



Republic of the Philippines
Professional Regulation Commission

Manila
Professional Regulatory Board of Accountancy
Resolution No. **114**
Series of 2016

AMENDMENTS TO RESOLUTION NOS. 2015-274 AND 2015-275 ON THE SYLLABI AND TABLES OF SPECIFICATIONS (TOS) OF THE SUBJECTS IN THE BOARD LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS (BLECPA)

WHEREAS, the Professional Regulatory Board of Accountancy (Board) issued Resolution No. 2015-262 prescribing the six (6) new subjects of the Board Licensure Examination for Certified Public Accountants (BLECPA), as follows: Financial Accounting and Reporting; Advanced Financial Accounting and Reporting; Management Advisory Services; Auditing; Taxation; and Regulatory Framework for Business Transaction;

WHEREAS, the Board subsequently issued Resolution Nos. 2015-274 and 2015-275 on the syllabi and Tables of Specifications (TOS) of the six (6) new subjects of the BLECPA;

WHEREAS, the changes in the BLECPA subjects shall be initially applied in the May 2016 schedule of the licensure examination;

WHEREAS, it was noted during stakeholders dialogue that the topics: (1) Code of Ethics for Professional Accountants in the Philippines; (2) Republic Act No. 9298, otherwise known as "Philippine Accountancy Act of 2004"; (3) and Effective Communication to Stakeholders were not reflected in the syllabi and TOS of the six (6) new subjects of the BLECPA;

WHEREAS, the Board acknowledges the importance of these three (3) topics in determining the entry-level competence of new CPAs, and as such, should be made integral components of the BLECPA;

WHEREFORE, in view hereof, it is hereby **RESOLVED** that amendments be made to the syllabi and TOS of the aforementioned subjects of the BLECPA, to reflect the following changes:


- 1) To include the topic Effective Communication to Stakeholders in all of the six (6) subjects of the BLECPA; and
- 2) To include the topics Code of Ethics for Professional Accountants in the Philippines, Republic Act No. 9298 or the Philippine Accountancy Act of 2004 and its Implementing Rules and Regulations (Board Resolution No. 71, Series of 2004) in the subject Auditing.

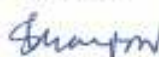
FURTHER RESOLVED, that the individual subjects in the BLECPA be composed of two (2) parts with the corresponding percentage weights:


Subject	Theoretical	Practical/Practice/ Competence
Financial Accounting and Reporting	30%	70%
Advanced Financial Accounting and Reporting	30%	70%
Management Advisory Services	30%	70%
Auditing	50%	50%
Taxation	30%	70%
Regulatory Framework for Business Transaction	70%	30%

This Resolution shall take effect immediately after its publication in the Official Gazette or in any newspaper of national circulation. Let a copy of the same be further furnished the U. P. Law Center, Commission on Higher Education (CHED), all universities and schools offering B. S. in Accountancy, Board, Office of the Secretary to the Professional Regulatory Boards, Records and Management Division, Rating Division, Legal and Investigation Division, all Regional Offices and such other offices for information and guidance.

Done in the City of Manila, this 25th day of April 2016.

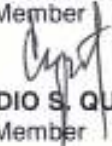

JOEL L. TAN-TORRES
Chairman


GLORIA T. BAYSA
Vice Chairman


GERARD B. SANVICTORES
Member

ELISEO A. AURELLADO
Member


SAMUEL B. PADILLA
Member


CONCORDIO S. QUISAOT
Member


ARLYN S. VILLANUEVA
Member

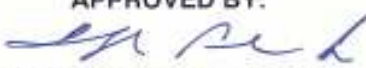
Attested by:


ATTY. LOVELIKA T. BAUTISTA

Officer-in-Charge

Office the Secretary to the Professional Regulatory Boards

APPROVED BY:


TEOFILO S. PILANDO, JR.
Chairman


ANGELINE T. CHUA CHIACO
Commissioner


YOLANDA D. REYES
Commissioner

TABLE OF SPECIFICATIONS FINANCIAL ACCOUNTING AND REPORTING

Topics/Outcomes		Weight	No. of Items	Qualifications Descriptors (U5 and L7)										
				Knowledge, Skills, Values (KSV) (30%)	Application (50%)	Degree of Independence (20%)	Remembering	Understanding	Applying	Evaluating	Creating			
The examinees must be able to:														
Development of Financial Reporting Framework and Standard Setting Bodies, Regulation of the Accountancy Profession				2.86%	2		2							
1.0	1.1	Identify the functions of the IASB or the FRSC	2.86%	2				1	1					
Accounting Process														
2.0	2.1	Adjusting Entries												
	2.1.1	Apply accrual basis for adjusting entries (accrual or deferral)												
	2.2	Accounting Cycle												
	2.2.1	Illustrate the accounting cycle												
3.0	Presentation of Financial Statements		14.29%	10		4	5	1						
3.1	Conceptual Framework													
	3.1.1	Describe the basic objective of financial statements												
	3.1.2	Interpret the qualitative characteristics of financial information												
	3.1.3	Define and distinguish the elements of financial statements												
	3.1.4	Distinguish financial capital from physical capital												
3.2	Presentation of Financial Statements													
	3.2.1	Describe any of the general features of financial statements (TOA)												
	3.2.2	Compute current and non-current assets												
	3.3.3	Compute current liabilities and non-current liabilities												
	3.3.4	Compute profit from continuing operations												
	3.3.5	Compute revenues, expenses, or profit or loss from discontinued operations												
	3.3.6	Compute cash flows from operating, investing or financing activities												








[illegible]







10.0.	Small and Medium-Sized Entities and Effective Communication to Stakeholders	5.71%	4	1	1	1		1
10.1	Define small and medium-sized entities under IFRS and SEC regulations.							
10.2	Describe simplified reporting requirements applicable to SMEs.							
10.3	Describe the peculiarities in reporting property, plant and equipment, investment property, intangible assets, biological assets and assets held for sale by an entity categorized as SME							
10.4	Apply the principles for reporting investments in equity and debt securities applicable to SMEs							
10.5	Construct the financial statements of SMEs.							
10.6	Apply Effective Communication to stakeholders							
11.0.	Cash to Accrual	2.86%	2		1	1		
11.1	Describe the accrual basis of accounting, identifying its purpose							
11.2	Compute profit based on single-entity method and reconcile with profit using the transaction approach.							
11.3	Convert cash basis revenues and expenses to accrual basis revenues and expenses			1	20		35	2
	TOTAL	100%	70	21		35	7	14

On

and for 645

**TABLE OF SPECIFICATIONS
ADVANCED FINANCIAL ACCOUNTING AND REPORTING**

				QUALIFICATION DESCRIPTORS					
				KNOWLEDGE, SKILLS, VALUES (30%)	APPLICATION (50%)	DEGREE OF INDEPENDENCE (20%)			
	OUTCOMES/TOPICS	Weight	No. of items	Remembering	Understanding	Application	Analyzing	Evaluating	Creating
	The examinees must be able to:								
1.0	Partnership Accounting	14.29%	10	1	2	5	1	1	
	1.1 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 Identify and describe the concepts, principles, rules, practices and procedures applicable in partnership accounting								
	1.2 Formation of Partnership								
	1.2.1 Determine, compute, and account the initial capital contribution of the partners in the partnership								
	1.3 Operations, Dissolutions, and/or Changes in Ownership of Interest of the Partners.								
	1.3.1 Determine, compute account and allocate the changes in the capital balances of the partners as a result of the operations and/or changes in the composition of the partners.								
	1.4 Liquidation of Partnership								
	1.4.1 Compute amount of settlement to the partners after liquidating the partnership under (a) lump-sum liquidation or (b) installment liquidation								
2.0	Corporate Liquidation	5.71%	4		1	2	1		
	2.1 Determine the order of priority of the claimants to the company assets of corporation subject to liquidation								
	2.2 Prepare the Statement of Affairs, Statement of Deficiency and Statement of Realization and Liquidation								
3.0	Joint Arrangements (PFRS 11)	5.71%	4		1	2	1		
	3.1 Joint Operations								

0
Cupf No
f. GHS
84

	6.3 Recognize acquired assets and liabilities, compute goodwill or gain from a bargain purchase								
	6.4 Prepare journal entries in the books of the acquirer								
	6.5 Ascertain the proper financial statement presentation of the results of business combinations transaction.								
7.0	Separate Financial Statement (PAS 27)	7.14%	5		1	3	1		
	7.1 Determine and apply accounting for investment in Subsidiary in accordance with PAS 39/PFRS 9								
	7.2 Determine and apply accounting for investment in subsidiary using the equity method.								
	7.3 Ascertain the proper financial statement presentation of the separate financial statements								
8.0	Consolidated Financial Statements (PFRS 10)	7.14%	5		1	2	1	1	
	8.1 Determine the nature, scope and application of preparation of consolidated financial statements (At cost, in accordance with PAS 39, and equity method)								
	8.2 Account for intercompany profits in inventories and plant assets.								
	8.3 Determine net income, other comprehensive income, and retained earnings/common stock/dividends attributable to Equity Holders of Parent/Controlling or Parent's Interest and, consolidated group.								
	8.4 Ascertain the proper presentation of the consolidated financial statements								
9.0	Foreign Currency Transactions	5.71%	4	1	1	2			
	9.1 Identify the applicable rate for foreign currency transactions and hedging operations.								
	9.2 Determine the gain or loss on foreign currency transactions and hedging operations								
	9.3 Ascertain the proper financial statement presentation on the foreign currency transactions and hedging operations.								
10.0	Translation of Foreign Currency Financial Statements (PAS 21/PAS 29)	5.71%	4	1	1	2			
	10.1 Translate from the Functional Currency to the presentation Currency								
	10.2 Remeasure from a Foreign Currency to the Functional Currency								
	10.3 Restate and ascertain the proper financial statements (Functional currency is the currency of a hyperinflationary economy)								
11.0	Not - for - profit organizations	2.86%	2		1	1			
	11.1 Describe the nature of business transactions and account financial reporting implications of								
	11.1.1 Voluntary health and welfare organizations (VHWO)								
	11.1.2 Hospitals and other health care organizations								
	11.1.3 Colleges and Universities								
	11.1.4 Other not - for - profit organizations such as churches, museums, fraternity association, etc.								



