

Newsletter

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In this issue

The Cooperative Development Authority (CDA) has issued a new Memorandum Circular No. 2022-25 which is called Amended Philippine Financial Reporting Framework for Cooperatives.

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Amendments to the Implementing new Rules and Regulations of Philippines Financial Reporting Framework for Cooperatives as Amended.

To: All Concerned

The Cooperative Development Authority (CDA) has issued a new Memorandum Circular No. 2022-25, amended Philippine Financial Reporting Framework for Cooperatives last September 5, 2022 pursuant to align the rules to Republic Act. No. 11364, Republic Act No. 9520, Republic Act. No. 10744 and its Implementing Rules and Regulations (IRR) in order to adopt and prescribe the new use of Philippine Financial Reporting Framework for Cooperatives, excluding Cooperative Banks, Insurance and Electric Cooperatives which shall use the Philippine Financial Reporting Standard (PFRS).

The following are the revisions in the PFRS for Cooperatives:

NOTE: The revised/amended portions are highlighted in bold font for ease of reference

The amendments are as follows:

Philippine Financial Reporting Framework for Cooperatives (MC 2015-06)	Amended Philippine Financial Reporting Framework for Cooperatives (MC 2022-25)
Chapter III	
FINANCIAL STATEMENTS PRESENTATION	
Section 9. Complete Set of Financial Statements	
<p>A complete set of financial statements of a cooperative shall include all of the following:</p> <p>(a) statement of financial condition as of reporting date.</p> <p>(b) a statement of operations for the reporting period.</p> <p>(c) a statement of changes in equity for the reporting period.</p> <p>(d) a statement of cash flows for the reporting period.</p> <p>(e) notes, comprising a summary of significant accounting policies and other explanatory information.</p>	<p>A complete set of financial statements of a cooperative shall include all of the following:</p> <p>(a) Statement of Financial Condition as of reporting date.</p> <p>(b) a Statement of Operations for the reporting period.</p> <p>(c) a Statement of Changes in Equity, Statutory Reserves and Donations and Grants for the reporting period.</p> <p>(d) a Statement of Cash Flows for the reporting period.</p> <p>(e) Notes, comprising a summary of significant accounting policies and other explanatory information.</p>

Chapter IV	
STATEMENT OF FINANCIAL CONDITION	
Section 1: Scope	
<p>As a minimum, the statement of financial condition shall include line items that present the following amounts:</p> <ul style="list-style-type: none"> (a) Cash and Cash Equivalents (b) Loans and Receivables (c) Financial Assets (excluding amounts shown under (a), (b), (i) (j) and (k)) (d) Inventories (e) Property, Plant and Equipment (f) Investment Property (g) Intangible Assets (h) Biological assets (i) Investments in Associates (j) Investments in Joint Ventures (k) Investments in Subsidiaries (l) Trade and Other Payables (m) Interest on Share Capital Payable (n) Patronage Refund Payable (o) Due to Unions and Federations (CETF) (p) Financial Liabilities (excluding amounts shown under (l) (m) (n) (o) and (s)) (q) Liabilities and Assets for current tax (if applicable) (r) Deferred Tax Liabilities and Deferred Tax Assets (if applicable) (s) Provisions (t) Members' Equity (u) Donations and Grants (v) Statutory Funds (Reserve Fund, Education & Training Fund, Optional Fund and Community Development Fund) (w) Revaluation Surplus 	<p>As a minimum, the statement of financial condition shall include line items that present the following amounts:</p> <ul style="list-style-type: none"> (a) Cash and Cash Equivalents (b) Loans and Receivables (c) Financial Assets (excluding amounts shown under (a), (b), (i) (j) and (k)) (d) Inventories (e) Property, Plant and Equipment (f) Investment Property (g) Intangible Assets (h) Biological assets (i) Investments in Associates (j) Investments in Joint Ventures (k) Investments in Subsidiaries (l) Trade and Other Payables (m) Interest on Share Capital Payable (n) Patronage Refund Payable (o) Due to Unions and Federations (CETF) (p) Financial Liabilities (excluding amounts shown under (l) (m) (n) (o) and (s)) (q) Liabilities and Assets for current tax (if applicable) (r) Deferred Tax Liabilities and Deferred Tax Assets (if applicable) (s) Provisions (t) Members' Equity (u) Donations and Grants (v) Statutory Funds (Reserve Fund, Education & Training Fund, Optional Fund and Community Development Fund) (w) Revaluation Surplus (x) Net Unrealized Gain or Loss on Investments (y) Restricted capital for surety (z) Fund Balance

