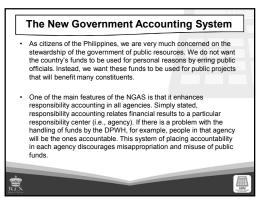
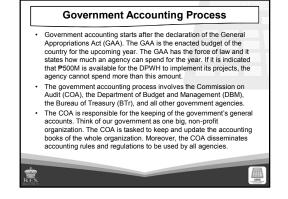
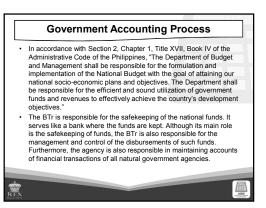
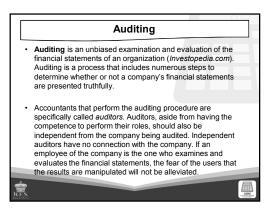


#### **Government Accounting** According to Section 109 of Presidential Decree 1445, government accounting is defined as an accounting system which "encompasses the process of analyzing, recording, classifying, summarizing, and communicating all transactions involving the receipt and disposition of government fund and property and interpreting the result thereof. Section 110 of the same decree lays down the objectives of government accounting: 1. To provide information concerning past operations and present conditions 2. To provide a basis for guidance for future operations 3. To provide for control of the acts of public bodies and offices in the receipt, disposition, and utilization of funds and property 4. To report on the financial position and the results of operations of government agencies for the information and guidance of all persons concerned









# **Auditing**

- An audit of the financial statements improves their credibility. Financial statements that underwent the process of auditing are called audited financial statements. A set of the financial statements will only be useful to users after it has gone through the process of auditing.
- Audited financial statements are accompanied by the auditor's opinion. The auditor's opinion will be the basis whether or not the financial statements are prepared truthfully and without any material errors.



# **Tax Accounting**

- The recording of financial transactions mentioned in the previous chapter follows specific guidelines provided by the PFRS and PAS. Tax accounting records some financial transactions in a different manner. It adheres to some guidelines in the PFRS and PAS, but it is not required to implement everything written in such standards.
- Tax accounting follows the pronouncements of the National Internal Revenue Code (NIRC). The NIRC is to tax accounting as the PFRS and PAS are to financial accounting.

# Tax Accounting

To illustrate the difference, let us look at a particular example. Starbucks offers its customers a card that you can use to pay for your orders. The process is simple. You ask the cashier to load the card; you pay for the amount of load; and then your card will reflect the balance available for you to use. You can use the card for future transactions with Starbucks. Under the PFRS and PAS, Starbucks will not recognize the amount you paid as revenue until you use the balance in your card in the future. Under the NIRC, Starbucks recognizes the revenue when the company received the payment from you. Thus, if Starbucks recognizes the revenue, it is



#### Tax Accounting

- Tax accounting enables the taxing authorities to collect taxes that differ from the amount due computed using the financial accounting standards.
- Another key difference lies in the type of report generated.
   Financial accounting generates reports known as the financial statements while tax accounting produces tax returns to be filed to the appropriate government agencies.



#### Cost Accounting

- Cost accounting is a branch of accounting that provides information for management accounting and financial accounting (Horngren et al.).
- For example, cost accounting helps measure the cost of a bicycle for a bicycle-selling company. This information supports management in deciding how many bicycles to produce, the selling price of the bicycle, or valuing the inventory of bicycles in the company's financial statements.



#### Cost Accounting

#### Terms Used in Cost Accounting

- ✓ Cost the resource sacrificed to achieve an objective (e.g., money, resources, time, etc.)
- Cost object anything that you wish to find the cost of (e.g., cost of a pair of jeans, cost of a pair of Jordan XI shoes)
- Cost driver an activity that is a cause of the incurrence of costs (e.g., the number of working hours is related to the amount of salaries a company pays)
- Direct cost costs that can economically be traced to a cost object (e.g., materials, labor, etc.)
- ✓ Indirect cost costs that cannot be traced to a cost object (e.g., costs of supplies used in the factory, salary of supervisor overseeing factory
- ✓ Fixed cost costs that do not change within a relevant range of activity (e.g., rent of a factory building, insurance costs, etc.)
- √ Variable cost costs that change as the level of activity or production increases (e.g., materials cost, labor cost, selling cost, etc.)





# **Accounting Education**

- The Bachelor of Science in Accountancy (BSA) in the Philippines is normally a 5-year course composed of subjects in accounting, audit, administration, and business laws and taxation. Although the subjects usually highlight the business environment, the scope of the topics in BSA also covers other fields such as banking and finance, government, nonprofit organizations, and the academe. Students of the course are also trained to create and understand computerized accounting systems to cope with the rapidly changing technolous.
- Most schools use a combination of diverse teaching techniques to explain accountancy to students. Some of these methods are classroom discussions, case analysis, individual and group reporting, feasibility studies, and lectures from renowned individuals in the field. Other schools require students to undergo an internship program equivalent to one subject. This is to enable the students to have a feel of the application of accounting in real life.



# Accounting Education

#### Admission Requirements for BSA

- ✓ Must be a high school graduate
- ✓ Must have a college entrance examination of above average or depending on the specific rating set by the school
- ✓ Aside from the college entrance examination, must pass the separate aptitude test specific for BS in Accountancy
- ✓ Must pass the interview conducted by the college admission officer
   ✓ Some schools require a high school QPA of 85% and above with no
- grade less than 80% in all subjects

  ✓ There are schools who require students to have an 85% or higher
- average rating in the National Secondary Assessment Test (NSAT)

  As set by CHED, all schools must conduct an English Proficiency examination to all BS in Accountancy applicants
- Admission for Philippine Educational Placement Test (PEPT)
   passers mainly depends on the school's discretion since some
   colleges and universities offer only selected courses



# **Accounting Education**

#### Board Exam

✓ Before a BSA graduate can practice accountancy, he/she needs to pass the Certified Public Accountant Licensure Examination. The CPA Licensure Exam is a comprehensive test composed of 7 subjects. Each subject will be taken within 3 hours so the exam will be for 21 hours all in all. A candidate should achieve a general average of at least 75% with no rating below 60% in any of the 7 subjects in order to pass the exam



# **Accounting Research**

Accounting research, as the name suggests, is a branch of accounting that deals with the creation of new knowledge. Combining the models produced by the hard sciences in research and testing with financial statements, stock prices, surveys, and experiments, we can qain a specific perspective and basis on the following:

- ✓ Deciding and implementing new accounting and auditing standards
- ✓ Presenting unusual economic transactions in the financial statements
- ✓ Learning how new tax laws impact clients and employers
- ✓ Discerning how the accounting profession affects the capital markets through academic accounting research

Researchers in the accounting field also apply the scientific method like their counterparts in the sciences. With the constantly evolving field of accountancy, it is expected that accounting research will continue to play a vital role in the future.