 648 Ans

12.0	Government Accounting – General Fund	2.85%	2			1	1						
	12.1 Describe the basic concepts in Government Accounting and its budget process												
	12.2 Prepare Journal entries (Books of National Government Agency)												
13.0	Other special Topics	2.87%	2	1		1							
	13.1 Account for insurance contracts by Insurers (IFRS 4)												
	13.2 Account for build, operate & transfer (IFRIC 12)												
	13.3 Account and record business transactions applying the IFRS for SMEs												
	13.4 Apply effective communication to stakeholders												
14.0	Cost Accounting	14.29%	10	1		1		5	2	1			
	14.1 Job Order Costing												
	14.1.1 Record transactions using job order costing procedures												
	14.1.2 Compute Cost of Goods Manufactured and Sold												
	14.1.3 Account for spoiled units and rework costs												
	14.1.4 Allocate service department cost												
	14.2 Process Costing System												
	14.2.1 Determine cost of production under FIFO and Weighted Average Method												
	14.2.2 Account for spoilage (lost units) both for normal and abnormal spoilage												
	14.3 Backflush/JIT Costing System												
	14.3.1 Apply just in time costing system												
	14.3.2 Compute amount of materials to be backflushed from RIP to finished goods												
	14.3.3 Prepare the journal entries												
	14.4 Activity Costing System												
	14.4.1 Apply Activity Based costing System												
	14.4.2 Compute total manufacturing cost and cost per unit using ABC												
	14.5 Joint and By Products												
	14.5.1 Compute and Allocate joint (common) costs at the point of split-off												
	14.5.2 Account for costs after split-off												
	14.5.3 Determine total cost and gross profit												
	14.5.4 Compute and account for by-products												
	14.5.5 Prepare journal entries												
	14.6 Standard Costing												
	14.6.1 Compute Direct Materials, Direct Labor and Factory overhead using Standard Costing												
	14.6.2 Account for the Variance of Applied vs Actual Cost of Direct Materials, Labor and												

Q Prof. V. J. C. S. M.

Factory Overhead							
14.6.3 Prepare journal entries using standard costing							
TOTAL	100	70	6	15	35	10	4
			21		35		0

6785 84





**TABLE OF SPECIFICATIONS
MANAGEMENT ADVISORY SERVICES**

TOPICS/OUTCOMES	Weight	No. of Items	QUALIFICATION DESCRIPTORS					
			KNOWLEDGE, SKILLS, VALUES (30%)			DEGREE OF INDEPENDENCE (20%)		
			Remembering	Understanding	Application (50%)	Analyzing	Evaluating	Creating
1.0 Management Accounting	50.00 %	35	2	6	20	6	1	0
The examinees must be able to:								
1.1 Describe the objectives, role and scope of management accounting and differentiate it from financial accounting		1		1				
1.2 Management accounting concepts & techniques for planning and control								
1.2.1 Identify and differentiate the different types of costs (e.g., direct, indirect, fixed, variable; inventoriable, period; opportunity cost, sunk cost) and cost accumulation methods (e.g., job order, process, and ABC costing), and their characteristics and behavior; determine their usefulness in cost planning and financial and management reporting		3			2	1		
1.2.2 Analyze the relationship of costs, volume and sales to calculate break-even points and target profit (CVP Analysis)		3			2	1		
1.2.3 Apply the concept of standard costing and variance analysis in planning and control		4			3	1		
1.2.4 Differentiate variable costing and absorption costing; analyze their effects on the financial performance and condition of the firm and use it for profit planning		2			2			
1.2.5 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		3		1	1	1		
1.2.6 Apply the concept of Activity-based costing (ABC) and activity-based management (ABM) for planning and control purposes		3		1	1	1		
1.2.7 Utilize the concept of different strategic cost managements for planning and control purposes		3	1	1	1			
1.3 Management accounting concepts & techniques for performance measurement								




 6/5/20 8/4

	1.3.1 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			3		1	
	1.3.2 Identify and differentiate the four perspectives of the balanced scorecard and formulate performance indicators to evaluate, monitor and improve business performance		2		1	1			
	1.4 Management Accounting Concepts & Techniques for Decision Making								
	1.4.1 Identify and differentiate the various quantitative techniques and apply them properly in making sound management decisions		2	1		1			
	1.4.2 Identify and use appropriate relevant costs in making analysis and business decision								
	1.4.3 Apply the discounted cash flow method and the IRR method in determining cash flows and in making business decisions concerning capital expenditures.		5		1	3	1		
2.0	Financial Management	40.00 %	28	2	4	15	4	3	0
	2.1 Identify and describe the nature, objectives and scope of Financial Management in making business decisions		1	1					
	2.2 Analyze and use financial data derived from financial statements in evaluating the performance of the management and make business decisions		6		1	4		1	
	2.3 Apply different working capital (cash, receivables, inventory and other short-term resources) management methods and techniques in making short-term business decisions		5			3	1	1	
	2.4 Utilize various capital and investment management and techniques and the time value concept of money in making long-term business decisions		6	1	1	3	1		
	2.5 Differentiate the different types and measurement of risks and apply their relationships with the rate of returns		5		1	2	1	1	
	2.6 Identify and apply basic concepts and tools of capital structure management for long-term financing decision		5		1	3	1		
3.0	Management Consultancy and Effective Communication to Stakeholders	4.29 %	3	2	1	0	0	0	0
	3.1 Describe the nature, objectives and scope of management consultancy practice by Certified Public Accounting (CPAs)		1	1					
	3.2 Prepare a Project Feasibility Study properly by determining and		2	1					

[illegible]

**TABLE OF SPECIFICATIONS
AUDITING**

		QUALIFICATION DESCRIPTORS						
				Knowledge, Skills, Values (30%)	Application (50%)	Degree of Independence (20%)		
	TOPICS/OUTCOMES	Weight	Nc. of Items	Remembering	Understanding	Application	Analyzing	Evaluating Creating
	The examinees must be able to:							
1.0	Auditing Theory	50%	35					
1.1	1.1.1 Identify and describe the objectives, nature, elements and types of assurance engagements. Differentiate between assurance and attestation services		5	2	2	1		
	1.1.2 Identify and describe the nature, philosophy, and objectives of audit and differentiate among types of audit and auditors							
	1.1.3 Apply effective communication to stakeholders							
1.2	1.2.1 Describe the audit process. Identify and explain the procedures that comprise pre-engagement, audit planning, supervision and review.		5		2	2	1	
	1.2.2 Perform analytical procedures, calculate materiality and assess audit risks							
1.3	1.3.1 Identify industry, regulatory and other external factors, including the applicable financial reporting framework, affecting the business entity under audit, Code of Ethics for Certified Public Accountants in the Philippines and the Philippine Accountancy Law and its Implementing Rules and Regulations.		5		2	2	1	

afj

king

GHS

	1.3.2 Identify and describe the basic concepts and elements of internal control and assess and evaluate control risks 1.3.3 Identify and evaluate risks of material misstatements due to fraud and errors								
1.4	Explain the nature and significance of audit evidence and describe the different audit procedures and techniques in gathering evidential matters	4	1	1	2				
1.5	1.5.1 Identify the steps in preparing an audit report. 1.5.2 Explain the various review and evaluation procedures that are conducted in preparing the final audit report such as overall analytic review, identification of related party transactions, discovery of subsequent events, assessment of going concern assumption.	4	1	1	2				
1.6	1.6.1 Identify and describe the elements of an audit report resulting to an audit opinion 1.6.2 Differentiate between the unqualified and modified auditor's report 1.6.3 Identify matters that influence the auditor's opinion in a modified auditor's report	4		1	2	1			
1.7	1.7.1 Describe the approach in auditing a Computerized Information Systems (CIS) environment. 1.7.2 Identify and assess internal control in a CIS environment. 1.7.3 Describe computer assisted audit techniques	4		2	2				
1.8	Describe other assurance and non-assurance services such as special purpose audit engagements, audit of a component of financial statements, reports on compliance with contractual agreements, reports on	4		1	2	1			





6455 807

	summarized financial statements, examination of prospective financial information, engagements to review financial statements, perform agreed-upon procedures regarding financial information, and compilation of financial information								
20	Evidence Accumulation and Evaluation - Substantive Tests of Transactions and Balances	50%	35						
	2.1 Audit of the revenue and receipt cycle		7		1	4	1	1	
	2.1.1 Audit of sales and revenue transactions								
	2.1.2 Audit of receivable balances								
	2.1.3 Audit of cash receipt transactions / cash balance								
	2.2 Audit of expenditure and disbursement cycle		7		1	4	1	1	
	2.2.1 Audit of acquisitions and purchases								
	2.2.2 Audit of payroll transactions								
	2.2.3 Audit of cash disbursement transactions / cash balance								
	2.2.4 Audit of inventory balances								
	2.2.5 Audit of trade payable balances								
	2.2.6 Audit of prepaid expenses and accrued liabilities								
	2.3 Audit of production cycle		7		1	4	1	1	
	2.3.1 Audit of conversion activities								
	2.3.2 Audit of inventory balances: work-in-process and finished goods								
	2.3.3 Audit of cost of goods sold balance								
	2.4 Audit of the financing cycle		7		1	4	1	1	
	2.4.1 Audit of financing cycle transactions								
	2.4.2 Audit of non-trade liability balances								
	2.4.3 Audit of interest expense and finance cost balances								
	2.4.4 Audit of equity accounts								

[Handwritten signature]

[Handwritten signature]

