



Republic of the Philippines  
Professional Regulation Commission  
Manila



**PROFESSIONAL REGULATORY BOARD OF ACCOUNTANCY**  
Resolution No. **30**  
Series of 2022

**REVERTING TO THE SIX (6) SUBJECTS IN THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS (LECPA) UNDER BOARD RESOLUTION NO. 262 (S. 2015); RENAMING OF THE SUBJECT TITLE “MANAGEMENT ADVISORY SERVICES” TO “MANAGEMENT SERVICES”; AND ADOPTING THE REVISED SYLLABI AND TABLES OF SPECIFICATIONS FOR THE SIX (6) SUBJECTS IN THE LECPA STARTING OCTOBER 2022**

**WHEREAS**, the Professional Regulatory Board of Accountancy (Board) issued Resolution No. 262 (s. 2015) prescribing the six (6) new subjects in the LECPA, as follows: Financial Accounting and Reporting; Advanced Financial Accounting and Reporting; Management Advisory Services; Auditing; Taxation; and Regulatory Framework for Business Transactions;

**WHEREAS**, the Board also issued Resolution No. 01 (s. 2019) amending the Syllabi and the Tables of Specifications (TOS) of the aforementioned subjects in the LECPA to broaden the coverage of topics and to provide detailed definition of sub-topics starting in the May 2019 LECPA;

**WHEREAS**, the Board recognized the need to review the six (6) subjects in the LECPA and their respective Syllabi and TOS, and make the corresponding revisions, if necessary, in order to align the topics, sub-topics, and questions with the new curriculum of the Bachelor of Science in Accountancy (BSA) Program as prescribed in Commission on Higher Education Memorandum Order No. 27 (s. 2017) and to prepare the aspiring professional accountants, who completed and graduated under the new curriculum in May 2022, for the October 2022 LECPA;

**WHEREAS**, the Board issued Resolution No. 90 (s. 2019) designating the National Association of Certified Public Accountants in Education (NACPAE) to spearhead the review of the six (6) subjects in the LECPA and their Syllabi and TOS *vis-à-vis* the new BSA curriculum, in collaboration with the stakeholders;

**WHEREAS**, the NACPAE, through its focused group composed of representatives of Certified Public Accountants from the four (4) sectors of the accountancy profession, submitted the results of their review and recommendations on the Syllabus of each of the six (6) subjects, including the topics and sub-topics therein;

**WHEREAS**, the Board, after thorough evaluation and discussion of the recommendations of NACPAE as well as the subjects to be given for the October 2022 LECPA, is inclined to adopt certain changes or modifications in the LECPA subjects as well as their Syllabi and TOS.

**IN VIEW WHEREOF**, the Board **RESOLVES**, as it is hereby **RESOLVED**, to:

1. Revert to the six (6) subjects in the LECPA, as embodied in Resolution No. 262 (s. 2015);
2. Rename the subject title “Management Advisory Services” to “Management Services”; and
3. Adopt the revised Syllabi and TOS for the subjects in the LECPA, which shall be applied starting October 2022 LECPA.

REVERTING TO THE SIX (6) SUBJECTS IN THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS (LECPA) UNDER BOARD RESOLUTION NO. 262 (s. 2015); RENAMING OF THE SUBJECT TITLE "MANAGEMENT ADVISORY SERVICES" TO "MANAGEMENT SERVICES"; AND ADOPTING THE REVISED SYLLABI AND TABLES OF SPECIFICATIONS FOR THE SIX (6) SUBJECTS IN THE LECPA STARTING OCTOBER 2022

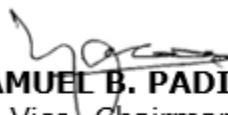
This Resolution, together with the revised Syllabi and TOS (Annex A), shall take effect after fifteen (15) days following its complete publication in the Official Gazette or in any newspaper of general circulation in the Philippines.

Let a copy hereof be furnished the University of the Philippines Law Center and Philippine Council of Deans and Educators in Business.

Done in the City of Manila, this **13<sup>th</sup>** day of **June, 2022**.



**NOE G. QUINANOLA**  
Chairman



**SAMUEL B. PADILLA**  
Vice-Chairman



**GLORIA T. BAYSA**  
Member



**THELMA S. CIUDADANO**  
Member



**GERVACIO I. PIATOR**  
Member



**MARIA TERESITA Z. DIMACULANGAN**  
Member



**ROSALINDA D. EVANGELISTA**  
Member

**ATTESTED BY:**



**Atty. Lovelika T. Bautista**  
Chief, PRB Secretariat Division

**DATE OF PUBLICATION IN THE  
BUSINESS MIRROR** : June 28, 2022  
**Date of Effectivity** : July 14, 2022

**APPROVED:**



**TEOFILO S. PILANDO, JR.**  
Chairman



**JOSE Y. CUETO, JR.**  
Commissioner



**ERWIN M. ENAD**  
Commissioner

**THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS  
(LECPA) SYLLABUS**  
**FINANCIAL ACCOUNTING AND REPORTING**  
**Effective October 2022 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.

New laws, standards and other issuances which are effective as of the date of the examination shall supersede the related topic listed in the syllabus and will be included in the examination, unless there is an advisory from the Board of Accountancy to the contrary.

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

The syllabus for the subject is presented below.

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

- 1.1 History, Development and Functions of the Standard-Setting Bodies
  - 1.1.1 IASB
  - 1.1.2 IFRIC and SIC
  - 1.1.3 FRSC
  - 1.1.4 PIC
- 1.2 Regulation and Environment of the Accounting Profession in the Philippines
  - 1.2.1 The Professional Regulatory Board of Accountancy
  - 1.2.2 The accredited professional organization of professional accountants in the Philippines
  - 1.2.3 Sectors of the practice of accountancy profession and the accreditation requirements

**2.0 Conceptual Framework, Accounting Process and Presentation of Financial Statements**

- 2.1 The Conceptual Framework for Financial Reporting
  - 2.1.1 Objective and status of the Conceptual Framework
  - 2.1.2 Qualitative Characteristics of Useful Financial Information
  - 2.1.3 Definition of, recognition and derecognition criteria and measurement bases for the elements of the financial statements
  - 2.1.4 Concepts of capital and capital maintenance
- 2.2 The Accounting Process
  - 2.2.1 The steps in the accounting process
  - 2.2.2 The use of the special journals, general journal, subsidiary ledgers, and general ledgers
  - 2.2.3 Completing the accounting cycle, including use of worksheet, adjusting entries, closing entries, and reversing entries
- 2.3 Presentation of the Financial Statements
  - 2.3.1 General features
  - 2.3.2 Statement of Financial Position

- 2.3.2.1 Definition of elements
- 2.3.2.2 Classified Statement of Financial Position
- 2.3.3 Statement of Comprehensive Income
  - 2.3.3.1 Nature of expense
  - 2.3.3.2 Function of expense
  - 2.3.3.3 Components of profit from continuing operations
  - 2.3.3.4 Components of discontinued operations
- 2.3.4 Statement of Changes in Equity
- 2.3.5 Statement of Cash Flows
  - 2.3.5.1 Sections of the statement of cash flows
  - 2.3.5.2 Preparing cash flows from operations: direct and indirect methods
- 2.3.6 Notes to the Financial Statements
- 2.3.7 Computation and Disclosures of Earnings Per Share Information
  - 2.3.7.1 Basic EPS
  - 2.3.7.2 Diluted EPS

### **3.0 Cash and other Financial Assets**

- 3.1 Cash
  - 3.1.1 Nature and composition of cash
  - 3.1.2 Preparing the bank reconciliation
  - 3.1.3 Accounting for petty cash fund
- 3.2 Other Financial Assets (initial recognition, basis for classification, subsequent measurement, reclassification, and presentation in the financial statements)
  - 3.2.1 Financial assets at fair value through profit or loss
  - 3.2.2 Financial assets at fair value through other comprehensive income
  - 3.2.3 Financial assets at amortized cost
    - 3.2.3.1 Trade and other receivables
      - 3.2.3.1.1 Valuation using allowance for doubtful accounts
      - 3.2.3.1.2 Transfer of receivables (pledging, assignment, and factoring)
    - 3.2.3.2 Other financial assets at amortized cost (including investment in bonds)
  - 3.2.4 Investment in associates and joint venture

### **4.0 Non-financial Assets**

- 4.1 Inventories
  - 4.1.1 Nature
  - 4.1.2 Capitalizable cost at initial recognition
  - 4.1.3 Inventory cost flow assumptions
  - 4.1.4 Subsequent measurement at lower of cost or estimated selling price less cost to complete and sell
  - 4.1.5 Estimation procedures – gross profit and retail inventory method
- 4.2 Property, plant, and equipment
  - 4.2.1 Nature
  - 4.2.2 Capitalizable cost at initial recognition
  - 4.2.3 Borrowing costs
  - 4.2.4 Subsequent expenditures
  - 4.2.5 Subsequent measurement
    - 4.2.5.1 Cost method
      - 4.2.5.1.1 Depreciation
      - 4.2.5.1.2 Depreciation methods
      - 4.2.5.1.3 Changes in useful life and depreciation methods
    - 4.2.5.2 Revaluation
  - 4.2.6 Impairment
  - 4.2.7 Retirement and disposals
- 4.3 Investment property
  - 4.3.1 Nature
  - 4.3.2 Capitalizable cost at initial recognition
  - 4.3.3 Measurement subsequent to initial recognition
    - 4.3.3.1 Cost method
    - 4.3.3.2 Fair value method

- 4.3.4 Derecognition and reclassification
- 4.4 Intangible assets
  - 4.4.1 Nature
  - 4.4.2 Capitalizable cost at initial recognition
  - 4.4.3 Subsequent expenditures
  - 4.4.4 Subsequent measurements
    - 4.4.4.1 Finite lives assets - amortization
    - 4.4.4.2 Indefinite lives assets
  - 4.4.5 Impairment
  - 4.4.6 Derecognition
- 4.5 Biological assets
  - 4.5.1 Nature, distinction from bearer plants and agricultural produce
  - 4.5.2 Capitalizable cost at initial recognition
  - 4.5.3 Subsequent measurement
- 4.6 Non-current assets held for sale (or disposal group)
  - 4.6.1 Nature – criteria for this classification
  - 4.6.2 Capitalizable cost at initial recognition
  - 4.6.3 Measurement subsequent to initial recognition
  - 4.6.4 Reclassification
  - 4.6.5 Derecognition
- 4.7 Prepaid expenses and other assets

