MANUAL OF ACCOUNTS

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Pursuant to Monetary Board Resolution No. 155 dated 18 February 1994, authorizing the Foreign Currency Deposit Units (FCDUs) of commercial banks to engage in direct purchase of export bills of resident exporters covered by usance letters of credit, and consistent with Circular No. 16 dated 7 March 1994, the respective Manuals of Accounts for Commercial Banks and Land Bank of the Philippines are hereby amended by incorporating therein new accounts/new account definitions, as follows:

Asset Accounts

1. Export Bills Purchased - FCDU - This Represents Drafts Or Bills Of Exchange Drawn Against Usance Letters Of Credit, Purchased Directly By The Bank From Resident Exporters Under FCDU System. Originating From Export Transactions Involving Commodities Or Services. These Items Shall Be Recorded At Their Respective Foreign Currency Amounts. Upon Receipt Of Credit Advice From The Foreign Correspondent Bank, This Account Shall Be Credited And The "Due From Foreign Banks - Fcdu" Account Shall Be Accordingly Debited.

2. Past Due Bills Purchased - FCDU - This Represents Export Bills Purchased Under FCDU System Which Are Considered Past Due Under Existing Rules And Regulations. The Bill Purchased Shall Remain In This Account Until It Is Fully Paid Or Written Off. As The Case May Be. These Items Shall Be Recorded At Their Respective Foreign Currency Amounts.

3. Allowance For Probable Losses - Bills Purchased - FCDU - This Represents The Amount Set Up Against Current Operations To Provide For Losses Which May Arise From Non-Collection Of The Bills Purchased Under FCDU System. This Account Is Also Known As 'Valuation Reserve' Under Existing Rules And Regulations. These Items Shall Be Recorded At Their Foreign Currency Amounts.

Liability Account

1. Unearned Interest and Discount - FCDU - This represents the unearned portion of interest/discount collected in advance on loans granted. EXPORT BILLS PURCHASED COVERED BY USANCE LETTERS OF CREDIT, and deposits made with other banks under FCDU system, which shall be recorded at their respective foreign currency amounts and amortized monthly to income for the earned portion.

Income Accounts

1. Interest - Bills Purchased - FCDU - This Represents Interest Earned And/Or Actually Collected On Export Bills Purchased Covered By Usance Letters Of Credit Under FCDU System, Which Shall Be Recorded At Their Foreign Currency Amounts.

2. Recovery On Charged-Off Assets - FCDU - This Represents Collection Of Accounts Or Items Previously Written Off Under FCDU System Which Shall Be Recorded At Their Foreign Currency Amounts.

Expense Accounts

1. Bad Debts Written Off - FCDU - This Represents Loans, Advances And Other Accounts Under FCDU System Which Management Has Finally Determined To Be Worthless/Incollectible And Written Off From The Books. In

Accordance With Generally Accepted Procedures And Existing Rules And Regulations. These Items Shall Be Recorded At Their Foreign Currency Amounts.

2. Provision For Probable Losses - FCDU - This Represents Monthly Provisions For Bad And Doubtful Accounts Under FCDU System, Which Shall Be Recorded At Their Foreign Currency Amounts.

The SES I/IV - Forms 2A.1 and 2A.2 (BSP 7-16-05) Revised 1989 are, likewise, revised by unblocking the CB Circular 343/547 columns of the following rows:

- Export Bills Purchased (Record No. 060);

- Past Due Bills Purchased (Record No. 063);

- Total Bills Purchased (Record No. 065);

- Less: Allow. for Probable Losses (Record No. 066);

- Bills Purchased - Net (Record No. 067)

As shown in the concerned shall use the above accounts and revised report forms. [*]

All banks concerned shall use the above accounts and revised report forms effective immediately.

Adopted: 30 May 1994

(SGD.) GABRIEL C. SINGSON
Governor

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[*] Text available upon request at the Office of the National Administrative Register (ONAR), U.P Law Center, Diliman, Quezon City.

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