645 85

**TABLE OF SPECIFICATIONS
TAXATION**

Topics and Outcomes		Weight (in Percent)	No of Items	Qualification Descriptors (L5 and L7)					
				Knowledge, Skills, Values (KSV) (30%)	Application (50%)	Degree of Independence (20%)			
The examinees must be able to:				Remembering	Understanding	Application	Analyzing	Evaluating	Creating
1.0 PRINCIPLES OF TAXATION									
1.1	Describe the nature, scope, classification, and essential characteristics	10	7	1	1	4		1	
1.2	Identify the principles of sound tax system								
1.3	Discuss the limitations on the power of taxation								
1.4	Differentiate tax evasion vs. tax avoidance								
1.5	Determine the situs/place of taxation								
1.6	Explain double taxation								
1.7	Discuss the legislation of tax laws								
1.8	Apply the impact of taxes in nation building								
1.9	Evaluate ethical tax compliance and administration								
1.10	Describe the organization of the Bureau of Internal Revenue, Bureau of Customs, Local Government Tax Collecting Units, Board of Investments, Philippine Economic Zone Authority								
2.0 TAX REMEDIES									
2.1	Evaluate the remedies of the government	12.5	9	1	2	5		1	
2.2	Apply the remedies of the taxpayer								
2.3	Explain the expanded jurisdiction of the Court of Tax Appeals								
3.0 INCOME TAXATION									
3.1	Identify the taxpayer and tax base	20	14	2	2	7	1	1	1
3.2	Compute gross income								
3.3	Analyze the deductions from gross income								
3.4	Determine accounting periods								
3.5	Apply the accounting methods								
3.6	Apply tax return preparation and filing and tax payments								
3.7	Analyze withholding taxes (at source, expanded or creditable withholding tax, final withholding taxes and withholding tax on government payments)								
3.8	Determine compliance requirements and procedures								
4.0 TRANSFER TAXES									
4.1	Describe, analyze and compute estate tax	15	10	1	2	5	1	1	










TABLE OF SPECIFICATIONS REGULATORY FRAMEWORK FOR BUSINESS TRANSACTIONS

(May 2016)

Topics and Outcomes	Weight (in Percent)	No. of Items	Qualification Descriptors (L6 and L7)						
			Knowledge, Skills, Values (KSU) (30%)			Degree of Independence (20%)			
			Remembering	Understanding	Application (50%)	Analyzing	Evaluating	Creating	
The examinees must be able to:									
1.0 LAW ON BUSINESS TRANSACTION									
1.1 OBLIGATIONS			15%	15		4	8	2	1
1.1.1 Describe the sources of obligations and their concepts									
1.1.2 Enumerate and explain the different kinds of obligations									
1.1.3 Identify the specific circumstances affecting obligations in general									
1.1.4 Explain the duties of obligor in obligation to do or not to do									
1.1.5 Enumerate and explain the GROUNDS for the extinguishment of obligations									
1.2 CONTRACTS			15%	15		5	7	2	1
1.2.1 Explain the concepts and classification									
1.2.1 Describe the elements and stages									
1.2.3 Differentiate freedom from contract and limitation									
1.2.4 Identify the persons bound									
1.2.5 Explain consent and its requisites									
1.2.6 Describe the object and cause of contracts									
1.2.7 Enumerate and explain the consideration of contracts									
1.2.8 Explain the formalities of contracts									
1.2.9 Explain reformation and interpretation of contracts									
1.2.10 Identify, explain and differentiate defective contracts									
1.3 SALES			10%	10		3	5	2	
1.3.1 Explain the nature, terms and requisites									
1.3.2 Distinguish earned money from option money									
1.3.3 Explain the rights/obligations of vendor and vendee									

Handwritten signature and initials:

Handwritten initials and signature:


1.3.4	Describe warranties in relation to consumer laws								
1.3.5	Explain installment sales, rights and remedies of parties								
2.0 LAW ON CREDIT TRANSACTIONS									
2.1 PLEDGE, REAL MORTGAGE AND CHATTEL MORTGAGE									
2.1.1	Explain the nature requisites	6%	6						
2.1.2	Describe the requirements to bind the parties and third persons								
2.1.3	Identify the obligations and rights of pledgor and pledgee								
2.1.4	Identify the obligations and rights of mortgagor and mortgagee (effect of pactum commissorium)								
2.1.5	Describe the modes of extinguishment								
3.0 NEGOTIABLE INSTRUMENTS									
3.1	Describe the negotiability of instruments	9%	9						
3.2	Explain abnormal negotiable instruments								
4.0 LAW ON BUSINESS ASSOCIATIONS									
4.1 PARTNERSHIP									
4.1.1	Distinguish the nature from corporation	15%	15						
4.1.2	Describe the elements and kinds								
4.1.3	Explain the formalities required								
4.1.4	Identify the rules of management								
4.1.5	Explain the distribution of profits and losses								
4.1.6	Explain the sharing of losses and liabilities								
4.1.7	Describe the modes and retirement requirements								
4.1.8	Identify limited partnership								
4.2 CORPORATIONS									
4.2.1	Describe the nature and classes of corporation	30%	30						
4.2.2	Describe the incorporation and organization of Private Corporation								
4.2.3	Enumerate the powers of a corporation								
4.2.4	Identify the Board of Directors/Corporate Officers								
4.2.5	Distinguish the classes of stocks								
4.2.6	Describe the powers, duties, rights and obligations of stockholders								
4.2.7	Distinguish majority and minority control								



 for GHS Br

4.2.8	Describe the By-Laws									
4.2.9	Explain the meetings									
4.2.10	Explain corporate reorganization									
4.2.11	Describe non-stock corporation									
4.2.12	Explain the modes of dissolution and liquidation									
4.2.13	Identify foreign corporations									
4.2.14	Describe the kinds and availability of corporate books									
TOTAL		100	100	0	30	30	50	17	3	0








TABLE OF SPECIFICATIONS REGULATORY FRAMEWORK FOR BUSINESS TRANSACTIONS

(October 2017)

Topics and Outcomes	Weight (in Percent)	No. of Items	Qualification Descriptors (L6 and L7)					
			Knowledge, Skills, Values (KSV) (30%)			Degree of Independence (20%)		
			Remembering	Understanding	Application (50%)	Analyzing	Evaluating	Creating
The examinees must be able to:								
1.0 LAW ON BUSINESS TRANSACTIONS								
1.1 OBLIGATIONS	10%	10		3	5	1	1	
1.1.1 Explain the nature, forms and requisites								
1.1.2 Distinguish earnest money from option money								
1.1.3 Explain the rights/obligations of vendor and vendee								
1.1.4 Describe warranties in relation to consumer laws								
1.1.5 Explain installment sales, rights and remedies of parties								
1.2 CONTRACT	10%	10		3	5	1	1	
1.2.1 Explain the concepts and classification								
1.2.2 Describe the elements and stages								
1.2.3 Differentiate freedom from contract and limitation								
1.2.4 Identify the persons bound								
1.2.5 Explain consent and its requisites								
1.2.6 Describe the object and cause of contracts								
1.2.7 Enumerate and explain the consideration of contracts								
1.2.8 Explain the formalities of contracts								
1.2.9 Explain reformation and interpretation of contracts								
1.2.10 Identify, explain and differentiate defective contracts								
1.3 SALES	7%	7		2	3	2		
1.3.1 Explain the nature, forms and requisites								
1.3.2 Distinguish earnest money from option money								
1.3.3 Explain the rights/obligations of vendor and vendee								
1.3.4 Describe warranties in relation to consumer laws								
1.3.5 Explain installment sales, rights and remedies of parties								

0

Dr. J. C. S. S.

Dr. J. C. S. S.

Dr. J. C. S. S.

2.0 LAW ON CREDIT TRANSACTIONS									
2.1 PLEDGE, REAL MORTGAGE AND CHATTEL MORTGAGE									
2.1.1	Explain the nature of pledges	3%	3				2	1	
2.1.2	Describe the requirements to bind the parties and third persons								
2.1.3	Identify the obligations and rights of pledgor and pledgee								
2.1.4	Identify the obligations and rights of mortgagor and mortgagee (effect of pactum commissorium)								
2.1.5	Describe the modes of extinguishment								
2.2 INSOLVENCY LAW									
2.2.1	Describe of insolvency	5%	5			2	2	1	
2.2.2	Describe suspension of payments								
2.2.3	Describe and explain voluntary insolvency								
2.3 CORPORATE REHABILITATION									
2.3.1	Describe and Define terms	5%	5			2	2	1	
2.3.2	Identify the grounds for stay order								
2.3.3	Describe the duties of the receiver								
2.3.4	Describe the contents of the Rehabilitation Plan								
2.3.5	Describe the contents of Petition and other types of Rehabilitations								
3.0 NEGOTIABLE INSTRUMENTS AND BOUNCING CHECKS LAW									
3.1 NEGOTIABLE INSTRUMENTS									
3.1.1	Describe the negotiability of instruments	4%	4			1	2	1	
3.1.2	Explain abnormal negotiable instruments								
3.2 BOUNCING CHECKS									
3.2.1	Describe checks without sufficient funds	3%	3				2	1	
3.2.2	Identify the Evidence of knowledge of insufficient funds								
3.2.4	Explain Credit Construct								
4.0 LAW ON BUSINESS ASSOCIATIONS									
4.1 PARTNERSHIP									
		10%	10			3	5	2	
4.1.1	Distinguish the nature from corporation								
4.1.2	Describe the elements and kinds								
4.1.3	Explain the formalities required								
4.1.4	Identify the rules of management								

Handwritten signature and initials: "C" and "6445 407"

CPA Licensure Examination Syllabus Financial Accounting and Reporting

Effective May 2016 Examination

This subject covers the candidates' ability to demonstrate understanding and application of accounting principles and standards relating to: nature and composition of accounts; initial recognition; measurement and valuation, subsequent events and transactions; subsequent measurement and recognition of losses due to impairment and other causes; related party transactions, financial statement presentation and disclosures.

The candidates must have a working knowledge in the application of the various financial accounting and reporting standards relating to the above.

The candidates must also be able to communicate effectively matters pertaining to the financial accounting work that will be handled.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

Only new standards and other issuances shall be included in the examinations if these are in effect for at least six (6) months at the date of the examination.

The examination shall have seventy (70) multiple choice questions.

The syllabus for the subject is presented below.