## **5.0 Financial Liabilities**

- 5.1 Classification of financial liabilities
- 5.2 Initial recognition
- 5.3 Debt issue cost
- 5.4 Measurement using effective interest method
- 5.5 Troubled debt restructuring

## **6.0 Non-financial liabilities, provisions, and contingencies**

- 6.1 Liabilities arising from customer loyalty programs
- 6.2 Warranties and product guarantees
- 6.3 Unearned revenues arising from contracts, gift certificates, and subscriptions
- 6.4 Other provisions and contingencies

## **7.0 Shareholders' Equity**

- 7.1 Share capital transactions
  - 7.1.1 Initial issuance, stock issuance cost
  - 7.1.2 Treasury share transactions
  - 7.1.3 Retirement, conversion
- 7.2 Retained earnings
  - 7.2.1 Correction of prior period errors and change in accounting policies
  - 7.2.2 Dividends
  - 7.2.3 Quasi reorganization and recapitalization
- 7.3 Cumulative other comprehensive income
- 7.4 Computation of book value per share

## **8.0 Other Topics**

- 8.1 Share-based payment transactions
  - 8.1.1 Equity-settled
  - 8.1.2 Cash-settled
  - 8.1.3 Equity-settled with cash alternative
- 8.2 Leases
  - 8.2.1 Books of Lessee
    - 8.2.1.1 Initial recognition of right-of-use asset and lease liability
    - 8.2.1.2 Subsequent measurement of right-of-use asset and lease liability (including changes in estimates)
    - 8.2.1.3 Financial statement presentation of right-of-use asset and lease liability
    - 8.2.1.4 Exemption to recognition and measurement principles
  - 8.2.2 Books of Lessor

- 8.2.2.1 Direct finance lease
- 8.2.2.2 Manufacturer's or dealer's lease
- 8.2.2.3 Operating lease
- 8.2.3 Sale-leaseback
- 8.3 Income Tax
  - 8.3.1 Accounting profit and taxable profit
  - 8.3.2 Book basis and tax basis
  - 8.3.3 Computation and accounting for current income tax and deferred income tax, deferred tax liability (asset) and current income tax liability (asset)
  - 8.3.4 Financial statement presentation and disclosure
- 8.4 Employee benefits
  - 8.4.1 Nature and classification
  - 8.4.2 Recognition and measurement of employee benefit costs under defined benefit plan and defined contribution plan
  - 8.4.3 Presentation and disclosures
- 8.5 Interim Reporting
  - 8.5.1 Purpose and components of interim financial reports
  - 8.5.2 Recognition of income, expenses, assets, and liabilities for interim reporting
- 8.6 Operating segments
  - 8.6.1 Identifying operating segments
  - 8.6.2 Reporting segment information

## **9.0 Other Reporting Frameworks**

- 9.1 Applicability and salient differences from PFRS of the following reporting frameworks
  - 9.1.1 PFRS for SMEs
  - 9.1.2 PFRS for Small Entities
  - 9.1.3 Reporting for microenterprises

**THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS  
(LECPA) SYLLABUS  
ADVANCED FINANCIAL ACCOUNTING AND REPORTING**

**Effective October 2022 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, branch and agency transactions, business combinations, separate and consolidated financial statements, foreign currency transactions and translations, not for-profit organizations, including government and cost accounting. Also, a working knowledge of the standards related to these special topics on insurance contracts, service concession arrangement and derivatives are 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.

New laws, standards and other issuances which are effective as of the date of the examination shall supersede the related topic listed in the syllabus and will be included in the examination, unless there is an advisory from the Board of Accountancy to the contrary.

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

The syllabus for the subject is presented below.

**1.0 Partnership Accounting**

- 1.1 Nature, scope, and objectives
  - 1.1.1 Differentiate from single proprietorship and corporation accounting
  - 1.1.2 Concepts, principles, rules, practices, and procedures
- 1.2 Formation
  - 1.2.1 Initial capital contribution
- 1.3 Operation/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
  - 1.3.2 Withdrawal, retirement, or death of a partner
  - 1.3.3 Incorporation of a partnership
- 1.4 Liquidation of partnership
  - 1.4.1 Lump – sum method
  - 1.4.2 Installment method

**2.0 Corporate Liquidation**

- 2.1 Statement of Affairs
- 2.2 Statement of Deficiency
- 2.3 Statement of Realization and Liquidation
- 2.4 Determination of the order of priority of claimants of company assets subject to liquidation

**3.0 Joint Arrangements (PFRS 11)**

- 3.1 Joint Operations
  - 3.1.1 Nature and scope
  - 3.1.2 Differentiate from business combination

- 3.1.3 Standards principles and methods
- 3.2 Joint Venture (equity method)
  - 3.2.1 Nature and scope
  - 3.2.2 Differentiate from business combination
  - 3.2.3 Standards, principles, and methods

#### **4.0 Revenue Recognition (PFRS 15)**

- 4.1 Revenue from Contracts with Customers
  - 4.1.1 Five-Steps Model Framework
  - 4.1.2 Other Revenue Recognition Issues
    - 4.1.2.1 Right of return
    - 4.1.2.2 Principal-agent relationships
    - 4.1.2.3 Non-refundable upfront fees
    - 4.1.2.4 Licensing / Royalties
    - 4.1.2.5 Repurchase arrangements
    - 4.1.2.6 Gift Cards
    - 4.1.2.7 Consignment arrangements
    - 4.1.2.8 Bill-and-hold arrangements
    - 4.1.2.9 Long – term Construction Contracts
      - 4.1.2.9.1 Percentage of completion method
        - 4.1.2.9.1.1 Input method
        - 4.1.2.9.1.2 Output method
      - 4.1.2.9.2 Contract Asset / Contract Liability
    - 4.1.2.10 Franchise Operations – Franchisor's point of view
      - 4.1.2.10.1 Journal entries and determination of revenue, cost, and gross profit
        - 4.1.2.10.1.1 Initial franchise fee
        - 4.1.2.10.1.2 Continuing franchise fee
      - 4.1.2.11 Accounting for Consignment Sales
        - 4.1.2.11.1 Amount Remitted
        - 4.1.2.11.2 Ending Inventory Valuation
        - 4.1.2.11.3 Determination of Net Income
    - 4.1.3 Financial Statement Presentation

#### **5.0 Accounting for Home Office, Branch and Agency Transactions**

- 5.1 Transactions on the books of the home office and the branch
  - 5.1.1 General Procedure
  - 5.1.2 Special Procedure (inter- branch transfer of cash and merchandise at billed price)
- 5.2 Reconciliation of reciprocal accounts
- 5.3 Preparation of individual and combined financial statements
- 5.4 Accounting for agency transactions

#### **6.0 Business Combination (PFRS 3)**

- 6.1 Nature, scope, and characteristics
- 6.2 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 Journal Entries
- 6.3 Financial Statement Presentation

#### **7.0 Separate Financial Statements (PAS 27)**

- 7.1 Accounting for Investment in Subsidiaries, Associates and Joint Ventures
  - 7.1.1 At Cost
  - 7.1.2 Financial Instruments: Recognition and Measurement (PAS 39)
  - 7.1.3 Financial Instruments in accordance with PFRS 9
- 7.2 Accounting for dividends and related disclosure requirements

## **8.0 Consolidated Financial Statements (PFRS 10)**

- 8.1 Consolidation procedures
  - 8.1.1 Net income, dividends, amortization, and impairment of goodwill
  - 8.1.2 With intercompany transactions (Inventories, land, and depreciable assets)
  - 8.1.3 Determination 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
      - 8.1.3.2.1 Attributable to Equity Holders of Parent / Controlling or Parent's Interest/ Consolidated / Group

## **9.0 Derivatives and Hedging Accounting (PFRS 9)**

- 9.1 Accounting for Derivatives
  - 9.1.1 Recognition and Derivatives
  - 9.1.2 Types of Derivatives
    - 9.1.2.1 Forwards and Futures
    - 9.1.2.2 Options
- 9.2 Hedging Activities: Hedging Foreign Currency Exposures
  - 9.2.1 Foreign Currency Forward Contracts
    - 9.2.1.1 Hedges that does not requires a Hedge Accounting (undesignated hedges)
      - 9.2.1.1.1 Exposed Asset (Import) or Liability (Export) Position
      - 9.2.1.1.2 Speculation
    - 9.2.1.2 Hedges 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)
        - 9.2.1.2.2.3 Hedge of a net investment in foreign entity

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

- 10.1 Translation from the Functional Currency into the Presentation Currency (Closing/ Current Rate Method)
- 10.2 Translation into the Functional Currency (Remeasurement from a Foreign Currency Financial Statements to the Functional Currency)
- 10.3 Restatement of Financial Statements (Functional 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 Government Accounting Manual (GAM)
- 12.4 Journal Entries – Books of National Government Agency

## **13.0 Cost Accounting**

- 13.1 System of Cost Accumulation or Costing System

- 13.1.1 Comparison between Actual Costing, Normal Costing and Standard Costing
- 13.2 Job-order Costing System
  - 13.2.1 Journal Entries
  - 13.2.2 Preparation of Statement of Goods Manufactured and Sold
  - 13.2.3 Accounting for scrap, waste, spoilage, and rework
  - 13.2.4 Cost Accumulation Procedures – materials, labor and overhead
- 13.3 Process Costing System
  - 13.3.1 Journal Entries
  - 13.3.2 Preparation of Cost of Production Report
    - 13.3.2.1 First-in, first-out method
    - 13.3.2.2 Average method
  - 13.3.3 Accounting for Lost Units
    - 13.3.3.1 Normal lost units – end of process
    - 13.3.3.2 Abnormal lost units
  - 13.3.4 Cost accumulation procedures – materials, labor and overhead
- 13.4 Backflush Costing System (JIT System)
  - 13.4.1 Journal Entries
  - 13.4.2 Cost accumulation procedures – materials, labor and overhead
- 13.5 Activity-Based Costing System (ABC System)
  - 13.5.1 Allocation of Costs: Traditional Costing versus ABC System
  - 13.5.2 Determination of Total Product Cost: Traditional Costing versus ABC System
  - 13.5.3 Activity levels (unit-level, batch-level, product-level, and facility level), cost pools and activity drivers
  - 13.5.4 Determination of cost pool rates and application of overhead costs
- 13.6 Accounting for Joint and By-Products
  - 13.6.1 Methods of allocating joint costs to products
    - 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 units (production output) method
      - 13.6.1.1.4 Weighted average method
  - 13.6.2 Methods of allocating joint costs to by-products
    - 13.6.2.1 No joint costs allocated to by-products
    - 13.6.2.2 With joint costs allocated to by-products
  - 13.6.3 Treatment of by-products
- 13.7 Service Cost Allocation
  - 13.7.1 Direct method
  - 13.7.2 Step-down method
  - 13.7.3 Reciprocal method

#### **14.0 Other Special Topics (Basic Knowledge)**

- 14.1 Accounting for insurance contracts by insurers (PFRS 17)
  - 14.1.1 Types of Insurance Contracts
  - 14.1.2 Changes in Accounting Policies
  - 14.1.3 Recognition and measurement of insurance and reinsurance contracts
- 14.2 Service Concession Arrangement – Accounting for Build, Operate & Transfer (PFRIC 12)
  - 14.2.1 Two Types of Service Concession Arrangement
    - 14.2.1.1 Financial Asset
    - 14.2.1.2 Intangible Asset

**THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS  
(LECPA) SYLLABUS  
MANAGEMENT SERVICES**

**Effective October 2022 Examination**

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

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

The candidates must also be able to communicate effectively matters pertaining to the management accounting and financial management.