<p>Section 4. Information to be Presented Either in the Statement of Financial Condition or in the Notes</p>	
<p>4.1 A cooperative shall disclose in the notes, the following sub-classifications of the line items presented:</p> <p>(a) Property, Plant and Equipment in classifications appropriate to the cooperative.</p> <p>(b) Loans and receivables showing separately loans receivables, trade receivables, amount due from related parties and other receivables. Disclosure shall also present current, past due, restructured and in litigation using Portfolio at Risk.</p> <p>(c) Inventories, showing separately amounts of inventories:</p> <p>(i) held for sale in the ordinary course of business.</p> <p>(ii) in the process of production for such sale.</p> <p>(iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services.</p> <p>(d) Trade and Other Payables, showing separately amounts payable to trade suppliers, payable to related parties, deferred income and accruals.</p> <p>(e) Provisions for employee benefits and other provisions.</p>	<p>4.1 A cooperative shall disclose sub-classifications of the line items presented in the statement of financial condition.</p>
<p>Chapter V</p> <p>STATEMENT OF OPERATIONS</p>	
<p>Section 2. Presentation of Total Income</p>	
<p>A cooperative shall present its profit or loss:</p> <p>A cooperative must at least include line items that show the following amounts for the period:</p> <p>(a) Revenue</p> <p>(b) Cost of Sales or Direct Cost of Services</p> <p>(c) Finance Cost</p> <p>(d) Selling or Marketing Cost</p> <p>(e) Administrative Cost</p> <p>(f) Other Income or Expense</p> <p>(g) Tax expense, if applicable</p> <p>(h) Allocation of Net Surplus</p>	<p>A cooperative shall present its profit or loss:</p> <p>A cooperative must at least include line items that show the following amounts for the period:</p> <p>(a) Revenue</p> <p>(b) Cost of Sales or Direct Cost of Services</p> <p>(c) Finance Cost</p> <p>(d) Selling or Marketing Cost</p> <p>(e) Administrative Cost</p> <p>(f) Other Income or Expense</p> <p>(g) Net Surplus before Income Tax</p>

	<p>(h) Tax Expense, if applicable</p> <p>(i) Net Surplus for Allocation of Statutory Funds and IS CPR</p> <p>(j) Allocation for Statutory Funds and IS CPR</p>
Section 4. Accounts Peculiar to Cooperatives Affecting the Statements of Operations	
<p>Other Income and Expenses</p> <p>(a) Project subsidy</p> <p>(b) Optional Fund Subsidy</p> <p>(c) Donation and Grants Subsidy</p> <p>(d) Education and Training Fund Subsidy</p> <p>(e) Subsidized Project Expense</p> <p>4.2. Expense Account</p> <p>(a) Provision for CGF (KBGF)</p> <p>(b) Members' Benefit Expense</p> <p>(c) Incidental Expenses</p> <p>(d) General Assembly Meeting</p> <p>(e) Affiliation Fee</p> <p>(f) Social and Community Service Expense</p>	<p>Other Income Account</p> <p>(a) Project subsidy</p> <p>(b) Optional Fund Subsidy</p> <p>(c) Donation/Grants Subsidy</p> <p>(d) Education and Training Fund Subsidy</p> <p>(e) CETF Subsidy</p> <p>4.2. Other Expense Account</p> <p>(a) Provision for CGF (KBGF)</p> <p>(b) Members' Benefit Expense</p> <p>(c) Incidental Expenses</p> <p>(d) General Assembly Meeting</p> <p>(e) Affiliation Fee</p> <p>(f) Social and Community Service Expense</p> <p>(g) School Support Fund</p> <p>(h) Subsidized Project Expense</p>
Chapter VI STATEMENT OF CHANGES IN EQUITY, STATUTORY FUNDS AND DONATIONS AND GRANTS	
Section 1. Scope	
<p>This Chapter sets out requirements for presenting the changes in equity for a period in a statement of changes in equity.</p>	<p>This Chapter sets out requirements for presenting the changes in equity for a period in a Statement of Changes in Equity, Statutory Funds and Donations and Grants.</p>
Section 2. Statement of Changes in Equity	
<p>Section 2.2. Information to be presented in the Statement of Changes in Equity</p> <p>A cooperative shall present a statement of changes in equity showing reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:</p> <p>(a) the amounts of investments and withdrawals by members, showing separately issued shares, and treasury shares</p>	<p>Section 2.2. Information to be presented in the Statement of Changes in Equity</p> <p>A cooperative shall present a Statement of Changes in Equity showing reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:</p> <p>(a) the amounts of investments and withdrawals by members, showing separately issued shares, and treasury shares</p> <p>(b) Donations and Grants</p>

