating, financial and total leverage. Distinguish the different types and measurement of risks and apply their relationships with the rate of returns. Identify and apply various risk measurement models.	2.9%	2		1		1		
6.	Utilize various techniques in managing capital structure and in dealing with long-term financing decisions. Identify and apply the basic concepts and tools of capital structure management sources of intermediate and long-term financing and cost of capital	2.9%	2		1		1		
7.	Understand the workings of the Philippine stock exchange and other houses. Understand the various types of financial markets (money market, capital market and derivatives market). Apply valuation techniques for various types of derivatives (forwards, futures and options)	2.9%	2		1	1			
I.	Economic Concepts Essential to Obtaining an Understanding of Entity's Business and Industry	7.2%	5		2	2	1		

1. Identify and describe the basic concepts of macroeconomics that are relevant in making business decisions, and apply the concepts properly	4.3%	3		1	1	1		
2. Identify and describe the basic concepts of microeconomics that are relevant in making business decisions, and apply the concepts properly.	2.9%	2		1	1			
Total (for 70 items)	100%	70		21	28	21		

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Difficulty Level			Easy (30%)		Moderate (40%)	Difficult (30%)		
Bloom's Taxonomy			Remembering	Understanding	Applying	Analyzing	Evaluating	Creating
Topics and Outcomes		Weight In Percent	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items
The examinee can perform the following competencies under each topic:								
A.	AUDITING THEORY	50%	35		11	14	10	
	1. Fundamentals of Auditing and Assurance Services	5.7%	4					
	1.1 Introduction to assurance engagements		2		2			
	1.1.1 Discuss the nature, objective and elements							
	1.1.2 Identify the types of assurance engagements (audits, reviews, other assurance engagements)							
	1.2 Introduction to auditing		2		2			
	1.2.1 Discuss the nature, philosophy, and objectives							
	1.2.2 Differentiate the types of audits							
	1.2.2.1 According to nature of assertion/data (financial statements audit, operational audit, and compliance audit)							
	1.2.2.2 According to types of auditor (external independent financial statements audit, internal audit, and government audit)							
	2. The Risk-based Financial Statement Audit – Client Acceptance, Audit Planning, Supervision and Monitoring	5.7%	4					

2.1	Explain the overview of the risk-based audit process		1			1			
2.2	Illustrate and explain the pre-engagement procedures		1			1			
2.3	Explain the scope and purposes of audit planning		1			1			
2.3.1	Identify and discuss the essential planning procedures								
2.3.1.1	Knowledge of the business								
2.3.1.2	Preliminary analytical procedures								
2.3.1.3	Materiality								
2.3.1.4	Assessing and managing audit risks								
2.3.1.5	Overall audit plan and audit program (experts, internal auditor, other independent auditors)								
2.4	Perform the direction, supervision, and review		1					1	
3. Understanding the Entity and its Environment including its Internal Control and Assessing the Risks of Material Misstatement		7.1%	5						
3.1	Describe and discuss the industry, regulatory and other external factors, including the applicable financial reporting framework		2		2				
3.1.1	Describe the nature of the entity								
3.1.2	Discuss the objectives and strategies and related business risks								
3.1.3	Describe and discuss the measurement and review of the entity's financial performance								
3.2	Discuss and explain Internal Control		1			1			
3.2.1	Identify and explain the basic concepts and elements of internal control								
3.2.2	Identify and discuss consideration of accounting and internal control systems								
3.2.2.1	Understanding and documentation								
3.2.2.2	Assessment of control risks								
3.2.2.2.1	Test controls								
3.2.2.2.2	Documentation								
3.3	Identify, discuss, and assess the risks of material misstatement		1			1			
3.3.1	Fraud and errors								
3.3.2	Risks assessment procedures								
3.3.3	Discussion among the engagement team								
3.3.4	Significant risks that require special audit consideration								
3.3.5	Risks for which substantive procedures alone do not provide sufficient appropriate audit evidence								
3.3.6	Revision of risk assessment								

	3.4 Discuss and communicate the risks of material misstatement with those charged with governance and management		1			1			
	4. Audit Objectives, Procedures, Evidence and Documentation	7.1%	5						
	4.1 Describe and discuss the nature and significance		1		1				
	4.2 Identify the evidential matters		1		1				
	4.3 Perform the audit procedures/techniques including audit selection		2				2		
	4.4 Prepare audit working papers		1			1			
	5. Completing the Audit/Post-Audit Responsibilities	7.1%	5						
	5.1 Discuss the completion of the audit and audit report preparation		3			1	2		
	5.1.1 Describe the analytical procedures for overall review								
	5.1.2 Determine related party transactions								
	5.1.3 Discuss subsequent events review								
	5.1.4 Discuss the assessment of going concern assumption								
	5.1.5 Explain how to obtain client's representation letter								
	5.1.6 Discuss and describe how to evaluate findings, formulate an opinion, and draft the audit report								
	5.2 Identify and discuss post-audit responsibilities								
	5.2.1 Discuss subsequent discovery of facts		2			2			
	5.2.2 Discuss subsequent discovery of omitted procedures								
	6. Reports on Audited Financial Statements	5.7%	4						
	6.1 Illustrate an unqualified auditor's report		1			1			
	6.2 Explain the basic elements of the unqualified auditor's report		1			1			
	6.3 Describe a modified auditor's opinion report		1			1			
	6.3.1 Identify matters that do not affect the auditor's opinion								
	6.3.2 Identify matters that do affect the auditor's opinion								
	6.4 Prepare and discuss report on comparatives		1		1				
	6.5 Identify key audit matters								
	7. Auditing in a Computerized Information Systems (CIS) Environment	4.2%	3						
	7.1 Describe and identify the Internal Control in a CIS environment		1						
	7.1.1 Introduction								
	7.1.2 Impact of computers on accounting and internal control systems				1				
	7.1.2.1 General Controls								
	7.1.2.2 Application Controls								