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.

New laws, standards and other issuances which are effective as of the date of the examination shall supersede the related topic listed in the syllabus and will be included in the examination, unless there is an advisory from the Board of Accountancy to the contrary.

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 Roles and activities of controller and treasurer
  - 1.1.4 International certifications in management accounting
  - 1.1.5 Global trends in management accounting
- 1.2 Management accounting concepts and 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)
    - 1.2.1.4 Cost prediction techniques (correlation, regression analysis and learning curves)
  - 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
    - 1.2.2.8 Different scenarios using CVP analysis (indifference point, step fixed, multiple drivers)
  - 1.2.3 Standard costing and variance analysis
    - 1.2.3.1 Journal entries

- 1.2.3.2 Direct material variance (quantity, price usage, purchase price, mix and yield)
- 1.2.3.3 Direct labor variance (efficiency, rate, mix and yield)
- 1.2.3.4 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 vs. Absorption Costing
  - 1.2.4.1 Distinction between product cost and period cost
  - 1.2.4.2 Inventory costs between variable costing and absorption costing
  - 1.2.4.3 Nature and treatment of fixed factory overhead costs
  - 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)
- 1.3 Management accounting concepts and techniques for performance measurement
  - 1.3.1 Responsibility accounting and transfer pricing
    - 1.3.1.1 Concepts of decentralization, segment reporting, goal congruence and motivation
    - 1.3.1.2 Controllable and non-controllable costs, direct and common costs
    - 1.3.1.3 Type of responsibility centers (cost, revenue, profit, and investment centers)
    - 1.3.1.4 Preparation of segmented income statement
    - 1.3.1.5 Performance margin (manager vs. segment performance)
    - 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 (productivity, cycle efficiency and throughput measures)
- 1.4 Management Accounting Concepts and Techniques for Decision Making
  - 1.4.1 Relevant costing and differential analysis
    - 1.4.1.1 Definition and identification of relevant costs
    - 1.4.1.2 Concept of opportunity costs
    - 1.4.1.3 Approaches in analyzing alternatives in non-routing decisions (total and differential)
    - 1.4.1.4 Types of decisions (make or buy, accept, or reject special order, continue or drop/shutdown, sell or process further, best product combination, pricing decisions)
    - 1.4.1.5 Probability analysis (expected value concept)
    - 1.4.1.6 Decision tree diagram
    - 1.4.1.7 Linear programming (graphic method; algebraic method)

## **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 and 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 management
  - 2.2.2.1 Concepts and significance of working capital management
  - 2.2.2.2 Working capital investment and financing policies (conservative, aggressive and the hedging/moderate approach)
  - 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, re-order point)
  - 2.2.2.6 Sources of short-term funds (trade credit, bank loans, commercial papers, receivable factoring credit lines and revolving credit)
  - 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 difference)
  - 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 leverage
  - 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)
- 2.2.6 Financial markets
  - 2.2.6.1 Money markets
    - 2.2.6.1.1 Types of money market instruments
  - 2.2.6.2 Capital market
    - 2.2.6.2.1 Fixed income market
      - 2.2.6.2.1.1 Types/examples of fixed income instruments
      - 2.2.6.2.1.2 Basic valuation
    - 2.2.6.2.2 Stock market
      - 2.2.6.2.2.1 Types/examples of equity instruments
      - 2.2.6.2.2.2 Basic valuation

### **3.0 Economic concepts essential to obtaining an understanding of entity's business and industry**

- 3.1 Macroeconomics (national economic issues and measures of economic performance such as GDP, Business cycle; unemployment and inflation; fiscal and monetary policies; international trade and foreign exchange rates)
- 3.2 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)

**THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS  
(LECPA) SYLLABUS  
AUDITING**

**Effective October 2022 Examination**

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

**THEORY ON AUDITING AND ATTESTATION SERVICES**

This part covers the candidates' conceptual knowledge and understanding of auditing and attestation services performed by professional accountants. Candidates should know and understand auditing and attestation services, with emphasis to: independent audits of financial statements or against related standards, assertions or applicable criteria; professional, ethical, quality management and governance responsibilities; the use of risk-based audit process in planning, responding to risks and reporting thereon.

In all the areas included, the candidate shall apply the appropriate standards on auditing and attestation, quality management, ethical and governance standards, and other regulatory laws and regulations, issued by Philippine and professional standard-setting and regulatory bodies in effect at the time of examination.

**AUDITING PRACTICE**

This part covers the candidate's proficiency in applying risk-based audit and quality management standards, techniques, and procedures to a typical independent audit of a medium-sized service, trading or manufacturing concern, that use either a manual or automated business process, or a combination of both.

Candidates shall be able to assess risk, develop a plan and perform an audit, analyze data for possible errors and irregularities or nonconformance to standards, assertions or criteria, perform root cause analysis, perform other procedures, obtain evidence and formulate adjusting entries, prepare audit working papers, communicate results of audit, prepare audit reports, and complete the audit.

In all the areas included, the candidate shall apply the appropriate standards on auditing and attestation, quality management, ethical and governance standards, and other regulatory laws and regulations, issued by Philippine and professional standard-setting and regulatory bodies in effect at the time of examination.

Candidates should be able to demonstrate awareness- or proficient-level knowledge of the competencies cited above. Entry level professional accountants should be able to 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 such matters pertaining to the audit work.

New laws, standards and other issuances which are effective as of the date of the examination shall supersede the related topic listed in the syllabus and will be included in the examination, unless there is an advisory from the Board of Accountancy to the contrary.

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

The syllabus for the subject is presented below.

**1.0 Theory on Auditing and Attestation Services**

- 1.1 Fundamentals of Auditing and Assurance Services
  - 1.1.1 Introduction to assurance engagements
    - 1.1.1.1 Nature, objective, and elements

- 1.1.1.2 Types of assurance engagements (audits, reviews, other assurance engagements)
- 1.1.2 Introduction to auditing
  - 1.1.2.1 Nature, philosophy, and objectives
  - 1.1.2.2 Types of audit
    - 1.1.2.2.1 According to nature of assertion/data (financial statements audit, operational audit, and compliance audit)
    - 1.1.2.2.2 According to types of auditor (external independent financial statements audit, internal audit, and government audit)
- 1.2 The Risk-based Financial Statement Audit – Client Acceptance, Audit Planning, Supervision and Monitoring
  - 1.2.1 Overview of the risk-based audit process
  - 1.2.2 Pre-engagement procedures
  - 1.2.3 Scope and purposes of audit planning
    - 1.2.3.1 Essential planning requirements
      - 1.2.3.1.1 Knowledge of the business
      - 1.2.3.1.2 Preliminary analytical procedures
      - 1.2.3.1.3 Materiality
      - 1.2.3.1.4 Assessing and managing audit risks
      - 1.2.3.1.5 Overall audit plan and audit program (experts, internal auditor, other independent auditors)
    - 1.2.4 Direction, supervision, and review
- 1.3 Understanding the Entity and its Environment including its Internal Control and Assessing the Risks of Material Misstatement
  - 1.3.1 Industry, regulatory and other external factors, including the applicable financial reporting framework
    - 1.3.1.1 Nature of the entity
    - 1.3.1.2 Objectives and strategies and related business risks
    - 1.3.1.3 Measurement and review of the entity's financial performance
  - 1.3.2 Internal Control
    - 1.3.2.1 Basic concepts and elements of internal control
    - 1.3.2.2 Consideration of accounting and internal control systems
      - 1.3.2.2.1 Understanding and documentation
      - 1.3.2.2.2 Assessment of control risks
        - 1.3.2.2.2.1 Test of controls
        - 1.3.2.2.2.2 Documentation
    - 1.3.3 Assessing the risks of material misstatement
      - 1.3.3.1 Fraud and errors
      - 1.3.3.2 Risk assessment procedures
      - 1.3.3.3 Discussion among the engagement team
      - 1.3.3.4 Significant risks that require special audit consideration
      - 1.3.3.5 Risks for which substantive procedures alone do not provide sufficient appropriate audit evidence
      - 1.3.3.6 Revision of risk assessment
    - 1.3.4 Communicating with those charged with governance and management
  - 1.4 Audit Objectives, Procedures, Evidences and Documentation
    - 1.4.1 Nature and significance
    - 1.4.2 Evidential matters
    - 1.4.3 Audit procedures/techniques, including audit selection
    - 1.4.4 Audit working papers
  - 1.5 Completing the Audit/Post-Audit Responsibilities
    - 1.5.1 Completing the audit and audit report preparation
      - 1.5.1.1 Analytical procedures for overall review
      - 1.5.1.2 Related party transactions
      - 1.5.1.3 Subsequent events review
      - 1.5.1.4 Assessment of ongoing concern assumption
      - 1.5.1.5 Obtaining client's representation letter
      - 1.5.1.6 Evaluating findings, formulating an opinion, and drafting the audit report