<p>(b) donations and grants</p> <p>(c) movements in statutory funds (includes allocation of net surplus as reconciled with amounts per statement of operations)</p> <p>(d) movements in revaluation surplus</p>	<p>(c) movements in Statutory Funds (includes allocation of Net Surplus as reconciled with amounts per Statement of Operations)</p> <p>(d) movements in Revaluation Surplus</p> <p>(e) movements in Net Unrealized Gains/Losses on Investments</p> <p>(f) movements in Restricted Capital for Surety</p> <p>(g) movements in Fund Balances</p>
<p>Chapter VII STATEMENT OF CASH FLOWS</p>	
<p>Section 9. Non-cash Transactions</p>	
<p>A cooperative shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents. A cooperative shall disclose such transactions elsewhere in the financial statements in a way that provides all the relevant information about those investing and financing activities.</p> <p>Many investing and financing activities do not have a direct impact on current cash flow even though they affect the equity and asset structure of a cooperative. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. Examples of non-cash transactions are:</p> <p>(a) the acquisition of assets either by assuming directly related liabilities or by means of a finance lease.</p> <p>(b) the conversion of debt to equity.</p>	<p>Non-cash transactions is no longer included in MC 2022-25.</p>

Chapter X Financial Instrument	
Section 5. Subsequent Measurement	
<p>At the end of each reporting period, a cooperative shall measure financial instruments as follows, without any deduction for transaction costs the cooperative may incur on sale or other disposal:</p> <p>(a) Debt instruments shall be measured at amortized cost using the effective or straight-line interest amortization method. Debt instruments that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e.) net of impairment unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the cooperative shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.</p> <p>(b) Investments in publicly traded securities shall be measured at fair value with changes in fair value recognized in profit or loss.</p> <p>(c) Investments in non-publicly traded securities, mutual fund and other externally managed funds shall be measured at cost less impairment.</p>	<p>At the end of each reporting period, a cooperative shall measure financial instruments as follows, without any deduction for transaction costs the cooperative may incur on sale or other disposal:</p> <p>(a) Debt instruments shall be measured at amortized cost using the effective or straight-line interest amortization method.</p> <p>(b) Debt instruments that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e.) net of impairment unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the cooperative shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.</p> <p>(c) Financial Assets invested in publicly traded securities with quoted price in the form of debt or equity securities that are held for trading purposes shall be measured at fair value with changes in fair value recognized in profit or loss.</p> <p>(d) Financial Assets invested in publicly traded securities with quoted price in the form of debt or equity securities not intended to be disposed within 12-month period shall be measured at fair value with changes in fair value recognized in equity</p> <p>(e) Investments in non-publicly traded securities, mutual fund and other externally managed funds shall be measured at cost less impairment.</p>

