

 <p>LBP RESOURCES AND DEVELOPMENT CORPORATION 24TH Floor LBP Plaza 1598 M.H Del Pilar cor. Dr. J. Quintos St. Malate Manila</p>	<h1>FINANCE OPERATIONS MANUAL</h1>	Class Code: D
	<h2>Chapter 3: Book of Accounts</h2>	Reference Code: OM-FD-3.0
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I. BOOKS OF ACCOUNTS

The original records and books used in recording all financial transactions of the company.

A. Cash Receipts Book (Exhibit III.A)

A financial journal that contains all cash receipts and payments, including bank deposits and withdrawals. Entries in the cash book are the posted into the general ledger. The cash book is periodically reconciled with the bank statements as an internal method of auditing

Monetary receipts of the Company represent collections arising from contract and trade/Non trade receivables, employees' excess cash advances, sale of fixed assets, inter-company payments and other related transactions. These receipts may be in the form of cash, (paper or coins), checks that are dated on the same day or ante-dated, manager's or cashier's checks, bank/fund transfers and credit advice. This transaction will be recorded to BIR Register Cash Receipts Book.

A systematic filing system for Official Receipts (ORs) issued and recorded shall be maintained by the Cashier.

At the end of each, printing of cash receipt book report shall be done to maintain hardcopy for each month as reference.

CONTROL OBJECTIVES

To ensure that all collections of cash and/or checks received by the Company are adequately controlled against loss or theft; properly accounted for and recorded in a timely basis and reported to management on a regular basis to maximize cash flow and support corporate cash requirements.

B. Accounts Payable Book (Exhibit III.B)

Accounts Payable is the aggregate amount of entity's short-term obligations to pay suppliers for products and services which the entity purchased on credit.

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Accounts Payable documents are an entity's short term obligation to pay the suppliers for goods and services which the entity purchased on credit. The individual accounts payable are recorded also in the subsidiary ledgers. Accounts payable appears within the current liability section of an entity's balance sheet.

C. Cash Disbursements Book (Exhibit 111.C)

Cash disbursement Journal is a record kept by accountants to record all financial expenditures made by a company. Cash disbursement journals serve a number of functions, such as a source for recording tax write-offs and the categorization of other expenses.

All cash disbursement order for the month shall be encoded thru manual payment modules. Entries in these modules are based on the disbursement order issued by the corporation. The chronological order of the disbursement orders shall be followed, including cancelled copies.

Proper internal controls are followed to ensure that only valid and authorized payables are recorded and paid. Accounting procedures and guidelines are implemented to ensure the accuracy of amounts, coding of general ledger accounts and appropriate timing of payments.

At the end of each, printing of cash disbursement book report shall be done to maintain hardcopy each month reference.

CONTROL OBJECTIVES

To ensure efficient processing and record keeping all check/cash payment requests are prepared based on the approved disbursement orders.

D. General Journal Book (Exhibit 111.D)

The general journal is an accounting log book that contains a complete listing of company's recordable transactions documented in chronological order.

This book contains a record in chronological order of all journal entries originating from the journal vouchers. All items of original

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entry not otherwise entered in the Cash Receipts, Accounts Payable and Cash Disbursement Books are recorded in this book. These items include non-cash transactions such as periodic adjustments, accruals, depreciation, and amortization. Closing and reversing entries, etc.

At the end of the month, every individual entry in this book is posted to the corresponding account in the General Ledger.

CONTROL OBJECTIVES

To ensure recording of the financial transactions in a systematic way. To show necessary information of the transactions, provide legal evidences of business, date wise record of transactions and help in the preparation of ledger accounts.

II. LEDGERS

A. General Ledger Book (Exhibit 111.E)

A company's main accounting records. A general ledger is a complete record of financial transactions over the life of a company. The ledger holds account information that is needed to prepare financial statements, and includes accounts for assets, liabilities, owners' equity, revenues and expenses.

This book which is the book of final entry and therefore the depository of accounting transaction, is structured and classified into various accounts which are arranged in such a way that the sheet corresponding to the account are in the same order as the accounts appearing in the Chart of Accounts.

The book provides columns for date of posting, reference of entry, debit and credit amount and running balance of each account. To check, whether or not the running balances of account posted to the General Ledger are correct, the total amount or summary of assets and expense account should tally with the total liabilities, capital and income accounts.

The accounts shall be closed at the end of the calendar year and shall be carried forward as opening balances for the ensuing calendar year.

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CONTROL OBJECTIVES

The purpose of general ledger is to record all the financial transactions for the company and total them on a net basis (plus accounts less minus accounts) for a certain time frame according to a summary of chart of account.

B. Subsidiary Ledger (Exhibit 111.F)

A sub ledger is a ledger containing all of a detailed sub-set of transactions. The total of the transactions in the sub ledger roll up into the general ledger. For example, a sub ledger may contain all accounts receivable, or accounts payable, or fixed asset transactions.

These ledgers are maintained to show in detail the debits and credits to each account, the totals of which are reflected in their respective controlling accounts in the General Ledger.

The basic information reflected in a subsidiary ledger form are:

1. Date
2. Particulars
3. Reference or Folio
4. Debit column
5. Credit column
6. Balance column

The characteristics of the different account titles in use should be well identified and evaluated to determine the appropriateness and/or necessity for setting up and maintaining subsidiary ledgers.

CONTROL OBJECTIVES

To ensure recording of the financial transactions on a per individual account for the company. It provides a company a detailed record of specific item that are included in the balance of a general ledger. These records are **not used** in the preparation of financial statements.

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III. POSTING AND RECONCILIATION OF ACCOUNTS IN GENERAL AND SUBSIDIARY LEDGERS

1. Posting to the Subsidiary Ledgers (SLs) shall be made daily while posting to the General Ledger (GL) shall be made every month end.
2. At the end of the month after all postings have been made, schedules of accounts in the subsidiary ledgers shall be prepared. These schedules prove that the total of the individual balances is equal to the balances of the controlling account in the General Ledger. If the balance of the controlling account in the General Ledger does not reconcile with the total of the balances in the subsidiary ledgers, immediate steps should be taken to locate error(s).
3. A covering summary report shall be made to document that actual reconciliation of General Ledger and Subsidiary Ledger accounts has been made. This report shall be reviewed and certified correct by the Finance Manager.

IV. SAFEKEEPING AND RETENTION PERIOD FOR ACCOUNTING BOOKS AND RECORDS

1. The accounting books and records must be properly kept and safeguarded against unauthorized use or access. If possible, the General Ledger and Subsidiary Ledgers should always be kept in fire-proof safe/vault.
2. Only accounting employees and officers shall have access to accounting documents and records.
3. All accounting records shall be preserved intact for a maximum period of five (5) years. Records needed for a period exceeding the five-year shall be retained and kept intact.