- 1.5.2 Post-audit responsibilities
  - 1.5.2.1 Subsequent discovery of facts
  - 1.5.2.2 Subsequent discovery of omitted procedures
- 1.6 Reports on Audited Financial Statements
  - 1.6.1 The unqualified auditor's report
  - 1.6.2 Basic elements of the unqualified auditor's report
  - 1.6.3 Modified auditor's report
    - 1.6.3.1 Matters that do not affect the auditor's opinion
    - 1.6.3.2 Matters that do affect the auditor's opinion
  - 1.6.4 Report on comparatives
  - 1.6.5 Key audit matters
- 1.7 Auditing in a Computerized Information Systems (CIS) Environment
  - 1.7.1 Internal control in a CIS environment
    - 1.7.1.1 Introduction
    - 1.7.1.2 Impact of computers on accounting and internal control systems
      - 1.7.1.2.1 General Controls
      - 1.7.1.2.2 Application controls
    - 1.7.1.3 Unique characteristics of specific CIS
      - 1.7.1.3.1 Stand alone
      - 1.7.1.3.2 On-line
      - 1.7.1.3.3 Database system
  - 1.7.2 Basic approach to the audit of CIS environment
    - 1.7.2.1 Introduction
    - 1.7.2.2 Effects of computers on the audit process
    - 1.7.2.3 Computer assisted audit techniques
    - 1.7.2.4 Electronic commerce
  - 1.7.3 Auditing new technologies
- 1.8 Attestation Services
  - 1.8.1 Procedures and reports on special purpose audit engagements
    - 1.8.1.1 General considerations
    - 1.8.1.2 Audit of financial statements prepared in accordance with comprehensive basis of accounting other than GAAP in the Philippines
    - 1.8.1.3 Audit of a component of financial statements
    - 1.8.1.4 Reports on compliance with contractual agreements
    - 1.8.1.5 Reports on summarized financial statements
  - 1.8.2 Attestation and related services
    - 1.8.2.1 Examination of prospective financial information
    - 1.8.2.2 Engagements to review financial statements
    - 1.8.2.3 Engagements to perform agreed-upon procedures regarding financial information
    - 1.8.2.4 Engagements to prepare or compile financial information
    - 1.8.2.5 Service organization controls and the service auditor's report
    - 1.8.2.6 Engagements performed in accordance with other criteria
  - 1.8.3 The role of CPAs in rendering other services (aside from auditing and attestation)

## **2.0 Auditing Practice**

- 2.1 Governance, Ethics and Quality Management
  - 2.1.1 Corporate governance
  - 2.1.2 Ethical standards and responsibilities of professional accountants
  - 2.1.3 System of quality management
    - 2.1.3.1 Elements of a system of quality management
    - 2.1.3.2 Leadership responsibilities
    - 2.1.3.3 Ethical requirements
    - 2.1.3.4 Acceptance and continuance
    - 2.1.3.5 Human resources
    - 2.1.3.6 Engagement performance
    - 2.1.3.7 Monitoring
    - 2.1.3.8 Documentation of the System of Quality Management

- 2.1.4 Regulatory requirements related to the practice, accreditation and regulation of public accounting and auditing services
- 2.2 Planning the Audit and Performing Risk Assessment Procedures
  - 2.2.1 Risk-based audit – overview
  - 2.2.2 Risk assessment – overview
  - 2.2.3 Preliminary activities
    - 2.2.3.1 Engagement acceptance and continuance
  - 2.2.4 Planning the audit
    - 2.2.4.1 Overall audit strategy
    - 2.2.4.2 Determining and using materiality
    - 2.2.4.3 Audit team discussions
    - 2.2.4.4 Understanding and auditing business processes
      - 2.2.4.4.1 Order to cash
      - 2.2.4.4.2 Purchase to pay
      - 2.2.4.4.3 Plan to inventory
      - 2.2.4.4.4 Hire to retire
      - 2.2.4.4.5 Acquire to retire
      - 2.2.4.4.6 Record to report
      - 2.2.4.4.7 Close, consolidate and report
      - 2.2.4.4.8 Financial planning and analysis
      - 2.2.4.4.9 Other business processes
  - 2.2.5 Performing risk assessment procedures – entity wide and business process level
    - 2.2.5.1 Identification and assessment of inherent risks
    - 2.2.5.2 Identifying objectives and key risks
    - 2.2.5.3 Understanding internal control
    - 2.2.5.4 Evaluating internal control
    - 2.2.5.5 Communicating deficiencies in internal control
    - 2.2.5.6 Concluding the risk assessment phase
- 2.3 Risks Response
  - 2.3.1 Risk response – overview
  - 2.3.2 Developing the risk-based audit plan
  - 2.3.3 Determining the extent of testing
  - 2.3.4 Documenting work performed
    - 2.3.4.1 Preparation of audit working papers
    - 2.3.4.2 Preparation of analysis worksheets
    - 2.3.4.3 Formulation of adjusting and correcting entries
  - 2.3.5 Written representations
  - 2.3.6 Engagement supervision and consultation
- 2.4 Audit Communication and Reporting
  - 2.4.1 Reporting –overview
  - 2.4.2 Evaluating audit evidence
  - 2.4.3 Communicating results
    - 2.4.3.1 Criteria and quality of communications
    - 2.4.3.2 Disseminating results
    - 2.4.3.3 Communicating with those charged with governance
  - 2.4.4 Preparing the audit report
    - 2.4.4.1 Modifications to the auditor's report
    - 2.4.4.2 Emphasis of matter and other matter paragraphs
    - 2.4.4.3 Comparative information
  - 2.4.5 Monitoring and closing the engagement

**THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS  
(LECPA) SYLLABUS  
REGULATORY FRAMEWORK for BUSINESS TRANSACTIONS**

**Effective October 2022 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.

New laws, standards and other issuances which are effective as of the date of the examination shall supersede the related topic listed in the syllabus and will be included in the examination, unless there is an advisory from the Board of Accountancy to the contrary.

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 Definition
  - 1.1.2 Sources of obligations and their concepts
    - 1.1.2.1 Law
    - 1.1.2.2 Contracts
    - 1.1.2.3 Quasi-contracts
    - 1.1.2.4 Delicts
    - 1.1.2.5 Quasi-delicts
  - 1.1.3 Kinds of Obligations
    - 1.1.3.1 Pure/Conditional/Obligation with a Term
    - 1.1.3.2 Solidary /Joint Obligations
    - 1.1.3.3 Alternative/ Facultative Obligations
    - 1.1.3.4 Divisible/ Indivisible Obligations
    - 1.1.3.5 Obligation with a Penal Clause
  - 1.1.4 Specific circumstances affecting obligations in general
    - 1.1.4.1 Fortuitous Events
    - 1.1.4.2 Fraud
    - 1.1.4.3 Negligence
    - 1.1.4.4 Delay
    - 1.1.4.5 Breach of contract
  - 1.1.5 Nature and Effects of Obligations
    - 1.1.5.1 Concurrent Obligations in obligations to give a specific/determinate thing
    - 1.1.5.2 Obligations to do or not to do

- 1.1.5.3 Remedies in case of non-performance
- 1.1.5.4 Damages
- 1.1.6 Extinguishment of obligation with special emphasis on
  - 1.1.6.1 Payment of debts of money
  - 1.1.6.2 Mercantile documents as means of payment
  - 1.1.6.3 Special forms or mode of payment
    - 1.1.6.3.1 Dation in payment
    - 1.1.6.3.2 Application of payments
    - 1.1.6.3.3 Payment by cession
    - 1.1.6.3.4 Tender of payment and consignation
  - 1.1.6.4 Loss of the thing due, remission or condonation, confusion, compensation, and novation
- 1.2 Contracts
  - 1.2.1 General Provisions
    - 1.2.1.1 Definition
    - 1.2.1.2 Classification
    - 1.2.1.3 Stages of contract
    - 1.2.1.4 Freedom to contract (establish stipulations) and limitation
    - 1.2.1.5 Persons bound
  - 1.2.2 Essential requisites
    - 1.2.2.1 Consent
      - 1.2.2.1.1 Requisites
      - 1.2.2.1.2 Capacitated persons
      - 1.2.2.1.3 Vices of consent
    - 1.2.2.2 Objects of contracts
    - 1.2.2.3 Cause of considerations of contracts
  - 1.2.3 Forms of contracts
  - 1.2.4 Reformation of instruments/contracts
  - 1.2.5 Interpretation of contracts
  - 1.2.6 Defective contracts
    - 1.2.6.1 Resistible
    - 1.2.6.2 Voidable
    - 1.2.6.3 Unenforceable
    - 1.2.6.4 Void and nonexistent
- 1.3 Sales
  - 1.3.1 Nature, forms, and requisites
  - 1.3.2 Earnest money as distinguished from option money
  - 1.3.3 Rights/obligations of vendor and vendee
  - 1.3.4 Warranties
    - 1.3.4.1 Express Warranties (in relation to consumer laws)
    - 1.3.4.2 Implied Warranties
  - 1.3.5 Installment sales
    - 1.3.5.1 Personal property – Recto Law
    - 1.3.5.2 Real Property – Maceda Law
    - 1.3.5.3 PD 957 / Condominium Act
  - 1.3.6 Extinguishment of a contract of sale
    - 1.3.6.1 Conventional Redemption
    - 1.3.6.2 Legal Redemption
- 1.4 Credit Transactions
  - 1.4.1 Pledge, Real Mortgage and Chattel Mortgage
    - 1.4.1.1 Similarities
    - 1.4.1.2 Requisites
    - 1.4.1.3 Indivisibility
    - 1.4.1.4 Pactum Commissorium
    - 1.4.1.5 Third party pledgors/mortgagors
  - 1.4.2 Requirements to bind the parties and third persons
  - 1.4.3 Obligations and rights of pledgor and pledgee
  - 1.4.4 Obligations and rights of mortgagor and mortgagee
  - 1.4.5 Modes of extinguishment

## 2.0 Bouncing Checks

- 2.1 Requisites to be liable under BP 22
  - 2.1.1 Checks without insufficient funds
  - 2.1.2 Evidence of knowledge of insufficient funds
  - 2.1.3 Duty of Drawer
  - 2.1.4 Credit Construed
- 2.2 Comparison with Estafa (Art. 315 {2] (d)

### **3.0 Consumer Protection**

- 3.1 Consumer Product Quality and Safety
- 3.2 Deceptive Sales Acts and Practices
- 3.3 Product Service and Warranty
- 3.4 Labelling and Packaging
- 3.5 Consumer Rights
  - 3.5.1 Price Tag Act
  - 3.5.2 Lemon Law