	<p>7.1.3 Unique characteristics of specific CIS</p> <p>7.1.3.1 Stand alone</p> <p>7.1.3.2 On-line</p> <p>7.1.3.3 Database system</p> <p>7.2 Discuss, describe, and identify the basic approach to the audit of CIS environment</p> <p>7.2.1 Introduction</p> <p>7.2.2 Effects of computers on the audit process</p> <p>7.2.3 Computer assisted audit techniques</p> <p>7.2.4 Electronic commerce</p> <p>7.3 Describe and discuss how to audit new technologies</p>		1			1		
	8. Attestation Services	7.1%	5					
	<p>8.1 Identify and describe the procedures and reports on special purpose audit engagements</p> <p>8.1.1 Discuss the general considerations</p> <p>8.1.2 Discuss the audit of financial statements prepared in accordance with a comprehensive basis of accounting other than GAAP in the Philippines.</p> <p>8.1.3 Describe the audit of a component of financial statements</p> <p>8.1.4 Describe the reports on compliance with contractual agreements</p> <p>8.1.5 Describe the reports on summarized financial statements</p>		2		1		1	
	<p>8.2 Discuss attestation and related services</p> <p>8.2.1 Discuss the examination of prospective financial information</p> <p>8.2.2 Describe engagements to review financial statements</p> <p>8.2.3 Describe engagements to perform agreed-upon procedures regarding financial information</p> <p>8.2.4 Describe engagements to prepare or compile financial information</p> <p>8.2.5 Describe and discuss service organization controls and the service of auditor's report</p> <p>8.2.6 Identify and discuss engagements performed in accordance with other criteria</p> <p>8.3 Describe the role of CPAs in rendering other services (aside from auditing and attestation).</p>		2				2	
			1				1	

B.	AUDITING PRACTICE	50%	35		10	14	11		
	1. Governance, Ethics and Quality Management	7.1%	5						
	1.1 Discuss corporate governance		1		1				
	1.2 Identify and discuss the ethical standards and responsibilities of professional accountants		1		1				
	1.3 Describe and discuss the system of quality management		2		2				
	1.3.1 Elements of a system of quality management								
	1.3.2 Leadership responsibilities								
	1.3.3 Ethical requirements								
	1.3.4 Acceptance and continuance								
	1.3.5 Human resources								
	1.3.6 Engagement performance								
	1.3.7 Monitoring								
	1.3.8 Documentation of the System of Quality Management								
	1.4 Determine and discuss the regulatory requirements related to the practice, accreditation, and regulation of public accounting and auditing services		1		1				
	2. Planning the Audit and Performing Risk Assessment Procedures	25.7%	18						
	2.1 Explain the overview of Risk-based audit		1		1				
	2.2 Explain the overview of risk assessment		1		1				
	2.3 Perform the preliminary activities		1		1				
	2.3.1 Discuss the engagement acceptance and continuance								
	2.4 Prepare and discuss the audit plan		14			6	8		
	2.4.1. Describe Overall audit strategy								
	2.4.2 Determine and apply the use of materiality								
	2.4.3 Encourage discussion with the audit team								
	2.4.4 Audit the amounts of various accounts of business processes:								
	2.4.4.1 Order to cash								
	2.4.4.2 Purchase to pay								
	2.4.4.3 Plan to inventory								
	2.4.4.4 Hire to retire								
	2.4.4.5 Acquire to retire								
	2.4.4.6 Record to report								
	2.4.4.7 Close, consolidate and report								
	2.4.4.8 Financial planning and analysis								
	2.4.4.9 Other business processes								

	2.5 Perform risk assessment procedures entity wide and business process level 2.5.1 Identify and assess inherent risks 2.5.2 Identify objectives and key risks 2.5.3 Describe and explain internal control 2.5.4 Evaluate internal control 2.5.5 Communicate deficiencies in internal control 2.5.6 Conclude the risk assessment phase		1				1		
	3. Risk Response	8.5%	6						
	3.1 Explain the overview of risk response 3.2 Develop the risk-based audit plan 3.3 Determine the extent of testing 3.4 Document the work performed 3.4.1 Prepare audit working papers 3.4.2 Prepare analysis worksheets 3.4.3 Formulate adjusting and correcting entries 3.5 Prepare written representations 3.6 Conduct engagement supervision and consultation		1 1 1 1 1 1		1		1 1 1 1 1		
	4. Audit Communication and Reporting	8.6%	6						
	4.1 Discuss the overview of reporting the audit 4.2 Perform audit evidence evaluation 4.3 Communicate audit results 4.3.1 Determine the criteria and quality of communication 4.3.2 Disseminate the results 4.3.3 Communicate with those charged with governance 4.4 Prepare the audit report 4.4.1 Perform any modification to the auditor's report 4.4.2 Determine the need of Emphasis of matter and other matter paragraphs 4.4.3 Prepare comparative information 4.5 Perform monitoring and closing of the engagement		1 1 1 2 1		1		1 2 1	1	
	TOTAL	100%	70		21		28		21