Section 9. Disclosures	
<p>Section 9.6 Items of Income, Expense, Gains or Losses</p> <p>A cooperative shall disclose the following items of income, expense, gains or losses:</p> <p>a. income, expense, gains or losses, including changes in fair value, recognized on:</p> <ul style="list-style-type: none"> i. financial assets measured at fair value through profit or loss. ii. financial assets measured at cost iii. financial assets measured at amortized cost. iv. financial liabilities measured at amortized cost. <p>b. total interest income and total interest expense (including the method of amortization used) for financial assets or financial liabilities that are not measured at fair value through profit or loss.</p> <p>c. the amount of any impairment loss for each class of financial asset.</p> <p>d. the aging schedule of receivables using portfolio at risk.</p> <p>e. the enumeration of acceptable collaterals and guarantees.</p>	<p>Section 9.6 Items of Income, Expense, Gains or Losses</p> <p>A cooperative shall disclose the following items of income, expense, gains or losses:</p> <ul style="list-style-type: none"> a. the aging schedule of receivables using portfolio at risk. b. the enumeration of acceptable collaterals and guarantees.
Chapter XI INVENTORIES	
Section 10. Disclosure	
<p>A cooperative shall disclose the following:</p> <ul style="list-style-type: none"> (a) the accounting policies adopted in measuring inventories, including the cost formula used. (b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the cooperative. (c) the amount of inventories recognized as an expense during the period. (d) impairment losses recognized or reversed in profit or loss. (e) the total carrying amount of inventories pledged as security for liabilities. 	<p>A cooperative shall disclose the following:</p> <ul style="list-style-type: none"> (a) the accounting policies adopted in measuring inventories, including the cost formula used. (b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the cooperative. (c) the total carrying amount of inventories pledged as security for liabilities.

Chapter XIII Investment Property	
Section 6. Disclosures	
<p>A cooperative shall disclose the following for all investment property:</p> <p>(a) the accounting policy used.</p> <p>(b) if there has been a valuation, the fair value of investment property, the extent to which the fair value is based on a valuation by an independent professional valuer and the date of valuation.</p> <p>(c) the existence and amounts of restrictions on the reliability of investment property or the remittance of income and proceeds of disposal.</p> <p>(d) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.</p> <p>(e) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately:</p> <ul style="list-style-type: none"> i. additions. ii. disposals. iii. transfers to property, plant and equipment or inventory. iv. impairment losses recognized or reversed in profit or loss. v. depreciation. vi. other changes. <p>This reconciliation need not be presented for prior periods.</p>	<p>A cooperative shall disclose the following for all investment property:</p> <p>(a) the accounting policy used.</p> <p>(b) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.</p> <p>(c) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately:</p> <ul style="list-style-type: none"> i. additions. ii. disposals. iii. transfers to property, plant and equipment or inventory. iv. impairment losses recognized or reversed in profit or loss. v. depreciation. vi. other changes <p>This reconciliation need not be presented for prior periods.</p>
Chapter XIV PROPERTY, PLANT AND EQUIPMENT	
Section 4. Measurement After Initial Recognition	
<p>A cooperative shall measure all items of property, plant and equipment after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. A cooperative shall recognize the costs of day-to-day servicing of an item of property, plant and equipment in profit or loss in the period in which the costs are incurred.</p>	<p>A cooperative shall measure all items of property, plant and equipment after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. A cooperative shall recognize the costs of day-to-day servicing of an item of property, plant and equipment in profit or loss in the period in which the costs are incurred.</p>

<p>Revaluation of land may be allowed subject to guidelines issued by the Authority. Appraisal increase shall be presented as Revaluation Surplus under Equity Section of the Statement of Financial Condition.</p>	<p>Revaluation of land may be allowed the amount of land at original cost shall be disclosed separately in the notes. Also, the appraisal increase shall be presented as Revaluation Surplus under Equity Section of the Statement of Financial Condition. These shall be discussed under the guidelines to be issued by the Authority</p>
<p>Chapter XVII STATUTORY FUNDS</p>	
<p>Section 3. Disclosure</p>	
<p>The cooperative shall disclose in the statement of changes in equity and in the notes to the financial statement the following:</p> <p>(a) Any additions to the statutory funds arising from the distribution of the net surplus for the period.</p> <p>(b) Charges made against the statutory funds such as but not limited to:</p> <ol style="list-style-type: none"> 1. Charging of net loss for the operating period. 2. Utilization of education and training fund, community development fund and optional fund. 3. Acquisition of assets, replacement of assets charged against the optional fund. <p>(c) Other movements in the statutory funds during the period</p>	<p>The cooperative shall disclose in the statement of changes in equity and in the notes to the financial statement the following:</p> <p>(a) Any additions to the statutory funds arising from the distribution of the net surplus for the period.</p> <p>(b) Charges made against the statutory funds such as but not limited to:</p> <ol style="list-style-type: none"> 1. Charging of net loss for the operating period to the reserve fund. 2. Utilization of reserve fund 3. Utilization of education and training fund 4. Utilization of community development fund 5. Utilization of optional fund. 6. Acquisition of assets, replacement of assets charged against the optional fund. <p>(c) Disclosure on the percentage of utilization of cooperative education and training fund between members and officers/staff. In no case shall the allocation of the fund for officers and staff be higher than the members.</p> <p>(d) For multi-year utilization of community development fund the disclosure shall include the amount to be utilized for the next twelve (12) months and the remaining unutilized portion and the period covered.</p> <p>(e) Other movements in the statutory funds during the period.</p>