1.0 Development of Financial Reporting Framework and Standard-Setting Bodies, Regulation of the Accountancy Profession

2.0 Accounting Process

- 2.1 Adjusting Entries
- 2.2 Accounting Cycle

3.0 Conceptual Framework

- 3.1 Basic Objectives of Financial Statements
- 3.2 Qualitative Characteristics of Financial Statements
- 3.3 Elements of Financial Statements
- 3.4 Financial Capital and Physical Capital

4.0 Presentation of Financial Statements (IAS 1, IAS 8, IAS 10, IAS 7, IFRS 5, IAS 33, IAS 18 / IFRS 15)

- 4.1 Statement of Financial Position
- 4.2 Statement of Comprehensive Income
- 4.3 Statement of Cash Flows
- 4.4 Statement of Changes in Equity
- 4.5 Notes to the Financial Statements

5.0 Assets

- 5.1 Financial Assets (IAS 7, IAS 32 & IAS 39 / IFRS 9, IFRS 7, IAS 28)
 - 5.1.1 Cash & Cash Equivalents
 - 5.1.2 Loans and Receivables (Financial Assets at Amortized Cost)
 - 5.1.3 Investments in Debt Instruments
 - 5.1.3.1 Financial Assets at Fair Value through Profit or Loss (Except Derivatives)
 - 5.1.3.2 Financial Assets at Fair Value through Other Comprehensive Income
 - 5.1.3.3 Financial Assets at Amortized Cost
 - 5.1.4 Investments in Associates (equity method of accounting)

- 5.1.5 Basic Derivatives (excluding Hedge Accounting)
 - 5.1.5.1 Forwards
 - 5.1.5.2 Futures
 - 5.1.5.3 Interest Rate Swap
 - 5.1.5.4 Call and Put Options
- 5.2 Non-Financial Assets (IAS 16, IAS 38, IAS 40, IAS 23, IAS 41, IAS 20, IAS 36, IAS 38, IFRS 5, IFRS 6)
 - 5.2.1 Inventories
 - 5.2.1.1 Cost, Lower of cost or Net realizable value
 - 5.2.1.2 Estimating procedures
 - 5.2.2 Property, Plant and Equipment
 - 5.2.2.1 Nature
 - 5.2.2.2 Recognition principle
 - 5.2.2.3 Initial recognition basis
 - 5.2.2.4 Depreciation methods
 - 5.2.2.5 Impairment
 - 5.2.3 Investment Property
 - 5.2.3.1 Nature and measurement principle
 - 5.2.4 Intangibles
 - 5.2.4.1 Nature and recognition principle
 - 5.2.4.2 Research and development expenditures
 - 5.2.4.3 Subsequent expenditures
 - 5.2.4.4 Amortization
 - 5.2.5 Biological Assets
 - 5.2.5.1 Nature and recognition principle
 - 5.2.5.2 After initial recognition
 - 5.2.6 Non-Current Assets Held For Sale
 - 5.2.6.1 Classification criteria
 - 5.2.6.2 Initial and subsequent measurement principles

6.0 Liabilities (IFRIC 1, IAS 32, IAS 39/ IFRS 9, IFRS 7, IAS 37)

- 6.1 Financial Liabilities
 - 6.1.1 Accounts Payable and Other Trade Payables
 - 6.1.1.1 Initial recognition
 - 6.1.1.2 Subsequent measurement
 - 6.1.2 Debt Restructuring
 - 6.1.2.1 Nature and forms
 - 6.1.2.2 Principles of derecognition
- 6.2 Non-Financial Liabilities
 - 6.2.1 Premiums and warranties
 - 6.2.2 Unearned revenues for gift certificates and subscriptions
- 6.3 Provisions and Contingencies
 - 6.3.1 Recognition and measurement criteria

7.0 Equity

- 7.1 Share Capital Transactions (IAS 32, IFRS 7)
 - 7.1.1 Share Capital (nature, recognition, and measurement)
 - 7.1.2 Issuance and retirement of preference and ordinary shares
 - 7.1.3 Share split, treasury shares and other equity transactions
 - 7.1.4 Recapitalization and quasi-reorganization
- 7.2 Dividends (IFRIC 17)
- 7.3 Retained Earnings
- 7.4 Other Comprehensive Income
- 7.5 Book Value per share and Earnings per Share
- 7.6 Share-based payments (IFRS 2)

8.0 Other Topics

- 8.1 Borrowing Costs (IAS 23)

- 8.1.1 Nature
 - 8.1.2 Criteria for capitalizing borrowing costs
 - 8.2 Leases (IAS 17)
 - 8.2.1 Operating lease
 - 8.2.2 Finance lease
 - 8.3 Income Tax (IAS 12)
 - 8.3.1 Accounting profit
 - 8.3.2 Taxable profit
 - 8.4 Employee Benefits (IAS 19)
 - 8.4.1 Defined benefit plan
 - 8.4.2 Defined benefit liability (asset)
- 9.0 Interim Reporting (IAS 34)
 - 9.1 Purpose
 - 9.2 Principles for Recognition
- 10.0 IFRS for Small and Medium Sized Entities and Effective Communication to Stakeholders
 - 10.1 Reporting requirements
 - 10.2 Peculiarities
 - 10.3 Principles for reporting investments in equity and debt securities
 - 10.4 Effective Communication to Stakeholders
- 11.0 Cash to Accrual
 - 11.1 Purpose
 - 11.2 Single-entry computation of profit
 - 11.3 Reconciling profit using the transaction approach
 - 11.4 Convert cash basis revenues and expenses to accrual basis revenues and expenses

Justine

6/5/20

ti

M

THE CPA LICENSURE EXAMINATION SYLLABUS

ADVANCED FINANCIAL ACCOUNTING AND REPORTING

Effective May 2016 Examination

This subject covers the candidates' knowledge of the concepts and principles in advanced financial accounting and reporting and the application of these accounting concepts including techniques and methodology to problems likely to be encountered in practice. Candidates should know and understand problems involving accounting of special transactions and their effects and presentation in the financial statements including among others: accounting for partnerships, corporate liquidation, joint arrangements, revenue recognition, home office and branch/ principal and agency transactions, business combinations and consolidations, foreign currency transactions and translations, not for-profit organizations, including government accounting and cost accounting and treatment and presentation of consolidated financial statements. Also, a working knowledge of the standards related to these special topics is expected of the candidates.

The candidates must also be able to communicate effectively matters pertaining to these special accounting topics and the related work that will be handled.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

Only new standards and other issuances shall be included in the examinations if these are in effect for at least six (6) months at the date of the examination.

The examination shall have seventy (70) multiple choice questions.

The syllabus for the subject is presented below.

1.0 Partnership Accounting

- 1.1 Formation
- 1.2 Operations
- 1.3 Dissolution / changes in ownership interest
 - 1.3.1 Admission of a new partner
 - 1.3.1.1 By purchase of interest
 - 1.3.1.2 By investment
 - 1.3.1.3 Withdrawal, retirement or death of a partner
 - 1.3.1.4 Incorporation of a partnership
- 1.4 Liquidation
 - 1.4.1 Lump – sum method
 - 1.4.2 Installment method

2.0 Corporate Liquidation

- 2.1 Statement of Affairs
- 2.2 Deficiency Statement
- 2.3 Statement of realization and Liquidation

3.0 Joint Arrangements (PFRS 11)

- 3.1 Joint Operations
- 3.2 Joint Venture (Equity method)
- 3.3 Accounting for SME

4.0 Revenue Recognition

- 4.1 Installment Sales
 - 4.1.1 Recognition of gross profit – regular sales versus installment sales
 - 4.1.2 Default and Repossession and Trade – in merchandise;

- 4.1.3 IAS 18 / PFRS 15
- 4.1.4 Financial Statement Presentation
- 4.2 Long-term Construction Contracts – IAS 11 / PFRS 15
 - 4.2.1 Journal entries and determination of revenue, costs and gross profit
 - 4.2.1.1 Percentage of completion
 - 4.2.1.1.1 The proportion that contract costs incurred for work performed to date bear to the estimated total contract costs;
 - 4.2.1.1.2 Surveys of work performed; or
 - 4.2.1.1.3 Completion of a physical proportion of the contract work
 - 4.2.1.2 Cost Recovery Method
 - 4.2.2 Computation of gross amount due from / to customers
 - 4.2.3 Financial Statement Presentation
 - 4.2.4 Accounting for SME
- 4.3 Franchise Operations – Franchisor's point of view - IAS 18 / IFRS 15
 - 4.3.1 Journal entries and determination of revenue, costs and gross profit
 - 4.3.1.1 Initial Franchise Fee (use of accrual method, installment sales method and cost recovery method)
 - 4.3.1.2 Continuing Franchise Fee, Bargain Purchase (Option), and Commingled Revenue
 - 4.3.1.3 Repossessed Franchise
 - 4.3.1.4 Option to Purchase the Franchise Outlet
 - 4.3.2 Financial Statement Presentation
 - 4.3.3 Accounting for SME
- 4.4 Consignment Sales - IFRS 15

5.0 Accounting for Home Office, Branch and Agency Transactions

- 5.1 Transactions on the books of the home office and the branch
- 5.2 Reconciliation of reciprocal accounts
- 5.3 Preparation of individual and combined financial statements
- 5.4 Special procedures in home office and branch transactions (inter-branch transfer of cash and merchandise at cost or at billed price)
- 5.5 Accounting for Agency transactions

6.0 Accounting for Business Combination (PFRS 3)

- 6.1 Acquisition of assets and liabilities (acquisition method)
 - 6.1.1 Determination of Consideration Transferred
 - 6.1.2 Recognition of Acquired Assets and Liabilities
 - 6.1.3 Recognition and Measurement of Goodwill and Gain from a Bargain Purchase
 - 6.1.4 Journal Entries
- 6.2 Financial Statement Presentation
- 6.3 Accounting for SME

7.0 Separate Financial Statement (PAS 27)

- 7.1 Accounting for Investment in Subsidiary
 - 7.1.1 Cost
 - 7.1.2 In accordance with PAS 39/PFRS 9 (effective January 1, 2018)
 - 7.1.3 Equity method
- 7.2 Accounting for SME

8.0 Consolidated Financial Statements (PFRS 10)

- 8.1 Consolidated Financial Statement in Subsidiary

- 8.1.1 Date of acquisition
- 8.1.2 Subsequent to date of acquisition (At cost, in accordance with PAS 39, and equity method)
 - 8.1.2.1 Net income, dividends, amortization and impairment of goodwill
 - 8.1.2.2 With intercompany transactions (inventories, land and depreciable assets)
- 8.1.3 Determination of:
 - 8.1.3.1 Net income
 - 8.1.3.1.1 Attribution 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 Total Comprehensive Income
 - 8.1.3.2.1 Attributable to Equity Holders of Parent/ Controlling or Parent's interest
 - 8.1.3.2.2 Non – controlling interest
 - 8.1.3.2.3 Consolidated/ Group
 - 8.1.3.3 Equity
 - 8.1.3.3.1 Attributable to Equity Holders of Parent/ Controlling or Parent's interest
 - 8.1.3.3.2 Non – controlling interest
 - 8.1.3.3.3 Consolidated / Group
 - 8.1.3.4 Retained Earnings/ Capital stock / Dividends
 - 8.1.3.4.1 Attributable to Equity Holders of Parent /Controlling or Parent's interest / Consolidated / Group