**Table of Specifications
in REGULATORY FRAMEWORK FOR BUSINESS TRANSACTIONS
Effective October 2022 Licensure Examination for Certified Public Accountants (LECPA)**

Philippine Qualifications Framework level 6

Difficulty Level			Easy (30%)		Moderate (40%)	Difficult (30%)		
Bloom's Taxonomy			Remembering	Understanding	Applying	Analyzing	Evaluating	Creating
Topics and Outcome	Weight (in Percent)	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items	No. of Items
The examinees can perform the following competencies under each topic:								
A. Law on Business Transactions								
1. Obligations	6%	6		2	2	2		
1.1 Describe obligations								
1.1.1 Apply the sources of obligations and their concepts								
1.1.3.1 Law								
1.1.3.2 Contracts								
1.1.3.3 Quasi-contracts								
1.1.3.4 Delicts								
1.1.3.5 Quasi-delicts								
1.1.2. Compare and apply the kinds of Obligations								
1.1.2.1. Pure/Conditional/Obligation with a Term								
1.1.2.2. Solidary /Joint Obligations								
1.1.2.3. Alternative/ Facultative Obligations								
1.1.2.4. Divisible/ Indivisible Obligations								
1.1.2.5. Obligation with a Penal Clause								
1.1.3 Describe the specific circumstances affecting obligations in general								
1.1.3.1 Fortuitous Events								
1.1.3.2 Fraud								
1.1.3.3 Negligence								
1.1.3.4 Delay								
1.1.3.5 Breach of contract								
1.1.4 Discuss the nature and effects of Obligations								
1.1.4.1 Concurrent Obligations in obligations to give a specific/determinate thing								
1.1.4.2 Obligations to do or not to do								
1.1.4.3 Remedies in case of non-performance								
1.1.4.4 Damages								

1.1.5 Distinguish the extinguishment of obligation with special emphasis on								
1.1.5.1 Payment of debts of money								
1.1.5.2 Mercantile documents as means of payment								
1.1.5.3 Apply the special forms or mode of payment								
1.1.5.3.1 Dation in payment								
1.1.5.3.2 Application of payments								
1.1.5.3.3 Payment by cession								
1.1.5.3.4 Tender of payment and consignment								
1.1.5.4 Loss of the thing due, remission or condonation, confusion, compensation and novation								
2. Contracts	6%	6		2	2	2		
2.1. General Provisions								
2.1.1. Describe contracts								
2.1.2. Discuss the classification of contracts								
2.1.3. Identify the stages of contract								
2.1.4. Relate the Freedom to contract (establish stipulations) and limitation								
2.1.5. Identify who are persons bound								
2.2. Apply the essential requisites of contracts								
2.2.1. Consent								
2.2.2. Requisites								
2.2.3. Capacitated persons								
2.2.4. Vices of consent								
2.2.5. Objects of contracts								
2.2.6. Cause of considerations of contracts								
2.3. Determine the forms of contracts								
2.4. Discuss the reformation of instruments/contracts								
2.5. Discuss the interpretation of contracts								
2.6. Discuss and apply the defective contracts								
2.6.1. Resistible								
2.6.2. Voidable								
2.6.3. Unenforceable								
2.6.4. Void and inexistent								
3 Sales	3%	3		1	1	1		
Describe the nature, forms and requisites of sales								
3.2. Distinguish earnest money from option money								
3.3. Determine the rights/obligations of vendor and vendee								
3.4. Describe the warranties of sales								
3.4.1 . Express Warranties (in relation to consumer laws)								
3.4.2 . Implied Warranties								
3.5. Discuss and apply installment sales								
3.5.1. . Personal property – Recto Law								
3.5.2. Real Property – Maceda Law								