Chapter XVIII Leases	
Section 3. Financial Statements of Lessees—Finance Leases	
<p>Section 3.3 Disclosure</p> <p>A lessee shall make the following disclosures for finance leases:</p> <p>(a) for each class of asset, the net carrying amount at the end of the reporting period.</p> <p>(b) the total of future minimum lease payments at the end of the reporting period, for each of the following periods:</p> <p>(i) not later than one year;</p> <p>(ii) later than one year and not later than five years; and</p> <p>(iii) later than five years.</p> <p>(c) a general description of the lessee’s significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</p> <p>This is in addition to the requirements for disclosure about assets in accordance with other Sections of this framework.</p>	<p>Section 3.3 Disclosure</p> <p>(a) A lessee shall disclose a general description of the lessee’s significant leasing arrangements including, for example, amount of non-cancellable lease commitment, terms of lease, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</p> <p>This is in addition to the requirements for disclosure about assets in accordance with other Sections of this framework.</p>
Section 4. Financial Statements of Lessees—Operating Leases	
<p>Section 4.2 Disclosure</p> <p>A lessee shall make the following disclosures for operating leases:</p> <p>(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:</p> <p>(i) not later than one year;</p> <p>(ii) later than one year and not later than five years; and</p> <p>(iv) later than five years.</p> <p>(b) lease payments recognized as an expense.</p> <p>(c) a general description of the lessee’s significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements</p>	<p>Section 4.2 Disclosures</p> <p>(a) A lessee shall disclose a general description of the lessee’s significant leasing arrangements including, for example, amount of non-cancellable lease commitment, terms of lease, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</p>

Section 5. Financial Statements of Lessors: Finance Leases	
<p>Section 5.4 Disclosures</p> <p>A lessor shall make the following disclosures for finance leases:</p> <p>(a) a reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:</p> <p style="padding-left: 40px;">(i) not later than one year;</p> <p style="padding-left: 40px;">(ii) later than one year and not later than five years; and</p> <p style="padding-left: 40px;">(iii) later than five years</p> <p>(b) unearned finance income.</p> <p>(c) the unguaranteed residual values accruing to the benefit of the lessor.</p> <p>(d) the accumulated allowance for uncollectible minimum lease payments receivable.</p> <p>(e) contingent rents recognized as income in the period.</p> <p>(f) a general description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</p>	<p>Section 5.4 Disclosures</p> <p>A lessor shall make the following disclosures for finance leases:</p> <p>(a) a reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period.</p> <p>(b) unearned finance income.</p> <p>(c) the unguaranteed residual values accruing to the benefit of the lessor.</p> <p>(d) the accumulated allowance for uncollectible minimum lease payments receivable.</p> <p>(e) contingent rents recognized as income in the period.</p> <p>(f) a general description of the lessor's significant leasing arrangements, including, for example, amount of non-cancellable lease commitment, terms of lease, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</p>
Chapter XIX PROVISIONS AND CONTINGENCIES	
Section 7. Disclosures	
<p>Section 7.1 Disclosures about Provisions</p> <p>For each class of provision, a cooperative shall disclose all of the following:</p> <p>(a) a reconciliation showing</p> <p style="padding-left: 40px;">(i) the carrying amount at the beginning and end of the period;</p> <p style="padding-left: 40px;">(ii) additions during the period, including adjustments that result from changes in measuring the discounted amount;</p> <p>(iii) amounts charged against the provision during the period; and</p>	<p>Section 7.1 Disclosures about Provisions</p> <p>For each class of provision, a cooperative shall disclose all of the following:</p> <p>(a) a reconciliation showing</p> <p style="padding-left: 40px;">(i) the carrying amount at the beginning and end of the period;</p> <p style="padding-left: 40px;">(ii) additions during the period, including adjustments that result from changes in measuring the discounted amount;</p> <p>(b) a brief description of the nature of the obligation and the expected amount and timing of any resulting payments.</p>