8.2 Accounting for SME

9.0 Foreign Currency Transactions

- 9.1 Without hedging activities (import, export, lending, and borrowing transactions)
- 9.2 Hedging Activities: Hedging Foreign Currency Exposures
 - 9.2.1 Foreign Currency Forward Contracts
 - 9.2.1.1 Hedges where hedge accounting is Not Required (Undesignated Hedges)
 - 9.2.1.1.1 Exposed Asset (Import) or Liability (Export) Position
 - 9.2.1.1.2 Speculation
 - 9.2.1.2 Hedge that requires a Hedge Accounting:
 - 9.2.1.2.1 Fair value hedge
 - 9.2.1.2.1.1 Hedge of a Firm Commitment (Purchase or Sale Transaction)
 - 9.2.1.2.2 Cash flow hedge
 - 9.2.1.2.2.1 Hedge of a Firm Commitment (Purchase or Sale Transaction)
 - 9.2.1.2.2.2 Hedge of a Forecasted transaction (Purchase or Sale Transaction)
 - 9.2.1.2.3 Hedge of a net investment in foreign entity

9.3 Accounting for SME

10.0 Translation of Foreign Currency Financial Statements (PAS 21/PAS 29)

- 10.1 Translation from the Functional Currency to the presentation Currency (Closing/ Current Rate Method)
- 10.2 Remeasurement from a Foreign Currency to the Functional Currency (Temporal Method)
- 10.3 Restatement of financial statements (Functional currency is the currency of a hyperinflationary economy)

11.0 Not – for – profit organizations

- 11.1 Voluntary health and welfare organizations (VHWO)
- 11.2 Hospitals and other health care organizations
- 11.3 Colleges and Universities
- 11.4 Other not – for – profit organizations such as churches, museums, fraternity association, etc.

12.0 Government Accounting – General Fund

- 12.1 Basic Concepts in Government Accounting
- 12.2 Budget Process
- 12.3 Journal Entries – Books of National Government Agency

13.0 Other special Topics (Basic knowledge)

- 13.1 Accounting for insurance contracts by insurers (PFRS 4)
- 13.2 Accounting for build, operate & transfer (IFRIC 12)
- 13.3 Effective communications to stakeholders

14.0 Cost Accounting

- 14.1 System of cost Accumulation or Costing System
 - 14.1.1 Comparison between Actual Costing, Normal Costing and Standard Costing
- 14.2 Job – order costing system
 - 14.2.1 Cost accumulation procedures – materials, labor and overhead
 - 14.2.2 Journal entries
 - 14.2.3 Preparation of statement of goods manufactured and sold
 - 14.2.4 Accounting for scrap, waste, spoilage and rework
- 14.3 Process costing system
 - 14.3.1 Cost accumulation procedures – materials, labor and overhead
 - 14.3.2 Journal entries
 - 14.3.3 Preparation of cost of production report
 - 14.3.3.1 First – in, first –out (FIFO) method
 - 14.3.3.2 Average method
 - 14.3.4 Accounting for lost units
 - 14.3.4.1 Normal lost units
 - 14.3.4.2 Abnormal lost unit
- 14.4 Backflush costing system (JIT system)
 - 14.4.1 Cost Accumulation procedures – materials, labor and overhead
 - 14.4.2 Journal entries
- 14.5 Service Cost Allocation
 - 14.5.1 Direct method
 - 14.5.2 Step – down
 - 14.5.3 Reciprocal method
- 14.6 Activity – based costing system (ABC costing)
 - 14.6.1 Allocation of costs: Traditional Costing versus ABC Costing
 - 14.6.2 Determination of Total Product Costs: Traditional Costing versus ABC costing
- 14.7 Accounting for joint and by – products
 - 14.7.1 Methods of allocating joint cost to products
 - 14.7.1.1 Market (sales) value method:
 - 14.7.1.1.1 Market value at split – off point approach
 - 14.7.1.1.2 Hypothetical Market Value Approach or Approximated Net Realizable Value Approach or Net Realizable Value Method
 - 14.7.1.1.3 Average unit (production output) method
 - 14.7.1.1.4 Weight average method
 - 14.7.1.2 Methods of allocating Joint Cost to By – products
 - 14.7.1.2.1 No joint cost allocated to by – product
 - 14.7.1.2.2 With joint costs allocated to by – product
 - 14.7.1.3 Treatment of by - products
- 14.8 Standard Costing (two-way variance excluding mix and yield variances)
 - 14.8.1 Computation of Variances
 - 14.8.2 Journal Entries and reporting

THE CPA LICENSURE EXAMINATION SYLLABUS MANAGEMENT ADVISORY SERVICES

Effective May 2016 Examination

The subject covers the candidates' knowledge of the concepts, techniques and methodology applicable to management accounting, financial management and management consultancy. Candidates should know and understand the role of information in accounting, finance and economics in management consultancy and in management processes of planning, controlling and decision-making.

The candidates must have a working knowledge to comply with the various management accounting and consultancy engagements.

The candidates must also be able to communicate effectively matters pertaining to the management accounting and consultancy work that will be handled.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

The examination shall have seventy (70) multiple choice questions.

The syllabus for the subject is presented below.

1.0 Management Accounting

1.1 Objectives, role and scope of management accounting

- 1.1.1 Basic management functions and concepts
- 1.1.2 Distinction among management accounting, cost accounting and financial accounting
- 1.1.3 Role and activities of controller and treasurer
- 1.1.4 International certifications in management accounting

1.2 Management Accounting Concepts & Techniques for Planning & Control

- 1.2.1 Cost terms, concepts and behavior
 - 1.2.1.1 Nature and classification of costs
 - 1.2.1.2 Analysis of cost behavior (variable, fixed, semi-variable/mixed, step-cost)
 - 1.2.1.3 Splitting mixed cost (high-low, scatter graph, least-squares regressions)
- 1.2.2 Cost-volume-profit (CVP) analysis
 - 1.2.2.1 Uses, assumptions and limitations of CVP analysis
 - 1.2.2.2 Factors affecting profit
 - 1.2.2.3 Breakeven point in unit sales and peso sales
 - 1.2.2.4 Required selling price, unit sales and peso sales to achieve a target profit
 - 1.2.2.5 Sensitivity analysis (including indifference point in unit sales and peso sales)
 - 1.2.2.6 Use of sales mix in multi-product companies
 - 1.2.2.7 Concepts of margin of safety and degree of operating leverage
- 1.2.3 Standard costing and variance analysis
 - 1.2.3.1 Direct material variance (quantity, price usage, purchase price, mix and yield)
 - 1.2.3.2 Direct labor variance (efficiency, rate, mix and yield)
 - 1.2.3.2 Factory overhead variance – two-way method (controllable and volume); three-way method (spending, variable efficiency and volume); four-way method (variable spending, fixed spending, variable efficiency and volume)
- 1.2.4 Variable costing and absorption costing
 - 1.2.4.1 Nature and treatment of fixed factory overhead costs
 - 1.2.4.2 Distinction between product cost and period cost
 - 1.2.4.3 Inventory costs between variable costing and absorption costing

- 1.2.4.4 Reconciliation of operating income under variable costing and absorption costing
- 1.2.5 Financial planning and budgets
 - 1.2.5.1 Definition and coverage of the budgeting process
 - 1.2.5.2 Master budget and its components (operating and financial budgets)
 - 1.2.5.3 Types of budgets (static, flexible, zero-based, continuous)
 - 1.2.5.4 Budget variance analysis (static and flexible)
- 1.2.6 Activity-based costing (ABC) and activity-based management (ABM)
 - 1.2.6.1 Activity levels (unit-level, batch-level, product-level and facility-level), cost pools and activity drivers
 - 1.2.6.2 Determination of cost pool rates and application of overhead costs
 - 1.2.6.3 Traditional costing vs. activity-based costing
 - 1.2.6.4 Process value analysis (value-added activities and non-value-added activities)
- 1.2.7 Strategic cost management
 - 1.2.7.1 Total quality management
 - 1.2.7.2 Just-in-time production system
 - 1.2.7.3 Continuous improvement
 - 1.2.7.4 Business Process Reengineering
 - 1.2.7.5 Kaizen costing
 - 1.2.7.6 Product life cycle costing
 - 1.2.7.7 Target costing
- 1.3 Management Accounting Concepts & Techniques for Performance Measurement
 - 1.3.1 Responsibility accounting and transfer pricing
 - 1.3.1.1 Type of responsibility centers (cost, revenue, profit and investment centers)
 - 1.3.1.2 Concepts of decentralization and segment reporting
 - 1.3.1.3 Controllable and non-controllable costs, direct and common costs
 - 1.3.1.4 Performance margin (manager vs. segment performance)
 - 1.3.1.5 Preparation of 'segmented' income statement
 - 1.3.1.6 Return on investment (RoI), residual income and economic value added (EVA)
 - 1.3.1.7 Rational and need for transfer price
 - 1.3.1.8 Transfer pricing schemes (minimum transfer price, market-based transfer price, cost-based transfer price and negotiated price)
 - 1.3.2 Balanced scorecard
 - 1.3.2.1 Nature and perspectives of balanced scorecard
 - 1.3.2.2 Financial and non-financial performance measures
- 1.4 Management Accounting Concepts & Techniques for Decision Making
 - 1.4.1 Quantitative techniques
 - 1.4.1.1 Regression and correlation analysis
 - 1.4.1.2 Gantt chart
 - 1.4.1.3 Program evaluation review technique (PERT) – Critical Path Method (CPM)
 - 1.4.1.4 Probability analysis (expected value concept)
 - 1.4.1.5 Decision tree diagram
 - 1.4.1.6 Learning curve
 - 1.4.1.7 Inventory models (carrying and ordering costs, EOQ model, safety stock, reorder point)
 - 1.4.1.8 Linear programming (graphic method; algebraic method)
 - 1.4.2 Relevant costing and differential analysis
 - 1.4.2.1 Definition and identification of relevant costs
 - 1.4.2.2 Concept of opportunity costs
 - 1.4.2.3 Approaches in analyzing alternatives in non-routing decisions (total and differential)
 - 1.4.2.4 Types of decisions (make or buy, accept or reject special order, continue or drop/shutdown, sell or process further, best product combination, pricing decisions)