3.5.3. PD 957 / Condominium Act								
3.6 Discuss the extinguishment of a contract of sale								
3.6.1 Conventional Redemption								
3.7 Apply Legal Redemption on sales								
4 Credit Transactions	3%	3		1	1	1		
4.1 Discuss and apply Pledge, Real Mortgage and Chattel Mortgage on:								
4.1.1 Similarities								
4.1.2 Requisites								
4.1.3 Indivisibility								
4.1.4 Pactum Commissorium								
4.1.5 Third party pledgors/mortgagors								
4.2 Describe the requirements to bind the parties and third persons								
4.3 Identify the obligations and rights of pledgor and pledgee								
4.4 Identify the obligations and rights of mortgagor and mortgagee								
4.5 Apply the modes of extinguishment								
B. Bouncing Checks	2%	2			1	1		
1 Discuss and apply the requisites to be liable under BP 22								
1.1 Checks without insufficient funds								
1.2 Evidence of knowledge of insufficient funds								
1.3 Duty of Drawer								
1.4 Credit Construed								
2 Compare Bouncing checks with Estafa (Art. 315 {2} (d))								
C. Consumer Protection	2%	2		1	1			
1. Explain the consumer product quality and safety								
2. Illustrate the different deceptive sales acts and practices								
3. Describe product service and warranty								
4. Illustrate labelling and packaging								
5. Apply consumer rights								
5.1. Price Tag Act								
5.2. Lemon Law								
D. Financial Rehabilitation and Insolvency	5%	5		2	2	1		
1. Discuss the definition of terms								
2. Elaborate suspension of payments								
3. Discuss and apply rehabilitation on:								
3.1. Types								
3.2. Commencement order								
3.3. Stay or suspension order								
3.4. Rehabilitation receiver								
3.5. Management committee								
3.6. Rehabilitation plan								
3.7. Cram down effect								
4. Discuss and apply liquidation on:								
4.1. Types								

4.2. Conversion of rehabilitation to liquidation proceedings								
4.3. Liquidation order								
4.4. Rights of secured creditors								
4.5. Liquidator								
4.6. Determination of claims								
4.7. Liquidation of Plan								
E. Philippine Competition Act	2%	2				1	1	
1. Discuss the definition and scope of application								
2. Elaborate and apply prohibited acts								
2.1. Anti-competitive agreements								
2.2. Abuse of dominant position								
2.3. Prohibited mergers and acquisitions								
2.4. Exceptions								
3. Illustrate and apply covered transactions								
3.1. Thresholds for compulsory notification								
3.2. Notifying entity								
3.3. Period of notifications								
3.4. Exceptions								
F. Government Procurement Law	2%	2				1	1	
1. Explain the general principles								
2. Discuss the scope and application								
3. Discuss the definition of terms								
4. Discuss and apply the procurement procedures								
4.1. Preparation of bidding documents								
4.2. Invitation to bid								
4.3. Receipt and opening of bids								
4.4. Bid evaluation								
4.5. Post-qualification								
4.6. Award, implementation and termination of the contract								
5. Explain the Disclosure of relations								
6. Demonstrate the alternative methods of procurement								
G. Law on Business Organization	44%	44						
1. Partnerships	6%	6			2	2	2	
1.1. Describe the nature and distinguish it from corporation								
1.1.1. Discuss the kinds of partnerships								
1.1.2. Determine the formalities required								
1.1.3. Discuss the rules of management								
1.1.4. Determine the obligations of partners								
1.1.4.1. To the partnership and to the partners								
1.1.4.2. To third persons								
1.1.4.3. Identify the rights of a partner								
1.1.4.4. Illustrate the sharing of profits and losses								
1.1.4.5. Explain the dissolution and winding up								

1.1.4.6. Explain and apply limited partnership								
1.1.5. Corporations	30%	30		9	12	9		
1.1.5.1. Describe a corporation								
1.1.5.2. Discuss the classes of corporations								
1.1.5.3. Illustrate the nationality of corporations								
1.1.5.3.1. Control test								
1.1.5.3.2. Grandfather rule								
1.1.5.4. Apply the doctrines on corporate juridical personality								
1.1.5.4.1. Doctrine of separate juridical personality								
1.1.5.4.1.1. Liability for tort and crimes								
1.1.5.4.1.2. Recovery of damages								
1.1.5.4.2. Doctrine of piercing the corporate veil								
1.1.5.4.2.1. Grounds for application of doctrine								
1.1.5.4.2.2. Test in determining applicability								
1.1.5.5. Describe the capital structure								
1.1.5.5.1. Number and qualifications of incorporators								
1.1.5.5.2. Subscription requirements								
1.1.5.5.3. Corporate term								
1.1.5.5.4. Classification of shares								
1.1.5.5.4.1. Preferred shares versus common shares								
1.1.5.5.4.2. Scope of voting rights subject to classification								
1.1.5.5.4.3. Founder's shares								
1.1.5.5.4.4. Redeemable shares								
1.1.5.5.4.5. Treasury shares								
1.1.5.6. Discuss the process of incorporation and organization								
1.1.5.6.1. Promoter								
1.1.5.6.2. Subscription contract								
1.1.5.6.3. Pre-incorporation subscription agreements								
1.1.5.6.4. Consideration for stocks								
1.1.5.6.5. Articles of Incorporation								
1.1.5.6.5.1. Contents								
1.1.5.6.5.2. Non-amendable items								
1.1.5.6.6. Corporate name; limitations on use of corporate name								
1.1.5.6.7. Registration, incorporation and commencement of corporate existence								
1.1.5.6.8. Election of directors or trustees								
1.1.5.6.9. Adoption of by-laws								
1.1.5.6.9.1. Contents of by-laws								
1.1.5.6.9.2. Binding effects								
1.1.5.6.9.3. Amendments								
1.1.5.6.10. Effects of non-use of corporate charter								