### **4.0 Financial Rehabilitation and Insolvency**

- 4.1 Definition of Terms
- 4.2 Suspension of payments
- 4.3 Rehabilitation
  - 4.3.1 Types
  - 4.3.2 Commencement order
  - 4.3.3 Stay or suspension order
  - 4.3.4 Rehabilitation receiver
  - 4.3.5 Management committee
  - 4.3.6 Rehabilitation plan
  - 4.3.7 Cram down effect
- 4.4 Liquidation
  - 4.4.1 Types
  - 4.4.2 Conversion of rehabilitation to liquidation proceedings
  - 4.4.3 Liquidation order
  - 4.4.4 Rights of secured creditors
  - 4.4.5 Liquidator
  - 4.4.6 Determination of claims
  - 4.4.7 Liquidation of Plan

### **5.0 Philippine Competition Act**

- 5.1 Definition and scope of application
- 5.2 Prohibited acts
  - 5.2.1 Anti-competitive agreements
  - 5.2.2 Abuse of dominant position
  - 5.2.3 Prohibited mergers and acquisitions
  - 5.2.4 Exceptions
- 5.3 Covered transactions
  - 5.3.1 Thresholds for compulsory notification
  - 5.3.2 Notifying entity
  - 5.3.3 Period of notifications
  - 5.3.4 Exceptions

### **6.0 Government Procurement Law**

- 6.1 General principles
- 6.2 Scope and application
- 6.3 Definition of terms
- 6.4 Procurement procedures
  - 6.4.1 Preparation of bidding documents
  - 6.4.2 Invitation to bid
  - 6.4.3 Receipt and opening of bids
  - 6.4.4 Bid evaluation
  - 6.4.5 Post-qualification
  - 6.4.6 Award, implementation, and termination of the contract
- 6.5 Disclosure of relations

## 6.6 Alternative methods of procurement

# 7.0 Law on Business Organizations

## 7.1 Partnerships

- 7.1.1 Nature and as distinguished from corporation
- 7.1.2 Kinds of partnerships
- 7.1.3 Formalities required
- 7.1.4 Rules of management
- 7.1.5 Obligations of partners
  - 7.1.5.1 To the partnership and to the partners
  - 7.1.5.2 To third persons
- 7.1.6 Rights of a partner
- 7.1.7 Sharing of profits and losses
- 7.1.8 Dissolution and winding up
- 7.1.9 Limited Partnership

## 7.2 Corporations

- 7.2.1 Definition of corporation
- 7.2.2 Classes of corporations
- 7.2.3 Nationality of corporations
  - 7.2.3.1 Control test
  - 7.2.3.2 Grandfather rule
- 7.2.4 Corporate juridical personality
  - 7.2.4.1 Doctrine of separate juridical personality
    - 7.2.4.1.1 Liability for tort and crimes
    - 7.2.4.1.2 Recovery of damages
  - 7.2.4.2 Doctrine of piercing the corporate veil
    - 7.2.4.2.1 Grounds for application of doctrine
    - 7.2.4.2.2 Test in determining applicability
- 7.2.5 Capital structure
  - 7.2.5.1 Number and qualifications of incorporators
  - 7.2.5.2 Subscription requirements
  - 7.2.5.3 Corporate term
  - 7.2.5.4 Classification of shares
    - 7.2.5.4.1 Preferred shares versus common shares
    - 7.2.5.4.2 Scope of voting rights subject to classification
    - 7.2.5.4.3 Founder's shares
    - 7.2.5.4.4 Redeemable shares
    - 7.2.5.4.5 Treasury shares
- 7.2.6 Incorporation and organization
  - 7.2.6.1 Promoter
  - 7.2.6.2 Subscription contract
  - 7.2.6.3 Pre-incorporation subscription agreements
  - 7.2.6.4 Consideration for stocks
  - 7.2.6.5 Articles of Incorporation
    - 7.2.6.5.1 Contents
    - 7.2.6.5.2 Non-amendable items
  - 7.2.6.6 Corporate name; limitations on use of corporate name
  - 7.2.6.7 Registration, incorporation, and commencement of corporate existence
  - 7.2.6.8 Election of directors or trustees
  - 7.2.6.9 Adoption of by-laws
    - 7.2.6.9.1 Contents of by-laws
    - 7.2.6.9.2 Binding effects
    - 7.2.6.9.3 Amendments
  - 7.2.6.10 Effects of non-use of corporate charter
- 7.2.7 Corporate powers
  - 7.2.7.1 General powers; theory of general capacity
  - 7.2.7.2 Specific powers; theory of specific capacity
  - 7.2.7.3 Power to extend or shorten corporate term
  - 7.2.7.4 Power to increase or decrease capital stock or incur, create, increase bonded indebtedness

- 7.2.7.5 Power to deny pre-emptive rights
- 7.2.7.6 Power to sell or dispose corporate assets
- 7.2.7.7 Power to acquire own shares
- 7.2.7.8 Power to invest corporate funds in another corporation or business
- 7.2.7.9 Power to declare dividends
- 7.2.7.10 Power to enter into management contract
- 7.2.7.11 Ultra vires acts
- 7.2.7.12 Doctrine of individuality of subscription
- 7.2.7.13 Doctrine of equality of shares
- 7.2.7.14 Trust fund doctrine
- 7.2.8 Stockholders and members
  - 7.2.8.1 Fundamental rights of a stockholder
  - 7.2.8.2 Participation in management
    - 7.2.8.2.1 Proxy
    - 7.2.8.2.2 Voting trust
    - 7.2.8.2.3 Cases when stockholders' action is required
    - 7.2.8.2.4 Manner of voting
  - 7.2.8.3 Proprietary rights
    - 7.2.8.3.1 Appraisal right
    - 7.2.8.3.2 Right to inspect
    - 7.2.8.3.3 Preemptive right
    - 7.2.8.3.4 Right to vote
    - 7.2.8.3.5 Right to dividends
  - 7.2.8.4 Remedial rights
    - 7.2.8.4.1 Individual suit
    - 7.2.8.4.2 Representative suit
    - 7.2.8.4.3 Derivative suit
  - 7.2.8.5 Obligations of a stockholder
  - 7.2.8.6 Meetings
    - 7.2.8.6.1 Regular or special
    - 7.2.8.6.2 Notice of meetings
    - 7.2.8.6.3 Place and time of meetings
    - 7.2.8.6.4 Quorum
    - 7.2.8.6.5 Minutes and agenda of meetings
    - 7.2.8.6.6 Remote communication
- 7.2.9 Board of directors and trustees
  - 7.2.9.1 Repository of corporate powers
  - 7.2.9.2 Tenure, qualifications, and disqualifications of directors
  - 7.2.9.3 Corporations vested with public interest
  - 7.2.9.4 Independent directors
    - 7.2.9.5 Elections
    - 7.2.9.6 Removal
    - 7.2.9.7 Filling of vacancies
    - 7.2.9.8 Compensation
    - 7.2.9.9 Disloyalty
      - 7.2.9.9.1 Business judgment rule
      - 7.2.9.9.2 Solidary liabilities for damages
  - 7.2.9.10 Personal liabilities
  - 7.2.9.11 Responsibility for crimes
  - 7.2.9.12 Special fact doctrine
  - 7.2.9.13 Inside information
  - 7.2.9.14 Contracts
  - 7.2.9.15 Between corporations with interlocking directors
  - 7.2.9.16 Executive and other special committees
  - 7.2.9.17 Meetings
    - 7.2.9.17.1 Regular or special
    - 7.2.9.17.2 Who presides?
    - 7.2.9.17.3 Quorum
    - 7.2.9.17.4 Remote communication
    - 7.2.9.17.5 Rule on abstention

- 7.2.10 Capital affairs
  - 7.2.10.1 Certificate of stock
  - 7.2.10.2 Watered stocks
  - 7.2.10.3 Payment of balance of subscription
  - 7.2.10.4 Sale of delinquent shares
  - 7.2.10.5 Alienation of shares
  - 7.2.10.6 Corporate books and records
    - 7.2.10.6.1 Records to be kept at principal office
    - 7.2.10.6.2 Right to inspect corporate records
    - 7.2.10.6.3 Effect of refusal to inspect corporate records
- 7.2.11 Dissolution and liquidation
  - 7.2.11.1 Modes of dissolution
  - 7.2.11.2 Methods of liquidation
- 7.2.12 Other corporations
  - 7.2.12.1 Non-stock corporations
  - 7.2.12.2 Educational corporations
  - 7.2.12.3 Religious corporations
  - 7.2.12.4 One person corporations
    - 7.2.12.4.1 Excepted corporations
    - 7.2.12.4.2 Capital stock requirement
    - 7.2.12.4.3 Articles of incorporation and by-laws
    - 7.2.12.4.4 Corporate name
    - 7.2.12.4.5 Corporate structure and officers
    - 7.2.12.4.6 Nominee
    - 7.2.12.4.7 Liability
    - 7.2.12.4.8 Conversion of corporation to one person corporations and vice-versa
  - 7.2.12.5 Foreign corporations
    - 7.2.12.5.1 Bases of authority over foreign corporations
    - 7.2.12.5.2 Necessity of a license to do business
    - 7.2.12.5.3 Personality to sue
    - 7.2.12.5.4 Usability of foreign corporations
    - 7.2.12.5.5 Instances when unlicensed foreign corporations may be allowed to sue (isolated transactions)
    - 7.2.12.5.6 Grounds for revocation of license
- 7.2.13 Merger and consolidation
  - 7.2.13.1 Definition and concept
  - 7.2.13.2 Distinguish: constituent and consolidated corporation
  - 7.2.13.2 Plan of merger or consolidation
  - 7.2.13.3 Articles of merger or consolidation
  - 7.2.13.4 Procedure, effectiveness, limitations, and effects
- 7.2.14 Investigations, offenses, and penalties
  - 7.2.14.1 Authority of Commissioner
    - 7.2.14.1.1 Investigation and prosecution of offenses
    - 7.2.14.1.2 Contempt
  - 7.2.14.2 Sanctions for violations
    - 7.2.14.2.1 Administrative sanctions
    - 7.2.14.2.2 Prohibited Acts
    - 7.2.14.2.3 Penalties
  - 7.2.14.3 Who are liable?
  - 7.2.14.4 Authority of the Securities and Exchange Commission
- 7.2.15 Corporate Governance
  - 7.2.15.1 Publicly listed companies
  - 7.2.15.2 Public companies and registered issuers
- 7.2.16 Securities
  - 7.2.16.1 Kinds of securities
  - 7.2.16.2 Procedure for registration of securities
  - 7.2.16.3 Prohibition on fraud, manipulation, and insider trading
  - 7.2.16.4 Protection of shareholder interests
- 7.2.17 Securities Regulation Code (SRC) Rule 68
  - 7.2.17.1 General Financial Reporting requirements