2.0 Financial Management

2.1 Objectives and Scope of Financial Management

- 2.1.1 Nature, purpose and scope of financial management
- 2.1.2 Role of financial managers in investment, operating and financing decisions

2.2 Financial Management Concepts & Techniques for Planning, Control & Decision Making

- 2.2.1 Financial statement analysis
 - 2.2.1.1 Vertical analysis (common-size financial statements)
 - 2.2.1.2 Horizontal analysis (trend percentages and index analysis)
 - 2.2.1.3 Cash flow analysis (interpretation of cash flows including free cash flow concept)
 - 2.2.1.4 Gross profit variance analysis (price, cost and volume factors)
 - 2.2.1.5 Financial ratios (liquidity, solvency, activity, profitability, growth and other ratios; Du Pont model)
 - 2.2.1.6 Financial forecasting using additional funds needed (AFN)
- 2.2.2 Working capital finance
 - 2.2.2.1 Concepts and significance of working capital management
 - 2.2.2.2 Working capital investment and financing policies (conservative vs. aggressive)
 - 2.2.2.3 Cash and marketable securities management (cash conversion cycle, optimal cash balance, collection and disbursement float, cash management system)
 - 2.2.2.4 Receivables management (average balance of and investment in accounts receivable, incremental analysis and evaluation of discount, collection and credit policies)
 - 2.2.2.5 Inventory management (carrying, ordering and stock-out costs, inventory control system including EOQ model, safety stock, reorder point)
 - 2.2.2.6 Sources of short-term funds (trade credit, bank loans, commercial papers, receivable factoring)
 - 2.2.2.7 Estimating cost of short-term funds (annual cost of trade credit, effective and nominal annual rate of short-term funds)
- 2.2.3 Capital budgeting
 - 2.2.3.1 Capital investment decision factors (net investment for decision making, cost of capital, cash and accrual net returns)
 - 2.2.3.2 Non-discounted capital budgeting techniques (payback period, accounting rate of return on original and average investment, bail-out payback and payback reciprocal)
 - 2.2.3.3 Discounted capital budgeting techniques (net present value, internal rate of return, profitability index, equivalent annual annuity, fisher rate/NPV point of indifference)
 - 2.2.3.4 Project screening, project ranking and capital rationing (independent and mutually exclusive capital investment projects)
 - 2.2.3.5 Sensitivity analysis (effects of changes in project cash flow, tax rates and other assumptions)
- 2.2.4 Risks and rates of returns
 - 2.2.4.1 Types of risks (business/operating, financing)
 - 2.2.4.2 Measures of risks (coefficient of variation and standard deviation)
 - 2.2.4.3 Degree of operating, financial and total leverage
- 2.2.5 Capital structure and long-term financing decision
 - 2.2.5.1 Basic concepts and tools of capital structure management
 - 2.2.5.2 Sources of intermediate and long-term financing (including hybrid financing)
 - 2.2.5.3 Cost of capital (cost of long-term debt, cost of preferred shares, cost of equity, weighted average cost of capital, marginal cost of capital)

3.0 Management Consultancy and Effective Communications to Stakeholders

3.1 Management Consultancy Practice by Certified Public Accounting (CPAs)

- 3.1.1 Nature of management consultancy engagements
- 3.1.2 Professional attributes of management consultants
- 3.1.3 Areas, stages and management of management consultancy engagements

3.2. Project Feasibility Studies

- 3.2.1 Nature, purpose and components (economic/marketing, technical and financial)
- 3.2.2 Analysis of project revenue and costs under specific assumptions
- 3.2.3 Preparation of projected financial statements
- 3.2.4 Analysis of financial projections
- 3.2.5 Apply Effective Communications to Stakeholders

4.0 Economic Concepts essential to obtaining an understanding of entity's business and industry

- 4.1 **Macroeconomics** (national economic issues and measures of economic performance such as GDP; unemployment and inflation; fiscal and monetary policies; international trade and foreign exchange rates)
- 4.2 **Microeconomics** (concept of and factors affecting supply; concept of and factors affecting demand; market equilibrium; price elasticity of demand; market structure; production and cost functions)

6/5/8 8/4/8

THE CPA LICENSURE EXAMINATION SYLLABUS

AUDITING

Effective May 2016 Examination

This subject covers the candidates' knowledge of the principles and concepts of auditing and the practical application of these principles and concepts. There shall be two parts of this subject: Auditing Theory and Auditing Problems.

AUDITING THEORY

This part covers the candidates' conceptual knowledge and understanding of assurance and related services performed by professional accountants. Candidates should know and understand the nature of assurance and related services particularly independent audits of financial statements, the responsibilities of professional accountants; the audit process; audit objectives, evidence, procedures, auditing standards, and the elements of the independent auditors' report. In all the areas included, the candidate shall apply the Philippine Standards on Auditing (PSA) and other regulatory laws and regulations in effect at the time of examination.

AUDITING PROBLEM

This part covers the candidate's proficiency in applying audit standards, techniques, and procedures to a typical independent audit of a medium-sized service, trading or manufacturing concern. Candidate shall be able to plan and perform an audit, analyze data for possible errors and irregularities, formulate adjusting entries, resolve audit issues, prepare audit working papers and complete the audit including the preparation of the audit report. In all the areas included, the candidate shall apply the Philippine Standards on Auditing (PSA) and other regulatory laws and regulations in effect at the time of examination.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

The candidates must also be able to communicate effectively matters pertaining to the audit work that will be handled.

Only new standards, interpretations and other issuances shall be included in the examinations if these are in effect for at least six (6) months at the date of the examination.

The examination shall have seventy (70) multiple choice questions.

AUDITING THEORY

1.0 Fundamentals of Auditing and Assurance Services

1.1 Introduction to assurance engagements

1.1.1 Nature, objective and elements

1.1.2 Types of assurance engagements (audits, reviews, other assurance engagements)

1.1.3 Assurance service vis-a-vis attestation services

1.2 Introduction to auditing

1.2.1 Nature, philosophy, and objectives

1.2.2 Types of audit

1.2.2.1 According to nature of assertion/data (financial statements audit, operational audit, compliance audit)

1.2.2.2 According to types of auditor (external independent financial statements audit, internal audit, government audit)

1.2.2.3 Philippine Accountancy Law and its Implementing Rules and Regulations

1.2.2.4 Code of Ethics for Professional Accountants in the Philippines

1.2.2.5 Effective communications to stakeholders

2.0 The Financial Statements Audit - Client Acceptance, Audit Planning, Supervision and Monitoring

2.1 Overview of the audit process

2.2 Pre-engagement procedures

- 2.3 Scope and purposes of audit planning
 - 2.3.1 Essential planning requirements
 - 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 Direction, supervision and review
- 3.0 Understanding the Entity and its Environment Including its Internal Control and Assessing the Risks of Material Misstatement
 - 3.1 Industry, regulatory and other external factors, including the applicable financial reporting framework
 - 3.1.1 Nature of the entity
 - 3.1.2 Objectives and strategies and related business risks
 - 3.1.3 Measurement and review of the entity's financial performance
 - 3.2 Internal control
 - 3.2.1 Basic concepts and elements of internal control
 - 3.2.2 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 of controls
 - 3.2.2.2.2 Documentation
 - 3.3 Assessing the risks of material misstatement
 - 3.3.1 Fraud and errors
 - 3.3.2 Risk 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 Communicating with those charged with governance and management
- 4.0 Audit Objectives, Procedures, Evidences and Documentation
 - 4.1 Nature and significance
 - 4.2 Evidential matters
 - 4.3 Audit procedures/techniques
 - 4.4 Audit working papers
- 5.0 Completing the Audit/ Post-Audit Responsibilities
 - 5.1 Completing the audit and audit report preparation
 - 5.1.1 Analytical procedures for overall review
 - 5.1.2 Related party transactions
 - 5.1.3 Subsequent events review
 - 5.1.4 Assessment of going concern assumption
 - 5.1.5 Obtaining client's representation letter
 - 5.1.6 Evaluating findings, formulating an opinion and drafting the audit report
 - 5.2 Post-audit responsibilities
 - 5.2.1 Subsequent discovery of facts
 - 5.2.2 Subsequent discovery of omitted procedures
- 6.0 Reports on Audited Financial Statements
 - 6.1 The unqualified auditor's report
 - 6.2 Basic elements of the unqualified auditor's report
 - 6.3 Modified auditor's report
 - 6.3.1 Matters that do not affect the auditor's opinion
 - 6.3.2 Matters that do affect the auditor's opinion
 - 6.4 Report on comparatives
- 7.0 Auditing in a Computerized Information Systems (CIS) Environment

- 7.1 Internal control in a CIS environment
 - 7.1.1 Introduction
 - 7.1.2 Impact of computers on accounting and internal control systems
 - 7.1.2.1 General controls
 - 7.1.2.2 Application controls
 - 7.1.3 Unique characteristics of specific CIS
 - 7.1.3.1 Stand alone
 - 7.1.3.2 On-line
 - 7.1.3.3 Database system
- 7.2 Basic approach to the audit of CIS environment
 - 7.2.1 Introduction
 - 7.2.2 Effects of computers on the audit process
 - 7.2.3 Computer assisted audit techniques

8.0 Other Assurance and Non-assurance Services

- 8.1 Procedures and reports on special purpose audit engagements
 - 8.1.1 General considerations
 - 8.1.2 Audit of financial statements prepared in accordance with a comprehensive basis of accounting other than GAAP in the Philippines
 - 8.1.3 Audit of a component of financial statements
 - 8.1.4 Reports on compliance with contractual agreements
 - 8.1.5 Reports on summarized financial statements
- 8.2 Non audit engagements: procedures and reports
 - 8.2.1 Examination of prospective financial information
 - 8.2.2 Engagements to review financial statements
- 8.3 Non assurance engagements
 - 8.3.1 Engagements to perform agreed-upon procedures regarding financial information
 - 8.3.2 Engagements to compile financial information