1.1.5.7. Explain and discuss the corporate powers of corporations								
1.1.5.7.1. General powers; theory of general capacity								
1.1.5.7.2. Specific powers; theory of specific capacity								
1.1.5.7.3. Power to extend or shorten corporate term								
1.1.5.7.4. Power to increase or decrease capital stock or incur, create, increase bonded indebtedness								
1.1.5.7.5. Power to deny pre-emptive rights								
1.1.5.7.6. Power to sell or dispose corporate assets								
1.1.5.7.7. Power to acquire own shares								
1.1.5.7.8. Power to invest corporate funds in another corporation or business								
1.1.5.7.9. Power to declare dividends								
1.1.5.7.10. Power to enter into management contract								
1.1.5.7.11. Ultra vires acts								
1.1.5.7.12. Doctrine of individuality of subscription								
1.1.5.7.13. Doctrine of equality of shares								
1.1.5.7.14. Trust fund doctrine								
1.1.5.8. Discuss and explain the rights of stockholders and members								
1.1.6. Fundamental rights of a stockholder								
1.1.6.1. Participation in management								
1.1.6.1.1. Proxy								
1.1.6.1.2. Voting trust								
1.1.6.1.3. Cases when stockholders' action is required								
1.1.6.1.4. Manner of voting								
1.1.6.1.4.1. Proprietary rights								
1.1.6.1.4.1.1. Appraisal right								
1.1.6.1.4.1.2. Right to inspect								
1.1.6.1.4.1.3. Preemptive right								
1.1.6.1.4.1.4. Right to vote								
1.1.6.1.4.1.5. Right to dividends								
1.1.6.1.4.2. Remedial rights								
1.1.6.1.4.2.1. Individual suit								
1.1.6.1.4.2.2. Representative suit								
1.1.6.1.4.2.3. Derivative suit								
1.1.6.1.4.3. Obligations of a stockholder								
1.1.6.1.4.4. Meetings								
1.1.6.1.4.4.1. Regular or special								
1.1.6.1.4.4.2. Notice of meetings								
1.1.6.1.4.4.3. Place and time of meetings								
1.1.6.1.4.4.4. Quorum								
1.1.6.1.4.4.5. Minutes and agenda of meetings								

1.1.6.1.4.4.6. Remote communication								
1.1.6.2. Discuss and explain the role of the Board of directors and trustees								
1.1.6.2.1.1. Repository of corporate powers								
1.1.6.2.1.2. Tenure, qualifications and disqualifications of directors								
1.1.6.2.2. Corporations vested with public interest								
1.1.6.2.3. Independent directors								
1.1.6.2.4. Elections								
1.1.6.2.5. Removal								
1.1.6.2.6. Filling of vacancies								
1.1.6.2.7. Compensation								
1.1.6.2.8. Disloyalty								
1.1.6.2.8.1. Business judgment rule								
1.1.6.2.8.2. Solidary liabilities for damages								
1.1.6.2.9. Personal liabilities								
1.1.6.2.10. Responsibility for crimes								
1.1.6.2.11. Special fact doctrine								
1.1.6.2.12. Inside information								
1.1.6.2.13. Contracts								
1.1.6.2.14. Between corporations with interlocking directors								
1.1.6.2.15. Executive and other special committees								
1.1.6.2.16. Meetings								
1.1.6.2.16.1.1. Regular or special								
1.1.6.2.16.1.2. Who presides?								
1.1.6.2.16.1.3. Quorum								
1.1.6.2.16.1.4. Remote communication								
1.1.6.2.16.1.5. Rule on abstention								
1.1.6.3. Describe the capital affairs of corporations								
1.1.6.3.1. Certificate of stock								
1.1.6.3.2. Watered stocks								
1.1.6.3.3. Payment of balance of subscription								
1.1.6.3.4. Sale of delinquent shares								
1.1.6.3.5. Alienation of shares								
1.1.6.3.6. Elaborate and identify corporate books and records								
1.1.6.3.6.1. Records to be kept at principal office								
1.1.6.3.6.2. Right to inspect corporate records								
1.1.6.3.6.3. Effect of refusal to inspect corporate records								
1.1.6.4. Apply the modes and methods of dissolution and liquidation								