- 7.2.17.1.1 Application and definition of terms
- 7.2.17.1.2 Guides to financial statements preparation
- 7.2.17.1.2.1 Financial reporting framework
- 7.2.17.1.2.2 Responsibility for financial statements
- 7.2.17.1.3 Qualifications and reports of independent auditors
- 7.2.18 SEC Issuances
  - 7.2.18.1 Memo Circulars
  - 7.2.18.2 Opinions
- 7.3 Insurance
  - 7.3.1 Concept of insurance
  - 7.3.2 Elements of an insurance contract
  - 7.3.3 Characteristics and nature of insurance contracts
  - 7.3.4 Classes
  - 7.3.5 Variable contracts
  - 7.3.6 Insurable interest
  - 7.3.7 Perfection of the contract of insurance
  - 7.3.8 Rescission of insurance contracts
  - 7.3.9 Claims settlement and subrogation
- 7.4 Cooperatives
  - 7.4.1 Organization and Registration of Cooperatives
  - 7.4.2 Administration
  - 7.4.3 Responsibilities, Rights and Privileges of Cooperatives
  - 7.4.4 Membership
  - 7.4.5 Capital, Property of Funds
  - 7.4.6 Audit, Inquiry and Members' Right to Examine
  - 7.4.7 Allocation and Distribution of Funds
  - 7.4.8 Types and Categories of Cooperatives
  - 7.4.9 Merger and Consolidation of Cooperatives
  - 7.4.10 Dissolution of Cooperatives

## **8.0 Law on Other Business Transactions**

- 8.1 PDIC Law
  - 8.1.1 Insurable deposits
  - 8.1.2 Maximum liability
  - 8.1.3 Requirements for Claims
- 8.2 Secrecy of Bank Deposits
  - 8.2.1 Purpose
  - 8.2.2 Prohibited acts
  - 8.2.3 Deposits covered
  - 8.2.4 Exceptions
  - 8.2.5 Garnishment of deposits including foreign deposits
- 8.3 Truth in Lending Act
  - 8.3.1 Purpose
  - 8.3.2 Obligation of creditors to persons to whom credit is extended
  - 8.3.3 Covered and excluded transactions
  - 8.3.4 Consequences of non-compliance with obligation
- 8.4 AMLA Law
  - 8.4.1 Purpose, policies, and principles
  - 8.4.2 Definition of terms
  - 8.4.3 Unlawful activities
  - 8.4.4 Covered persons
  - 8.4.5 Money laundering, terrorism and financing and asset forfeiture
  - 8.4.6 Preventive measures and obligations of covered persons
    - 8.4.6.1 Prohibited accounts
    - 8.4.6.2 Customer due diligence
  - 8.4.7 Beneficial ownership
  - 8.4.8 Record keeping requirements
  - 8.4.9 Safe Harbor
- 8.5 Intellectual Property Law (except provisions under Part 1)
  - 8.5.1 Patents

- 8.5.2 Trademark, Service Marks, and Trade Names
- 8.5.3 Copyright
- 8.6 Data Privacy Act
  - 8.6.1 Definitions
  - 8.6.2 Scope of application
  - 8.6.3 Data Privacy Principles
  - 8.6.4 Processing of personal data
  - 8.6.5 Security measures for protection of personal data
  - 8.6.6 Rights of Data Subject
  - 8.6.7 Data breach notification
  - 8.6.8 Outsourcing and subcontracting agreements
  - 8.6.9 Registration and compliance requirements
- 8.7 Electronic Commerce Act
  - 8.7.1 Principles
  - 8.7.2 Application
  - 8.7.3 Definition of terms
  - 8.7.4 Legal recognition and communication of electronic data messages and electronic documents
  - 8.7.5 Electronic commerce in carriage of goods
  - 8.7.6 Electronic transactions in government
- 8.8 Ease of Doing Business and Efficient Delivery of Government Service Delivery Act
  - 8.8.1 Policy, construction, and interpretation
  - 8.8.2 Definition of terms
  - 8.8.3 Coverage and scope
  - 8.8.4 Reengineering of systems and procedures
  - 8.8.5 Citizen's charter
  - 8.8.6 Accessing government services
  - 8.8.7 Streamlined procedures for the issuances of permits and licenses
  - 8.8.8 Violations, jurisdiction, penalties, and immunity
- 8.9 Labor Law
  - 8.9.1 Labor Standards
    - 8.9.1.1 Basic pay
    - 8.9.1.2 Overtime premium
    - 8.9.1.3 Night shift differential
    - 8.9.1.4 Holiday premium
    - 8.9.1.5 13<sup>th</sup> month pay
    - 8.9.1.6 Leaves
    - 8.9.1.7 Service incentive leave
    - 8.9.1.8 Maternity leave
    - 8.9.1.9 Paternity leave
    - 8.9.1.10 Parental leave for solo parent
- 8.10 Social Security Law
  - 8.10.1 Definitions
  - 8.10.2 Scope and Coverage
  - 8.10.3 Pension, Retirement, and other benefits
  - 8.10.4 Exemptions from tax, legal process, and lien
  - 8.10.5 Employee's and employer's contributions
  - 8.10.6 Contributions from self-employed member
  - 8.10.7 Remittance of contributions
  - 8.10.8 Method of collection and payment
  - 8.10.9 Employment records and reports
  - 8.10.10 Penal Clauses

**THE LICENSURE EXAMINATION FOR CERTIFIED PUBLIC ACCOUNTANTS  
(LECPA) SYLLABUS  
TAXATION**

**Effective October 2022 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 provisions of the National Internal Revenue Code (NIRC) as amended, BIR Issuances (such as but not limited to Revenue Regulations, Revenue Memorandum Circulars, Revenue Rulings) on income tax, business taxes (value-added and percentage taxes), estate tax, donor's tax, excise tax, and documentary stamp tax, organization and functions of the Bureau of Internal Revenue (BIR), tax remedies, compliance requirements, and statutory offenses and penalties; Local Government Code on local taxation; and preferential tax or tax exemption provisions and taxes pertaining to senior citizens and persons with disability, Board of Investments, Philippine Economic Zone Authority (PEZA), Bases Conversion Development Act (BCDA), Barangay Micro Business Enterprises (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.

New laws, implementing rules and regulations, jurisprudences, standards and other issuances which are effective as of the date of the examination shall supersede the related topic listed in the syllabus and will be included in the examination, unless there is an advisory from the Board of Accountancy to the contrary.

Graduated tax rates, excise tax rates, documentary stamp tax rates, local business tax rates, and real property tax rates (including assessment levels of real properties) 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 taxation
- 1.3 Tax evasion vs. tax avoidance
- 1.4 Situs/place of taxation
- 1.5 Double taxation
- 1.6 Legislation of tax laws
- 1.7 Impact of taxes in nation building
- 1.8 Ethical tax compliance and administration

- 1.9 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

## **2.0 Tax Remedies**

- 2.1 Tax remedies of the government
- 2.2 Remedies of the taxpayer

## **3.0 Income Taxation**

- 3.1 The taxpayer and tax base
- 3.2 Gross income
- 3.3 Deductions from gross income
- 3.4 Accounting periods
- 3.5 Accounting methods
- 3.6 Tax due and determine tax credits, if applicable
- 3.7 Tax return preparation and filing and tax payments
- 3.8 Withholding taxes (at source, expanded or creditable withholding tax, final withholding taxes and withholding tax on government payments)
- 3.9 Compliance requirements
- 3.10 Specific provisions of other special laws relating to income taxation
  - 3.10.1 Senior Citizen's Law (RA 7432)
  - 3.10.2. Magna Carta for Disabled Persons (RA 7277)
  - 3.10.3. Barangay Micro Business Enterprises (BMBEs) Act (RA 9178)
- 3.11 Differences between tax rules and accounting rules (e.g., PFRS or other frameworks)
  - 3.11.1 The differences between tax rules and accounting rule
  - 3.11.2. Accounting income to taxable income
- 3.12 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities

## **4.0 Transfer Taxes**

- 4.1 Estate tax
  - 4.1.1 Principles, concepts involving donor's taxation
  - 4.1.2 Transfers which may be considered a donation
  - 4.1.3 Classification of donors
  - 4.1.4 Net gifts/donations
  - 4.1.5 Tax due and tax credits, if applicable
  - 4.1.6 Tax return preparation and filing and tax payments
  - 4.1.7 Compliance requirements
  - 4.1.8 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities
- 4.2 Donor's tax
  - 4.2.1 Principles, concepts involving donor's taxation
  - 4.2.2 Transfers which may be considered a donation
  - 4.2.3 Classification of donors
  - 4.2.4 Net gifts/donations
  - 4.2.5 Tax due and tax credits, if applicable
  - 4.2.6 Tax return preparation and filing and tax payments
  - 4.2.7 Compliance requirements
  - 4.2.8 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities

## **5.0 Business Taxes**

- 5.1 Value-added tax
  - 5.1.1 Nature and characteristics of value-added tax
  - 5.1.2 Persons subject to value-added tax
  - 5.1.3 Transactions subject to 12%, 0% and withholding VAT and/or exempt from value-added tax
  - 5.1.4 Sources of input tax

- 5.1.5 Value-added tax payable or excess input tax credits and tax credits, if applicable
- 5.1.6 Process for claiming input VAT refund
- 5.1.7 Tax return preparation and filing and tax payments
- 5.1.8 Compliance requirements
- 5.1.9 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities
- 5.2 Percentage tax
  - 5.2.1 Nature and characteristics of percentage tax
  - 5.2.2 Persons subject to percentage tax
  - 5.2.3 Transactions subject to and/or exempt from percentage tax
  - 5.2.4 Percentage tax due, and tax credits, if applicable
  - 5.2.5 Tax return preparation and filing and tax payments
  - 5.2.6 Compliance requirements
  - 5.2.7 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities
- 5.3 Specific provisions of other special laws relating to business taxation
  - 5.3.1 Senior Citizen's Law (RA 7432)
  - 5.3.2 Magna Carta for Disabled Persons (RA 7277)

## **6.0 Documentary Stamp Tax**

- 6.1 Nature and characteristics of documentary stamp tax
- 6.2 Transactions subject to and/or exempt from documentary stamp tax
- 6.3 Tax base and tax due
- 6.4 Tax return preparation and filing and tax payments
- 6.5 Compliance requirements
- 6.6 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities

## **7.0 Excise Tax**

- 7.1 Nature and characteristics of excise tax
- 7.2 Transactions subject to and/or exempt from excise tax
- 7.3 Tax base and tax due
- 7.4 Tax return preparation and filing and tax payments
- 7.5 Compliance requirements
- 7.6 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities

## **8.0 Taxation Under the Local Government Code (Local Government Taxation and Real Property Taxation under the Local Government Code)**

- 8.1 Fundamental principles, scope of taxing power of local government units (LGUs)
- 8.2 Scope and different types of local taxes (limited to real property tax, local tax imposed by provinces, municipalities and cities, and barangays)
- 8.3 Tax base and tax rates
- 8.4 Venue and time of payment
- 8.5 Remedies available to the government and the taxpayer
- 8.6 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities

## **9.0 Preferential Taxation**

- 9.1 Special Economic Zone Act for purposes of determining tax liabilities and tax incentives
  - 9.1.1 Income tax (5% GIT, ITH incentives, regular income tax)
  - 9.1.2 Other tax incentives (VAT/OPT, excise tax, DST, local taxes)
- 9.2 Bases Conversion and Development Act (BCDA) for purposes of determining tax liabilities and tax incentives

- 9.2.1 Income tax (5% GIT, ITH incentives, regular income tax)
  - 9.2.2. Other tax incentives (VAT/OPT, excise tax, DST, local taxes)
- 9.3 Omnibus Investments Code for purposes of determining tax liabilities and tax incentives
  - 9.3.1 Income tax (ITH incentives, regular income tax)
  - 9.3.2 Other tax incentives (VAT/OPT, excise tax, DST, local taxes)
- 9.4 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:
  - 9.4.1 Royalties
  - 9.4.2 Dividends
  - 9.4.3 Interests
  - 9.4.4 Capital gains
  - 9.4.5 Business profits and other income items
- 9.5 Tax implications of transactions applying the tax rules and regulations, and sound tax planning strategies within legal and ethical bounds to efficiently manage tax liabilities.

**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	No. of Items
<b>The examinee can perform the following competencies under each topic:</b>								
<b>A. Development of Financial Reporting Framework, Standard-Setting Bodies and Regulation of the Accountancy Profession</b> 1. History, Development and Functions of the Standard-Setting Bodies 1.1 Explain the history, development and functions of IASB, IFRIC and SIC, FRSC AND PIC. 2. Regulation and Environment of the Accounting Profession in the Philippines 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.	5.71%	4 2 2 2 2		4 2 2				
<b>B. Conceptual Framework, Accounting Process and Presentation of Financial Statements</b> 1. Conceptual Framework for Financial Reporting 1.1 Explain the objective and status of the Conceptual Framework together with the Qualitative Characteristics of Useful Financial Information. 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. 2. Accounting Process 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. 3. Presentation of Financial Statements	12.86%	9 2 1 1 1 6 1		3 1 1 1	5	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		
<b>C. Cash and other Financial Assets</b>	14.29%	10 4 2 1 1 6		2 1	5	3		
1. Cash								
1.1 Describe the nature and composition of cash								
1.2 Prepare a bank reconciliation								
1.3 Apply the accounting for petty cash fund								
2. Other Financial Assets (initial recognition, basis for classification, subsequent measurement, reclassification and presentation in the financial statements)		2				2		
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 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				
<b>D. Non-financial Assets</b>	20.00%	14 2 1		2	6	6		
1. Inventories								
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		
1.2 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	
2.2 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				1	
		1					
2.3 Determine Revaluation and Impairment and account for retirement and disposals.		2					
3. Investment property		2				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					
4. Intangible assets		2			1	1	
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					
5. Biological assets		2			1	1	
5.1 Describe the nature, distinction from bearer plants and agricultural produce, determine capitalizable cost at initial recognition and apply subsequent measurement		2					
6. Non-current assets held for sale (or disposal group)		1			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					
7. Prepaid expenses and other assets		1		1			
7.1 Describe and measure prepaid expenses and other assets.		1					
<b>E. Financial Liabilities</b>	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	
1.3 Illustrate measuring using effective interest method		1					
1.4 Illustrate troubled debt restructuring		1				1	

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

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				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					
6. Operating segments		1		1			
6.1 Identify operating segments and reporting segment information		1					
<b>I. Other Reporting Frameworks</b>	<b>7.14%</b>	<b>5</b>		<b>2</b>	<b>2</b>	<b>1</b>	
1. Other Reporting Frameworks		5		2	2	1	
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					
<b>TOTAL</b>	<b>100%</b>	<b>70</b>		<b>21</b>	<b>28</b>	<b>21</b>	

**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
<b>The examinees can perform the following competencies under each topic:</b>								
<b>1.0</b>	<b>Partnership Accounting</b>	14.29%	<b>10</b>		<b>3</b>	<b>4</b>	<b>3</b>	
	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	
<b>2.0</b>	<b>Corporate Liquidation</b>	5.71%	<b>4</b>		<b>1</b>	<b>1</b>	<b>2</b>	

	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		
<b>3.0</b>	<b>Joint Arrangements (PFRS 11)</b>	5.71%	<b>4</b>		<b>1</b>	<b>2</b>	<b>1</b>		
	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		
<b>4.0</b>	<b>Revenue Recognition</b>	14.29%	<b>10</b>		<b>2</b>	<b>5</b>	<b>3</b>		

	<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> <ul style="list-style-type: none"> <li>4.1.2.1 Right of return</li> <li>4.1.2.2 Principal-agent relationships</li> <li>4.1.2.3 Non-refundable upfront fees</li> <li>4.1.2.4 Licensing/royalties</li> <li>4.1.2.5 Repurchase arrangements</li> <li>4.1.2.6 Gift cards</li> <li>4.1.2.7 Consignment arrangements</li> <li>4.1.2.8 Bill-and-Hold arrangements</li> <li>4.1.2.9 Long-term Construction Contracts</li> </ul> <p>4.1.2.9.1 Prepare journal entries and determine revenue, costs, and gross profit under:</p> <ul style="list-style-type: none"> <li>4.1.2.9.1.1 Over Time (Percentage Of Completion Method)</li> <li>4.1.2.9.1.2 Input method (Cost-to-cost and Efforts-expensed method)</li> <li>4.1.2.9.1.3 Output method (Point in time-Cost recovery method/Zero-profit approach)</li> </ul>	1.43%	1		1			
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	<p>4.1.2.9.2 Determine the amount of Contract Asset/Contract Liabilities based on the performance obligation</p> <p>4.1.2.10 Franchise Operations – Franchisor's point of view</p> <p>4.1.2.10.1 Determine the amount of revenue, costs, and gross profit for:</p> <p>4.1.2.10.1.1 Initial franchise fee</p> <p>4.1.2.10.1.2 Continuing franchise fee</p> <p>4.1.2.11 Accounting for Consignment Sales</p> <p>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</p> <p>4.1.2.11.2 Solve for the value of ending inventory</p> <p>4.1.2.11.3 Examine the amount of the consignor's cost of goods sold and profit or loss</p> <p>4.1.3 Solve for the amount to be presented in the Financial Statement</p>	7.14%	5		1	3	1		
		1.43%	1		1				
		1.43%	1		1				
		2.86%	2				2		
<b>5.0</b>	<b>Accounting for Home Office, Branch and Agency Transactions</b>	<b>5.71%</b>	<b>4</b>		<b>1</b>	<b>1</b>	<b>2</b>		
	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		
<b>6.0</b>	<b>Accounting for Business Combination (PFRS 3)</b>	<b>8.57%</b>	<b>6</b>		<b>1</b>	<b>3</b>	<b>2</b>		
	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		
<b>7.0</b>	<b>Separate Financial Statement (PAS 27)</b>	5.71%	<b>4</b>		<b>1</b>	<b>2</b>	<b>1</b>		
	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			
<b>8.0</b>	<b>Consolidated Financial Statements (PFRS 10)</b>	7.14%	<b>5</b>		<b>2</b>	<b>1</b>	<b>2</b>		
	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		
<b>9.0</b>	<b>Derivatives and Hedging Accounting (PFRS 9)</b>	5.71%	<b>4</b>		<b>1</b>	<b>2</b>	<b>1</b>		
	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			

	9.2 Determine the impact or effect of hedging transactions in the investor's point of view under: 9.2.1 Foreign currency forward contract 9.2.1.1 Hedges that does not require a hedge accounting (Undesignated hedges) 9.2.1.1.1 Exposed Asset (import) or Liability (export) position 9.2.1.1.2 Speculation 9.2.1.2 Hedges that requires 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) 9.2.1.3 Hedge of a net investment in a foreign entity	2.85%	2			1	1		
<b>10.0</b>	<b>Translation of Foreign Currency Financial Statements (PAS 21 / PAS 29)</b>	4.29%	<b>3</b>		<b>1</b>	<b>1</b>	<b>1</b>		
	1. Translate from the Functional Currency into the Presentation Currency using closing/current rate method 2. Translate into Functional Currency (Remeasurement from Foreign Currency Financial Statements to the Functional Currency) 3. Restate the Financial Statements (Functional Currency of a Hyperinflationary Economy)	1.43% 1.43% 1.43%	1 1 1		1 1 1				
<b>11.0</b>	<b>Not-for-Profit Organizations</b>	2.86%	<b>2</b>		<b>1</b>	<b>1</b>			
	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			
<b>12.0</b>	<b>Government Accounting – General Fund</b>	2.86%	<b>2</b>		<b>1</b>	<b>1</b>			
	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		
<b>13.0</b>	<b>Cost Accounting</b>	14.29%	<b>10</b>		<b>3</b>	<b>4</b>	<b>3</b>	
	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 13.3.2.2 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 slit-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		
<b>14.0</b>	<b>Other Special Topics</b>	<b>2.86%</b>	<b>2</b>		<b>2</b>				
	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				
	<b>TOTAL</b>	<b>100%</b>	<b>70</b>		<b>21</b>		<b>28</b>		<b>21</b>

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

**Philippine Qualifications Framework level 6**

Difficulty Level	Bloom's Taxonomy			Easy (30%)		Moderate (40%)		Difficult (30%)		
		Weight	No. of Items	Remembering	Understanding	Applying	Analyzing	Evaluating	Creating	
Topics and Outcome				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							
<b>3. Management accounting concepts &amp; techniques for performance measurement</b>	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. 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	3		
<b>4. Management Accounting Concepts &amp; Techniques for Decision Making</b>	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 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. 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). 4.4. Application of probability analysis, decision tree diagram and linear programming.		2 2 3 1					
<b>B. Financial Management</b>	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		
<b>I. Economic Concepts Essential to Obtaining an Understanding of Entity's Business and Industry</b>	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)	<b>100%</b>	<b>70</b>		<b>21</b>	<b>28</b>	<b>21</b>		