<p>(iv) unused amounts reversed during the period.</p> <p>(b) a brief description of the nature of the obligation and the expected amount and timing of any resulting payments.</p> <p>(c) an indication of the uncertainties about the amount or timing of those outflows.</p> <p>(d) the amount of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement.</p> <p>Comparative information for prior periods is not required</p>	<p>(c) an indication of the uncertainties about the amount or timing of those outflows.</p> <p>(d) the amount of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement.</p> <p>Comparative information for prior periods is not required.</p>
<p>Chapter XXIII Impairment of Assets</p>	
<p>Section 7. Disclosures</p>	
<p>A Cooperative shall disclose the following for each class of assets:</p> <p>(a) the amount of impairment losses recognized in surplus or loss (profit or loss) during the period and the line item(s) in the statement of operations in which those impairment losses are included.</p> <p>(b) the amount of reversals of impairment losses recognized in profit or loss during the period and the line item(s) in the statement of operation (and in the income statement, if presented) in which those impairment losses are reversed.</p> <p>A Cooperative shall disclose the information required for each of the following classes of asset:</p> <p>(a) inventories.</p> <p>(b) property, plant and equipment (including investment property accounted for by the cost method).</p> <p>(c) intangible assets.</p> <p>(d) investments in associates.</p> <p>(e) investments in joint ventures</p> <p>(f) investments in subsidiaries.</p>	<p>Disclosures on impairment assets is no longer included in MC 2022-25.</p>

Chapter XXV EVENTS AFTER THE END OF THE REPORTING PERIOD	
Section 3. Recognition and Measurement	
<p>Section 3.3 Interest on Share Capital and Patronage Fund</p> <p>If a cooperative declares interest on share capital and patronage refund to its members after the end of the reporting period, the cooperative shall recognize those interest on share capital and patronage refund as a liability at the end of the reporting period.</p>	<p>Section 3.3 Interest on Share Capital and Patronage Fund</p> <p>If a cooperative declares interest on share capital and patronage refund to its members after the end of the reporting period, the cooperative shall recognize those interest on share capital and patronage refund as a liability at the end of the reporting period.</p> <p>Disclosure in the notes shall include the proportionate amount of patronage of non-member patron set aside in the general fund and the amount transferred to reserve fund or education and training fund in case a non-member does not request nor agree to become a member or fails to comply with the provisions of the bylaws for admission to membership.</p>

These amendments shall take effect after September 5, 2022.

- I. **Transition Period** - Starting in 2022 and thereafter, the cooperative's Board of Directors, Audit Committee, and external auditor will make sure that the audited financial statements are in complete compliance with the requirements outlined in the standard.
- II. **Administrative Sanctions** - Cooperatives which failed to comply with this Circular shall be subject to the First non-compliance – written warning, Second non-compliance – no Certificate of Compliance shall be issued; Third non-compliance – revocation of certificate of registration the absence of a qualified opinion from the accredited cooperative external auditor in the event. If the Audited Financial Statement does not comply with this requirement, the Accredited Cooperative External Auditor's accreditation will not be renewed if he or she does not provide a qualified opinion.
- III. **Repealing Cause** - Any provision in Memorandum Circular No. 2015-06 and 2016-06, also known as the Revised Standard Chart of Accounts for Cooperatives and the Philippine Financial Reporting Framework for Cooperatives, respectively, that is not consistent with the correct application of the clause in question in this Circular is hereby repealed or modified. The terms of all circulars, memoranda, and other issuances that conflict with any of this circular's contents are likewise hereby repealed.
- IV. **Separability Claus** - Any part of this Circular be declared invalid or unconstitutional, the other provisions herein not affected thereby shall continue to have force and effect
- V. **Period of Effectivity** – In accordance with Board of Directors Resolution No. 430 from June 8, 2022. Issued as of September 5, 2022.

For full text of the Memorandum Circular, please refer to the link below:

CDA MC 2022-25:

<https://cda.gov.ph/memorandum-circulars/mc-2022-25-amended-philippines-financial-reporting-framework-for-cooperatives/>

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Comments and suggestions are welcome.

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