1.1.6.4.1. Modes of dissolution								
1.1.6.4.2. Methods of liquidation								
1.1.6.5. Distinguish how other corporations operate								
1.1.6.5.1. Non-stock corporations								
1.1.6.5.2. Educational corporations								
1.1.6.5.3. Religious corporations								
1.1.6.5.4. Illustrate and apply how one person corporations is organized/operate								
1.1.6.5.4.1. Excepted corporations								
1.1.6.5.4.2. Capital stock requirement								
1.1.6.5.4.3. Articles of incorporation and by-laws								
1.1.6.5.4.4. Corporate name								
1.1.6.5.4.5. Corporate structure and officers								
1.1.6.5.4.6. Nominee								
1.1.6.5.4.6.1. Liability								
1.1.6.5.4.6.2. Conversion of corporation to one person corporations and vice-versa								
1.1.6.5.5. Describe and apply how foreign corporations are organized/operate								
1.1.6.5.5.1. Bases of authority over foreign corporations								
1.1.6.5.5.2. Necessity of a license to do business								
1.1.6.5.5.3. Personality to sue								
1.1.6.5.5.4. Suability of foreign corporations								
1.1.6.5.5.5. Instances when unlicensed foreign corporations may be allowed to sue (isolated transactions)								
1.1.6.5.5.6. Grounds for revocation of license								
1.1.6.6. Merger and consolidation								
1.1.6.6.1. Discuss the definition and concept								
1.1.6.6.2. Distinguish: constituent and consolidated corporation								
1.1.6.6.3. Illustrate the plan of merger or consolidation								
1.1.6.6.4. Illustrate the articles of merger or consolidation								
1.1.6.6.5. Discuss the procedure, effectivity, limitations and effects								
1.1.6.7. Investigations, offenses, and penalties								
1.1.6.7.1. Explain the authority of Commissioner								
1.1.6.7.1.1. Investigation and prosecution of offenses								
1.1.6.7.1.2. Contempt								
1.1.6.7.2. Determine the sanctions for violations								
1.1.6.7.2.1.1. Administrative sanctions								
1.1.6.7.2.1.1.2. Prohibited Acts								

1.1.6.7.2.1.1.3. Penalties							
1.1.6.7.3. Identify who are liable							
1.1.6.7.4. Explain the authority of the Securities and Exchange Commission							
1.1.6.8. Discuss and apply the principles and concepts of Corporate Governance for:							
1.1.6.8.1. Publicly-listed companies							
1.1.6.8.2. Public companies and registered issuers							
1.1.6.9. Discuss and Elaborate Securities on aspect of:							
1.1.6.9.1. Kinds of securities							
1.1.6.9.2. Procedure for registration of securities							
1.1.6.9.3. Prohibition on fraud, manipulation and insider trading							
1.1.6.9.4. Protection of shareholder interests							
1.1.6.10. Apply the provisions of the Securities Regulation Code (SRC) Rule 68 on:							
1.1.6.10.1. General Financial Reporting requirements							
1.1.6.10.1.1. Application and definition of terms							
1.1.6.10.1.2. Guides to financial statements preparation							
1.1.6.10.1.2.1. Financial reporting framework							
1.1.6.10.1.2.2. Responsibility for financial statements							
1.1.6.10.1.2.3. Qualifications and reports of independent auditors							
1.1.6.11. Apply SEC Issuances							
1.1.6.11.1. Memo Circulars							
1.1.6.11.2. Opinions							
1.1.7. Insurance	3%	3		1	1	1	
1.1.7.1. Explain the concept of insurance							
1.1.7.2. Explain the elements of an insurance contract							
1.1.7.3. Discuss the characteristics and nature of insurance contracts							
1.1.7.4. Discuss the classes of insurance							
1.1.7.5. Describe variable contracts							
1.1.7.6. Define and apply insurable interest							
1.1.7.7. Illustrate the perfection of the contract of insurance							
1.1.7.8. Apply rescission of insurance contracts							
1.1.7.9. Discuss claims settlement and subrogation							
1.1.8. Cooperatives	5%	5		2	2	1	
1.1.8.1. Describe the organization and registration of cooperatives							
1.1.8.2. Describe the administration of cooperatives							
1.1.8.3. Determine the responsibilities, rights, assurance and privileges of cooperatives							

1.1.8.4. Describe and identify the memberships								
1.1.8.5. Determine the capital, property of funds								
1.1.8.6. Apply the audit, inquiry and members' tight to examine								
1.1.8.7. Apply and compute the allocation and distribution of funds								
1.1.8.8. Distinguish the types and categories of cooperatives								
1.1.8.9. Explain the merger and consolidation of cooperatives								
1.1.8.10. Explain the dissolution of cooperatives								
H. Law on Other Business Transactions	25%	25						
1. PDIC Law	2%	2		1	1			
1.1. Describe the insurable deposits								
1.2. Compute the maximum liability								
1.3. Identify the requirements for claims								
2. Secrecy of Bank Deposits	2%	2		1	1			
2.1. Explain the purpose								
2.2. Illustrate the Prohibited acts								
2.3. Discuss the types of deposits covered								
2.4. Apply the exceptions								
2.5. Explain garnishment of deposits including foreign deposits								
3. Truth in Lending Act	2%	2		1	1			
3.1. Describe the purpose								
3.2. Illustrate the obligation of creditors to persons to whom credit is extended								
3.3. Compare covered and excluded transactions								
3.4. Describe the consequences of non-compliance with obligation								
4. AMLA Law	6%	6		2	2	2		
4.1. Discuss the purpose, policies and principles								
4.2. Discuss the definition of terms								
4.3. Illustrate unlawful activities								
4.4. Determine who are covered persons								
4.5. Describe money laundering, terrorism and financing and asset forfeiture								
4.6. Apply and illustrate preventive measures and obligations of covered persons								
4.6.1. Prohibited accounts								
4.6.2. Customer due diligence								
4.7. Explain and apply beneficial ownership								
4.8. Identify the record keeping requirements								
4.8.1. Discuss safe harbor								
5. Intellectual Property Law (except provisions under Part 1	2%	2		1	1			
5.1. Discuss Patents								
5.2. Discuss Trademark, Service Marks and Trade Names								
5.3. Discuss Copyright								
6. Data Privacy Act	3%	3		1	1	1		
6.1. Discuss definitions								
6.2. Discuss the scope of application								
6.3. Describe the data privacy principles								