**Table of Specifications  
in AUDITING**  
**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.	<b>AUDITING THEORY</b>	50%	35		11	14	10		
	<b>1. Fundamentals of Auditing and Assurance Services</b>	5.7%	4						
	1.1 Introduction to assurance engagements <ul style="list-style-type: none"> <li>1.1.1 Discuss the nature, objective and elements</li> <li>1.1.2 Identify the types of assurance engagements (audits, reviews, other assurance engagements)</li> </ul> 1.2 Introduction to auditing <ul style="list-style-type: none"> <li>1.2.1 Discuss the nature, philosophy, and objectives</li> <li>1.2.2 Differentiate the types of audits               <ul style="list-style-type: none"> <li>1.2.2.1 According to nature of assertion/data (financial statements audit, operational audit, and compliance audit)</li> <li>1.2.2.2 According to types of auditor (external independent financial statements audit, internal audit, and government audit)</li> </ul> </li> </ul>		2		2				
	<b>2. The Risk-based Financial Statement Audit – Client Acceptance, Audit Planning, Supervision and Monitoring</b>	5.7%	4						

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

	3.4 Discuss and communicate the risks of material misstatement with those charged with governance and management		1			1			
	<b>4. Audit Objectives, Procedures, Evidence and Documentation</b>	<b>7.1%</b>	<b>5</b>						
	4.1 Describe and discuss the nature and significance 4.2 Identify the evidential matters 4.3 Perform the audit procedures/techniques including audit selection 4.4 Prepare audit working papers		1 1 2 1		1 1		2		
	<b>5. Completing the Audit/Post-Audit Responsibilities</b>	<b>7.1%</b>	<b>5</b>			1	2		
	5.1 Discuss the completion of the audit and audit report preparation 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		3			1	2		
	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 5.2.2 Discuss subsequent discovery of omitted procedures		2			2			
	<b>6. Reports on Audited Financial Statements</b>	<b>5.7%</b>	<b>4</b>						
	6.1 Illustrate an unqualified auditor's report 6.2 Explain the basic elements of the unqualified auditor's report 6.3 Describe a modified auditor's opinion report 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 6.5 Identify key audit matters		1 1 1 1		1 1 1				
	<b>7. Auditing in a Computerized Information Systems (CIS) Environment</b>	<b>4.2%</b>	<b>3</b>						
	7.1 Describe and identify the 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		1		1				

	<p>7.1.3 Unique characteristics of specific CIS</p> <ul style="list-style-type: none"> <li>7.1.3.1 Stand alone</li> <li>7.1.3.2 On-line</li> <li>7.1.3.3 Database system</li> </ul> <p>7.2 Discuss, describe, and identify the basic approach to the audit of CIS environment</p> <ul style="list-style-type: none"> <li>7.2.1 Introduction</li> <li>7.2.2 Effects of computers on the audit process</li> <li>7.2.3 Computer assisted audit techniques</li> <li>7.2.4 Electronic commerce</li> </ul> <p>7.3 Describe and discuss how to audit new technologies</p>		1				1		
	<b>8. Attestation Services</b>	<b>7.1%</b>	<b>5</b>						
	<p>8.1 Identify and describe the procedures and reports on special purpose audit engagements</p> <ul style="list-style-type: none"> <li>8.1.1 Discuss the general considerations</li> <li>8.1.2 Discuss the audit of financial statements prepared in accordance with a comprehensive basis of accounting other than GAAP in the Philippines.</li> <li>8.1.3 Describe the audit of a component of financial statements</li> <li>8.1.4 Describe the reports on compliance with contractual agreements</li> <li>8.1.5 Describe the reports on summarized financial statements</li> </ul>		2		1		1		
	<p>8.2 Discuss attestation and related services</p> <ul style="list-style-type: none"> <li>8.2.1 Discuss the examination of prospective financial information</li> <li>8.2.2 Describe engagements to review financial statements</li> <li>8.2.3 Describe engagements to perform agreed-upon procedures regarding financial information</li> <li>8.2.4 Describe engagements to prepare or compile financial information</li> <li>8.2.5 Describe and discuss service organization controls and the service of auditor's report</li> <li>8.2.6 Identify and discuss engagements performed in accordance with other criteria</li> </ul> <p>8.3 Describe the role of CPAs in rendering other services (aside from auditing and attestation).</p>		2				2		

<b>B.</b>	<b>AUDITING PRACTICE</b>	<b>50%</b>	<b>35</b>		<b>10</b>	<b>14</b>	<b>11</b>	
	<b>1. Governance, Ethics and Quality Management</b>	<b>7.1%</b>	<b>5</b>					
	1.1 Discuss corporate governance 1.2 Identify and discuss the ethical standards and responsibilities of professional accountants 1.3 Describe and discuss the system of quality management 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 1 2		1 1 2			
	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		
	<b>2. Planning the Audit and Performing Risk Assessment Procedures</b>	<b>25.7%</b>	<b>18</b>					
	2.1 Explain the overview of Risk-based audit 2.2 Explain the overview of risk assessment 2.3 Perform the preliminary activities 2.3.1 Discuss the engagement acceptance and continuance 2.4 Prepare and discuss the audit plan 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		1 1 1 14		1 1 1	6	8	

	2.5 Perform risk assessment procedures entity wide and business process level <ul style="list-style-type: none"> <li>2.5.1 Identify and assess inherent risks</li> <li>2.5.2 Identify objectives and key risks</li> <li>2.5.3 Describe and explain internal control</li> <li>2.5.4 Evaluate internal control</li> <li>2.5.5 Communicate deficiencies in internal control</li> <li>2.5.6 Conclude the risk assessment phase</li> </ul>		1					1		
	<b>3. Risk Response</b>	<b>8.5%</b>	<b>6</b>							
	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 <ul style="list-style-type: none"> <li>3.4.1 Prepare audit working papers</li> <li>3.4.2 Prepare analysis worksheets</li> <li>3.4.3 Formulate adjusting and correcting entries</li> </ul> 3.5 Prepare written representations 3.6 Conduct engagement supervision and consultation		1 1 1 1 1 1		1		1 1 1			
	<b>4. Audit Communication and Reporting</b>	<b>8.6%</b>	<b>6</b>							
	4.1 Discuss the overview of reporting the audit 4.2 Perform audit evidence evaluation 4.3 Communicate audit results <ul style="list-style-type: none"> <li>4.3.1 Determine the criteria and quality of communication</li> <li>4.3.2 Disseminate the results</li> <li>4.3.3 Communicate with those charged with governance</li> </ul> 4.4 Prepare the audit report <ul style="list-style-type: none"> <li>4.4.1 Perform any modification to the auditor's report</li> <li>4.4.2 Determine the need of Emphasis of matter and other matter paragraphs</li> <li>4.4.3 Prepare comparative information</li> </ul> 4.5 Perform monitoring and closing of the engagement		1 1 1  2  1		1		1 2 1			
	<b>TOTAL</b>	<b>100%</b>	<b>70</b>		<b>21</b>		<b>28</b>		<b>21</b>	

**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
<b>The examinees can perform the following competencies under each topic:</b>								
<b>A. Law on Business Transactions</b>	<b>18%</b>	<b>18</b>						
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 consignation							
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 nonexistent							
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 lied 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							
<b>4 Credit Transactions</b>	<b>3%</b>	<b>3</b>		<b>1</b>	<b>1</b>	<b>1</b>	
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>B. Bouncing Checks</b>	<b>2%</b>	<b>2</b>			<b>1</b>	<b>1</b>	
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)							
<b>C. Consumer Protection</b>	<b>2%</b>	<b>2</b>			<b>1</b>	<b>1</b>	
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							
<b>D. Financial Rehabilitation and Insolvency</b>	<b>5%</b>	<b>5</b>		<b>2</b>	<b>2</b>	<b>1</b>	
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							
<b>E. Philippine Competition Act</b>	<b>2%</b>	<b>2</b>			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							
<b>F. Government Procurement Law</b>	<b>2%</b>	<b>2</b>			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							
<b>G. Law on Business Organization</b>	<b>44%</b>	<b>44</b>					
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. Usability 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								
1.1.6.7.2.1.1.1. 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' right 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							
<b>H. Law on Other Business Transactions</b>	<b>25%</b>	<b>25</b>					
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 <sup>th</sup> 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								
<b>TOTAL</b>	<b>100%</b>	<b>100</b>		<b>30</b>	<b>40</b>	<b>30</b>		

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

**Philippine Qualifications Framework level 6**

<b>Difficulty Level</b>			<b>Easy (30%)</b>		<b>Moderate (40%)</b>		<b>Difficult (30%)</b>		
			<b>Bloom's Taxonomy</b>	<b>Remembering</b>	<b>Understanding</b>	<b>Applying</b>	<b>Analyzing</b>	<b>Evaluating</b>	<b>Creating</b>
<b>Topics and Outcome</b>	<b>Weight (in Percent)</b>	<b>No. of Items</b>	<b>No. of Items</b>	<b>No. of Items</b>	<b>No. of Items</b>	<b>No. of Items</b>	<b>No. of Items</b>	<b>No. of Items</b>	<b>No. of Items</b>
The examinee can perform the following competencies under each topic:									
<b>A. PRINCIPLES OF TAXATION</b>	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>B. TAX REMEDIES</b>	11.43%	8		4		4			
1. Evaluate the remedies of the government									
2. Apply the remedies of the taxpayer									
<b>C. INCOME TAXATION</b>	20.00%	14		2		4		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								
<b>D. TRANSFER TAXES</b>	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								
<b>E. BUSINESS TAXES</b>	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)							
<b>F. EXCISE TAX</b>	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							
<b>G. DOCUMENTARY STAMP TAX</b>	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							
<b>H. TAXATION UNDER THE LOCAL GOVERNMENT CODE (Local Government Taxation and Real Property Taxation under the Local Government Code)</b>	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							
<b>I. PREFERENTIAL TAXATION</b>	<b>11.43%</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>3</b>		
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							
<b>TOTAL</b>	<b>100%</b>	<b>70</b>	<b>21</b>	<b>28</b>		<b>21</b>	