AUDITING PROBLEM

1.0 Evidence Accumulation and Evaluation – Substantive Tests of Transactions and Balances

- 1.1 Audit of the revenue and receipt cycle
 - 1.1.1 Audit of sales and revenue transactions
 - 1.1.2 Audit of receivable balances
 - 1.1.3 Audit of cash receipt transactions / cash balance
- 1.2 Audit of expenditure and disbursement cycle
 - 1.2.1 Audit of acquisitions and purchases
 - 1.2.2 Audit of payroll transactions
 - 1.2.3 Audit of cash disbursement transactions / cash balance
 - 1.2.4 Audit of inventory balances
 - 1.2.5 Audit of trade payable balances
 - 1.2.6 Audit of prepaid expenses and accrued liabilities
- 1.3 Audit of production cycle
 - 1.3.1 Audit of conversion activities
 - 1.3.2 Audit of inventory balances: work-in-process and finished goods
 - 1.3.3 Audit of cost of goods sold balance
- 1.4 Audit of the financing cycle
 - 1.4.1 Audit of financing cycle transactions
 - 1.4.2 Audit of non-trade liability balances
 - 1.4.3 Audit of interest expense and finance cost balances
 - 1.4.4 Audit of equity accounts
- 1.5 Audit of investing cycle
 - 1.5.1 Audit of investing transactions

- 1.5.2 Audit of investment account balances
- 1.5.3 Audit of property, plant and equipment account balances
- 1.5.4 Audit of intangible account balances

1.6 Audit of cash balances

Input

xi

Julian

W

655 84

THE CPA LICENSURE EXAMINATION SYLLABUS

TAXATION

Effective May 2016 Examination

This subject covers the candidates' knowledge of the principles and concepts of taxation and the practical application of these principles and concepts. Candidates are expected to know the National Internal Revenue Code (NIRC) provisions on income tax, business taxes (value-added and percentage taxes), estate tax, donor's tax; the Tariff and Customs Code; Local Government Code on local taxes; preferential tax or tax exemption provisions and taxes pertaining to senior citizens and persons with disability, Board of Investments, PEZA, BMBE, various Tax Treaties and other special laws and issuances that may be legislated in the future. The candidates must be familiar with the Implementing Rules and Regulations, circulars, rulings and other issuances pertinent to the implementation of the various taxation laws earlier specified. The candidates should know the taxation principles in the decisions of the Court of Tax Appeals, Court of Appeals and Supreme Court.

The candidates must have a working knowledge to comply with the various taxation measures. Compliance includes, among others, computation of tax liabilities, accomplishing tax returns and forms, availment of tax incentive benefits, submission of tax related regulatory and registration requirements and dealing with the various offices involved in taxation.

The candidates must also be familiar with the taxpayer rights and remedies, handling disputes on tax issues, knowing the various tax offices that they will be interacting and basic tax planning to derive the benefits of the tax laws and incentives.

The candidates must also be able to communicate effectively matters pertaining to the taxation work that will be handled.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

Only new laws, implementing rules and regulations, jurisprudences and other issuances shall be included in the examinations if these are in effect for at least six (6) months at the date of the examination.

Tax rates shall be provided in the examination when candidates are required to compute taxes.

The examination shall have seventy (70) multiple choice questions.

The syllabus for the subject is presented below.

1.0 PRINCIPLES OF TAXATION

- 1.1 Nature, scope, classification, and essential characteristics
- 1.2 Principles of sound tax system
- 1.3 Limitations on the power of taxation
- 1.4 Tax evasion vs. tax avoidance
- 1.5 Situs/place of taxation
- 1.6 Double taxation
- 1.7 Legislation of tax laws
- 1.8 Impact of taxes in nation building
- 1.9 Ethical tax compliance and administration
- 1.10 Organization of the Bureau of Internal Revenue, Bureau of Customs, Local Government Tax Collecting Units, Board of Investments, Philippine Economic Zone Authority

2.0 TAX REMEDIES

- 2.1 Remedies of the government
 - 2.1.1 Definition, scope, prescriptive period
 - 2.1.2 Administrative remedies

- 2.1.3 Judicial actions
- 2.1.4 Additions to Tax (Surcharge, interest, Compromise penalty)
- 2.1.5 Other sanctions (Criminal penalties, Closure of Business, Collection of Delinquent Taxes)
- 2.1.6 Powers of the Bureau of Internal Revenue
- 2.2 Remedies of the taxpayer
 - 2.2.1 Definition, scope, prescriptive period
 - 2.2.2 Taxpayers rights
 - 2.2.3 Administrative remedies (Protesting of Assessment, Recovery of excess or erroneously paid taxes, Request for the compromise, abatement or refund or credit of taxes, Request for rulings)
 - 2.2.4 Judicial remedies
- 2.3 Expanded jurisdiction of the Court of Tax Appeals

3.0 INCOME TAX

- 3.1 Taxpayer and tax base
 - 3.1.1 Individuals
 - 3.1.2 Corporations
 - 3.1.3 Partnerships
 - 3.1.4 Joint ventures
 - 3.1.5 Estates and trusts
 - 3.1.6 Co-ownerships
 - 3.1.7 Tax exempt individuals and organizations
- 3.2 Gross income
 - 3.2.1 Inclusions in the gross income
 - 3.2.2 Exclusions/exemptions from gross income
 - 3.2.3 Income from compensation
 - 3.2.4 Income from business
 - 3.2.5 Passive income subject to final withholding tax
 - 3.2.6 Capital gains
- 3.3 Deductions from gross income
 - 3.3.1 Itemized deductions
 - 3.3.2 Items not deductible
 - 3.3.3 Optional standard deduction
 - 3.3.4 Deductions allowed under special laws
- 3.4 Accounting periods
- 3.5 Accounting methods
 - 3.5.1 Reconciliation of income under PFRS and income under tax accounting
- 3.6 Tax return preparation and filing and tax payments
 - 3.6.1 Manual filing
 - 3.6.2 Electronic filing and E-submission
 - 3.6.3 Large taxpayers and non-large taxpayers
 - 3.6.4 Income tax credits
 - 3.6.5 Venue and time of filing of tax returns
 - 3.6.6 Venue and time of payment
 - 3.6.7 Modes of payment
 - 3.6.8 Use of tax tables
 - 3.6.9 Accomplishing of various income tax returns and forms
- 3.7 Withholding taxes (at source, expanded or creditable withholding tax, final withholding taxes and withholding tax on government payments)
 - 3.7.1 Time of withholding
 - 3.7.2 Income payments subject to withholding

- 3.7.3 Year end withholding of tax and requirements
- 3.7.4 Venue and time of filing of withholding tax returns
- 3.7.5 Venue and time of payment
- 3.7.6 Modes of payment
- 3.7.7 Time of payment
- 3.7.8 Use of tax tables and rates
- 3.7.9 Use of various withholding tax returns and forms
- 3.8 Compliance Requirements
- 3.8.1 Administrative requirements (registration, issuance of receipts, printing of receipts)
- 3.8.2 Attachments to the income tax return, including CPA certificate, per NIRC requirement
- 3.8.3 Keeping of books of accounts and records, including report of inventories
- 3.8.4 Prescriptive period of maintain books of accounts and other accounting records

4.0 TRANSFER TAX

4.1 Estate tax

- 4.1.1 Gross estate
- 4.1.2 Deductions allowed to estate
- 4.1.3 Tax credit
- 4.1.4 Venue and time of filing of tax returns
- 4.1.5 Venue and time of payment
- 4.1.6 Modes of payment
- 4.1.7 Use of tax tables
- 4.1.8 Accomplishing of tax returns and forms
- 4.1.9 Attachments to the tax return
- 4.1.10 Administrative requirements

4.2 Donor's tax

- 4.2.1 Gross gift
- 4.2.2 Exemptions
- 4.2.3 Tax rates in general and when the donee is a stranger
- 4.2.4 Venue and time of filing of tax returns
- 4.2.5 Venue and time of payment
- 4.2.6 Modes of payment
- 4.2.7 Use of tax tables
- 4.2.8 Accomplishing of tax returns and forms
- 4.2.9 Attachments to the tax return
- 4.2.10 Administrative requirements

5.0 VALUE ADDED TAX (VAT AND PERCENTAGE TAX)

5.1 Value added tax

- 5.1.1 Output VAT
- 5.1.2 Input VAT
- 5.1.3 VAT tax credits
- 5.1.4 Refund of excess input VAT
- 5.1.5 Venue and time of filing of donors tax returns
- 5.1.6 Venue and time of payment
- 5.1.7 Modes of payment
- 5.1.8 Accomplishing of tax returns and forms
- 5.1.9 Attachments to the tax return

- 5.1.10 Invoicing, and Accounting requirements
- 5.2 Percentage tax
 - 5.2.1 Tax base and tax rates
 - 5.2.2 Venue and time of filing of tax returns
 - 5.2.3 Venue and time of payment
 - 5.2.4 Modes of payment
 - 5.2.5 Use of tax rates
 - 5.2.6 Accomplishing of tax returns and forms
- 6.0 TAXATION UNDER THE LOCAL GOVERNMENT CODE*
 - 6.1 Scope and different types of local taxes (Limited to Real property tax, local business tax)
 - 6.2 Tax base and tax rates
 - 6.3 Venue and time of filing of tax returns
 - 6.4 Venue and time of payment
- 7.0 PREFERENTIAL TAXATION*
 - 7.1 Senior Citizens Law*
 - 7.1.1 Exemption from income tax of qualified senior citizens
 - 7.1.2 Tax incentives for qualified establishments selling goods and services to senior citizens
 - 7.2 Magna Carta for Disabled Persons*
 - 7.2.1 Tax incentives for qualified establishments selling goods and services to senior citizens
 - 7.3 Special Economic Zone Act*
 - 7.3.1 Policy and the Philippine Economic Zone Authority (PEZA)
 - 7.3.2 Registration of investments
 - 7.3.3 Fiscal incentives to PEZA-registered economic zone enterprises
 - 7.4 Omnibus Investments Code (Book 1 of Executive Order 226)*
 - 7.4.1 Policy and the Board of Investment (BOI)
 - 7.4.2 Preferred areas of investment
 - 7.4.3 Investments Priority Plan
 - 7.4.4 Registration of investments
 - 7.4.5 Fiscal incentives to BOI registered enterprises
 - 7.5 Barangay Micro Business Enterprises (BMBEs) Act*
 - 7.5.1 Registration of BMBEs
 - 7.5.2 Fiscal Incentives to BMBEs
 - 7.6 Double Taxation Agreements (DTA)*
 - 7.6.1 Nature and purpose of DTAs
 - 7.6.2 Manner of giving relief from double taxation
 - 7.6.3 Procedure for availment of tax treaty benefits
- 8.0 TARIFF AND CUSTOMS CODE
 - 8.1 Functions of the Bureau of Customs
 - 8.2 Functions of the Tariff Commission
 - 8.3 Nature of tariff and customs duties
 - 8.4 Basis of assessment of duty
 - 8.5 Documents required for importation of goods
 - 8.6 Documents required for export of goods
- 9.0 EFFECTIVE COMMUNICATION TO STAKEHOLDERS

* to be effective October 2017 board examination

THE CPA LICENSURE EXAMINATION SYLLABUS REGULATORY FRAMEWORK for BUSINESS TRANSACTIONS

Effective May 2016 Examination

This subject covers the candidates' knowledge of the regulatory framework governing business transactions and business organizations/associations, and of business laws including their legal implications. Candidates should know and understand the pertinent legal provisions, general principles, concepts, and underlying philosophy of the laws applicable to commerce and business. The candidates must have sufficient knowledge to enable them to recognize the legal implications of business situations or transactions and to know when to seek legal counsel or recommend that it be sought.