6.4. Illustrate processing of personal data								
6.5. Identify the security measures for protection of personal data								
6.6. Determine the rights of data subject								
6.7. Apply data breach notification								
6.8. Discuss outsourcing and subcontracting agreements								
6.9. Determine registration and compliance requirements								
7. Electronic Commerce Act	2%	2			1	1		
7.1. Discuss the principles								
7.2. Describe the application								
7.3. Discuss the definition of terms								
7.4. Apply the legal recognition and communication of electronic data messages and electronic documents								
7.5. Discuss the electronic commerce in carriage of goods								
7.6. Explain the electronic transactions in government								
8. Ease of Doing Business and Efficient Delivery of Government Service Delivery Act	2%	2			1	1		
8.1. Explain the policy, construction and interpretation								
8.2. Discuss the definition of terms								
8.3. Discuss the coverage and scope								
8.4. Explain reengineering of systems and procedures								
8.5. Elaborate Citizen's charter								
8.6. Illustrate accessing government services								
8.7. Describe the streamlined procedures for the issuances of permits and licenses								
8.8. Identify the violations, jurisdiction, penalties, and immunity								
9. Labor Law	2%	2			1	1		
9.1. Explain and apply labor standards on the aspect of:								
9.1.1. Basic pay								
9.1.2. Overtime premium								
9.1.3. Night shift differential								
9.1.4. Holiday premium								
9.1.5. 13 th month pay								
9.1.6. Leaves								
9.1.7. Service incentive leave								
9.1.8. Maternity leave								
9.1.9. Paternity leave								
9.1.10. Parental leave for solo parent								
10. Social Security Law	2%	2			1	1		
10.1. Discuss the definition of terms								
10.2. Explain the scope and coverage								
10.3. Illustrate pension, retirement and other benefits								
10.4. Discuss the exemptions from tax, legal process and lien								
10.5. Compute employee's and employer's contributions								
10.6. Compute contributions from self-employed member								

10.7. Determine the remittance of contributions							
10.8. Describes the method of collection and payment							
10.9. Identity the employment records and reports							
10.10. Describe the penal clauses							
TOTAL	100%	100		30	40	30	

**Table of Specifications
Taxation
Effective October 2022 Licensure Examination for Certified Public Accountants (LECPA)**

Philippine Qualifications Framework level 6

Difficulty Level	Bloom's Taxonomy	Weight (in Percent)	No. of Items	Easy (30%)		Moderate (40%)	Difficult (30%)		
				Remembering No. of Items	Understanding No. of Items	Applying No. of Items	Analyzing No. of Items	Evaluating No. of Items	Creating No. of Items
The examinee can perform the following competencies under each topic:									
A. PRINCIPLES OF TAXATION		11.43%	8		8				
	1. Describe the nature, scope, classification, and essential characteristics								
	2. Identify the principles of sound tax system								
	3. Discuss the limitations on the power of taxation								
	4. Differentiate tax evasion vs. tax avoidance								
	5. Determine the situs/place of taxation								
	6. Explain double taxation								
	7. Discuss the legislation of tax laws								
	8. Apply the impact of taxes in nation building								
	9. Evaluate ethical tax compliance and administration								
	10. Describe the organization and functions of the Bureau of Internal Revenue, Local Government Tax Collecting Units, Board of Investments, Philippine Economic Zone Authority and the Bases Conversion and Development Authority								
B. TAX REMEDIES		11.43%	8		4	4			
	1. Evaluate the remedies of the government								
	2. Apply the remedies of the taxpayer								
C. INCOME TAXATION		20.00%	14		2	4	2	2	4
	1. Identify the taxpayer and tax base								
	2. Compute gross income								
	3. Analyze the deductions from gross income								
	4. Determine accounting periods								
	5. Apply the accounting methods								
	6. Analyze and compute tax due and determine tax credits, if applicable								
	7. Apply tax return preparation and filing and tax payment requirements								
	8. Analyze withholding taxes (at source, expanded or creditable withholding tax, final withholding taxes and withholding tax on government payments)								
	9. Determine compliance requirements								

10. Describe, analyze and apply specific provisions of other special laws relating to income taxation								
10.1 Describe, analyze and apply specific provisions of other special laws relating to income taxation								
10.2 Magna Carta for Disabled Persons (RA 7277)								
10.3 Barangay Micro Business Enterprises (BMBEs) Act (RA 9178)								
11. Differentiate and reconcile differences between tax rules and accounting rules (e.g., PFRS or other frameworks)								
11.1 Identify and understand the differences between tax rules and accounting rules								
11.2 Reconcile accounting income to taxable income								
12. Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities								
D. TRANSFER TAXES	17.14%	12		1	7	2	2	
1. Describe, analyze and compute estate tax								
1.1 Describe the principles, concepts involving estate taxation								
1.2 Identify the classification of decedents								
1.3 Identify and analyze the items to be included and/or excluded in determining gross estate								
1.4 Identify and analyze the allowable deductions from gross estate								
1.5 Analyze and compute tax due and determine tax credits, if applicable								
1.6 Apply tax return preparation and filing and tax payment requirements								
1.7 Determine compliance requirements								
1.8 Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities								
2. Describe, analyze and compute donor's tax								
2.1 Describe the principles, concepts involving donor's taxation								
2.2 Identify and analyze transfers which may be considered a donation								
2.3 Identify the classification of donors								
2.4 Determine, analyze and compute net gifts/donations								
2.5 Analyze and compute tax due and determine tax credits, if applicable								
2.6 Apply tax return preparation and filing and tax payment requirements								
2.7 Determine compliance requirements								
2.8 Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities								
E. BUSINESS TAXES	17.14%	12		1	6	2	3	
1. Describe, analyze and compute value-added tax								
1.1 Describe the nature and characteristics of value-added tax								
1.2 Analyze and determine persons subject to value-added tax								
1.3 Analyze and determine transactions subject to 12%, 0% and withholding VAT and/or exempt from value-added tax								
1.4 Identify and analyze sources of input tax								

1.5	Analyze and compute value-added tax payable or excess input tax credits and determine tax credits, if applicable							
1.6	Describe and apply the process for claiming input VAT refund							
1.7	Apply tax return preparation and filing and tax payment requirements							
1.8	Determine compliance requirements							
1.9	Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities							
2.	Describe, analyze and compute percentage tax							
2.1	Describe the nature and characteristics of percentage tax							
2.2	Analyze and determine persons subject to percentage tax							
2.3	Analyze and determine transactions subject to and/or exempt from percentage tax							
2.4	Analyze and compute percentage tax due, and determine tax credits, if applicable							
2.5	Apply tax return preparation and filing and tax payment requirements							
2.6	Determine compliance requirements							
2.7	Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities							
3.	Describe, analyze and apply specific provisions of other special laws relating to business taxation							
3.1	Senior Citizen's Law (RA 7432)							
3.2	Magna Carta for Disabled Persons (RA 7277)							
F.	EXCISE TAX	2.85%	2		1	1		
1.	Describe the nature and characteristics of excise tax							
2.	Identify and analyze transactions subject to and/or exempt from excise tax							
3.	Determine and compute for the tax base and tax due							
4.	Apply tax return preparation and filing and tax payment requirements							
5.	Determine compliance requirements							
6.	Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities							
G.	DOCUMENTARY STAMP TAX	2.85%	2		1	1		
1.	Describe the nature and characteristics of documentary stamp tax							
2.	Identify and analyze transactions subject to and/or exempt from documentary stamp tax							
3.	Determine and compute for the tax base and tax due							
4.	Apply tax return preparation and filing and tax payment requirements							
5.	Determine compliance requirements							
6.	Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities							
H.	TAXATION UNDER THE LOCAL GOVERNMENT CODE (Local Government Taxation and Real Property Taxation under the Local Government Code)	5.73%	4		1	2	1	
1.	Describe the fundamental principles, scope of taxing power of local government units (LGUs)							

2. Describe and apply the scope and different types of local taxes (limited to real property tax, local tax imposed by provinces, municipalities and cities, and barangays)							
3. Identify the tax base and tax rates							
4. Determine the venue and time of payment							
5. Evaluate and apply the remedies available to the government and the taxpayer							
6. Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities							
I. PREFERENTIAL TAXATION	11.43%	8	2	3	3		
1. Describe, analyze and apply Special Economic Zone Act for purposes of determining tax liabilities and tax incentives							
1.1 Calculation of income tax (5% GIT, ITH incentives, regular income tax)							
1.2 Other tax incentives (VAT/OPT, excise tax, DST, local taxes)							
2. Describe, analyze and apply Bases Conversion and Development Act (BCDA) for purposes of determining tax liabilities and tax incentives							
2.9 Calculation of income tax (5% GIT, ITH incentives, regular income tax)							
2.10 Other tax incentives (VAT/OPT, excise tax, DST, local taxes)							
3. Describe, analyze and apply the Omnibus Investments Code for purposes of determining tax liabilities and tax incentives							
3.1 Calculation of income tax (ITH incentives, regular income tax)							
3.2 Other tax incentives (VAT/OPT, excise tax, DST, local taxes)							
4. Describe, analyze and apply the basic principles of tax treaty and specific provisions of Double Taxation Agreement (DTA) models (e.g. OECD Model Tax Convention, UN Model Double Taxation Convention and United States Model Income Tax Convention) in determining the tax implications of various income items of non-residents, such as:							
4.1.1 Royalties							
4.1.2 Dividends							
4.1.3 Interest							
4.1.4 Capital gains							
4.1.5 Business profits and other income items							
5. Analyze and determine tax implications of transactions by applying the tax rules and regulations, and formulate sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities							
TOTAL	100%	70	21	28	21		