The candidates must have a working knowledge to apply the various regulatory framework measures and the pertinent provisions of the law relative to particular business scenarios.

The candidates must also be familiar with clients' rights and remedies, with the handling of disputes on regulatory issues. They must know the various regulatory offices that they will be interacting with and the basic regulations that they will derive benefits from.

The candidates must also be able to communicate effectively matters pertaining to the regulatory work that will be handled.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

Only new laws, implementing rules and regulations, jurisprudences and other issuances shall be included in the examinations if these are in effect for at least six (6) months at the date of the examination.

The examination shall have one hundred (100) multiple choice questions.

The syllabus for the subject is presented below.

1.0 LAW ON BUSINESS TRANSACTIONS

1.1 Obligations

1.1.1 Sources of obligations and their concepts

1.1.1.1 Law

1.1.1.2 Contracts

1.1.1.3 Quasi-contracts

1.1.1.4 Delicts

1.1.1.5 Quasi-delicts

1.2 Kinds of obligations in general under the Civil Code

1.3 Specific circumstances affecting obligations in general

1.3.1 Fortuitous events

1.3.2 Fraud

1.3.3 Negligence

1.3.4 Delay

1.3.5 Breach of contract

1.4 Duties of obligor in obligation to do or not to do

1.5 Extinguishment of obligation with special emphasis on

1.5.1 Payment of debts of money

1.5.2 Mercantile documents as means of payment

1.5.3 Special forms or modes of payment

1.5.4 Remission or condonation, confusion, compensation and novation

1.5.5 Effect of insolvency and bankruptcy on extinguishment of obligation

2.0 Contracts

2.1 Concepts and classification

- 2.2 Elements and stages
- 2.3 Freedom from contract and limitation
- 2.4 Persons bound
- 2.5 Consent
 - 2.5.1 Capacitated persons
 - 2.5.2 Requisites
 - 2.5.3 Vices of consent
- 2.6 Objects of contracts
- 2.7 Considerations of contracts
- 2.8 Formalities of contracts
- 2.9 Interpretation and reformation of contract
- 2.10 Defective contracts
 - 2.10.1 Rescissible
 - 2.10.2 Voidable
 - 2.10.3 Unenforceable
 - 2.10.4 Void

3.0 Sales

- 3.1 Nature, forms and requisites
- 3.2 Earnest money as distinguished from option money
- 3.3 Rights/obligations of vendor and vendee
- 3.4 Warranties (in relation to consumer laws)
- 3.5 Installment sales
 - 3.5.1 Personal property – Recto Law
 - 3.5.2 Real Property – Maceda Law
 - 3.5.3 PD 957 / Condominium Act

4.0 LAW ON CREDIT TRANSACTIONS

- 4.1 Pledge, Real Mortgage and Chattel Mortgage
 - 4.1.1 Nature and requisites
 - 4.1.2 Requirements to bind the parties and third persons
 - 4.1.3 Obligations and rights of pledgor and pledge
 - 4.1.4 Obligations and rights of mortgagor and mortgagee
 - 4.1.5 Effect of pactum commissorium
 - 4.1.6 Modes of extinguishment
- 4.2 Insolvency Law *
 - 4.2.1 Definition of insolvency
 - 4.2.2 Suspension of payments
 - 4.2.3 Voluntary insolvency
 - 4.2.4 Involuntary insolvency
- 4.3 Corporate Rehabilitation *
 - 4.3.1 Definition of Terms
 - 4.3.2 Stay Order
 - 4.3.3 Receiver
 - 4.3.4 Rehabilitation Plan
 - 4.3.5 Contents of Petition and other types of Rehabilitations

5.0 NEGOTIABLE INSTRUMENTS AND BOUNCING CHECKS LAW

- 5.1 Negotiable Instruments
 - 5.1.1 Negotiability of instrument
 - 5.1.2 Abnormal negotiable Instruments
 - 5.1.3 Incomplete but delivered instruments
 - 5.1.4 Incomplete and undelivered instruments
 - 5.1.5 Complete but undelivered instruments
 - 5.1.6 Instruments with forged signature
- 5.2 Bouncing Checks *
 - 5.2.1 Checks without insufficient funds
 - 5.2.3 Evidence of knowledge of insufficient funds

- 5.2.3 Duty of Drawee
- 5.2.3 Credit Construed

6.0 LAW ON BUSINESS ASSOCIATIONS

- 6.1 Partnership
 - 6.1.1 Nature and as distinguished from corporation
 - 6.1.2 Elements and kinds
 - 6.1.3 Formalities required
 - 6.1.4 Rules of management
 - 6.1.5 Distribution of profits and losses
 - 6.1.6 Sharing of losses and liabilities
 - 6.1.7 Modes and retirement requirements
 - 6.1.8 Limited partnership
- 6.2 Corporations
 - 6.2.1 Nature and classes of corporation
 - 6.2.2 Incorporation and organization of Private Corporation
 - 6.2.3 Powers of a corporation
 - 6.2.3.1 Expressed
 - 6.2.3.2 Implied
 - 6.2.3.3 Incidental
 - 6.2.4 Board of Directors/Corporate Officers
 - 6.2.4.1 Qualifications
 - 6.2.4.2 Election and removal
 - 6.2.4.3 Powers and fiduciary duties
 - 6.2.5 Classes of stocks
 - 6.2.5.1 Concepts
 - 6.2.5.2 Subscriptions
 - 6.2.6 Powers, duties, rights and obligations of stockholders
 - 6.2.7 Majority and minority control
 - 6.2.8 By Laws
 - 6.2.9 Meetings
 - 6.2.10 Corporate reorganization
 - 6.2.10.1 Mergers
 - 6.2.10.2 Consolidations
 - 6.2.10.3 Other business combinations
 - 6.2.11 Non-stock corporation
 - 6.2.12 Modes of dissolution and liquidation
 - 6.2.12.1 Retirement Requirements
 - 6.2.13 Foreign corporations
 - 6.2.13.1 License to do business
 - 6.2.13.1.1 Purpose of the license
 - 6.2.13.2 Requirements for application/issuance of license
 - 6.2.13.3 Consequence of doing business without a license
 - 6.2.14 Definition and rights of foreign corporations
 - 6.2.15 Definition of doing business and its relation to foreign investments
 - 6.2.16 Purpose and qualifications of Resident agent
 - 6.2.17 Suits against foreign corporations
 - 6.2.18 Suspension or revocation of license
 - 6.2.19 Withdrawal from business
 - 6.2.20 Kinds and availability of corporate books
 - 6.2.21 Securities Regulation Code
 - 6.2.21.1 Kinds of securities
 - 6.2.21.2 Protection of investors, private tender offer and Insider Trading
 - 6.2.21.3 SEC Circulars and Issuances
 - 6.2.21.4 Code of Corporate Governance
 - 6.2.21.5 Filing of General Information Sheet
 - 6.2.21.6 Filing of Annual Audited Financial Statements

- 6.3 Cooperatives *
 - 6.3.1 Organization and Registration of Cooperatives
 - 6.3.2 Administration
 - 6.3.3 Responsibilities, Rights and Privileges of Cooperatives
 - 6.3.4 Capital, Property of Funds
 - 6.3.5 Audit, Inquiry and Members' Right to Examine
 - 6.3.6 Allocation and Distribution of Funds
 - 6.3.7 Types and Categories of Cooperatives
 - 6.3.8 Merger and Consolidation of Cooperatives
 - 6.3.9 Dissolution of Cooperatives
- 7.0 Law on other Business Transactions
 - 7.1 PDIC Law *
 - 7.1.1 Insurable deposits
 - 7.1.2 Maximum liability
 - 7.1.3 Requirements for Claims
 - 7.2 Secrecy of Bank Deposits and Unclaimed Balances Law *
 - 7.3 General Banking Law *
 - 7.3.1 Definition of Banks
 - 7.3.2 Loans
 - 7.3.2.1 SBL
 - 7.3.2.2 DOSRI
 - 7.4 AMLA Law *
 - 7.4.1 Covered transactions
 - 7.4.2 Suspicious transactions
 - 7.4.3 Reportorial Requirement
 - 7.5 The New Central Bank Act *
 - 7.5.1 Legal tender power over coins and note
 - 7.5.2 Conservatorship
 - 7.5.3 Receivership and Closures
 - 7.6 Intellectual Property Law (except provisions under Part 1 (Intellectual Property Office) *
 - 7.6.1 The Law on Patents
 - 7.6.2 The Law on Trademark, Service Marks and Trade Names
 - 7.6.3 The Law on Copyright

*- Effective October 2017 CPA Board Exam

NOTES:

1. The following items can be incorporated in the syllabus of Partnership and Corporation:
 - a. Securities Regulation Code
 - b. SEC Circulars and Issuances
 - c. Cooperatives
2. The Insolvency Law and Corporate Rehabilitation can be incorporated in the syllabus of Pledge & Mortgage.
3. The Bouncing Checks Law and Banking Laws can be taught in the Negotiable Instruments Law.
4. Intellectual Property Law can be discussed in Financial Reporting re: Intangible Assets