

Either She or Me

Paglambo Alang sa Kaugma-on Program/Alleviation For the Future Program (PAKAP) is a microfinance institution (MFI) located in Western Poblacion, Pilar, Cebu. It has about 15 microfinance officers. Mrs. Renasa Langit, the accountant, was summoned by Ms. Dinah Meek, the Chief Operating Officer (COO), to report and explain to her the financial statement of the institution.

Dinah Meek is the daughter of Mrs. Panora Meek. During her school days, Dinah's performance in the community college in their barangay was so poor. According to her instructors, they would just let her pass the subjects because of her attendance and because Mrs. Panora Meek is one of the biggest financial contributors during annual affairs of the community college. Dinah took over PAKAP a month ago. The only reason she became the Chief Operating Officer (COO) is because she is the "Child Of the Owner".

Renasa, on the other hand, graduated BS Accountancy (BSA) with honors in one of the best universities in Cebu. She is also the favorite employee of Mrs. Meek. Besides, Renasa was the one who really helped Mrs. Meek for the institution to become profitable. That is why when Renasa planned to resign to look for greener pasture, Mrs. Meek offered her a salary increase which Renasa accepted and made her stay with the institution.

Renasa did not like Dinah because as far as Renasa is concerned, she is more knowledgeable than her new boss Dinah. Unfortunately for her, Dinah is the daughter of her former boss. This was the first time Renasa was to present the financial statement to Dinah. When she began presenting, a lot of questions were asked.

- Dinah:** What are "Assets"? (*see Exhibit A*)
- Renasa:** It means it is owned by the institution where it is of value or use.
- Dinah:** What then is "COCI"? (*see Exhibit A*)
- Renasa:** It means "Checks and Other Cash Items", Ma'am.

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- Dinah:** The “Loans, net” where did you get that amount? Why that much? (*see Exhibit A*)
- Renasa:** “Other Loans” and “Other Loans-PDI” were added then subtracted with the “Allowance for Probable Loss”. And that amount is the result.
- Dinah:** Why is the “Input Tax” blank? (*see Exhibit A*)
- Renasa:** We are not covered by the VAT Law because we are MFIs. We are covered by the Gross Receipts and Percentage Tax.

Renasa started to get irritated by Dinah’s constant interruption. Nevertheless, she went on with her presentation.

- Dinah:** What is that “Liabilities and Capital Account”? (*see Exhibit B*)
- Renasa:** “Liabilities” are the debts, while “Capital Account” is the “Assets” minus the “Liabilities”.
- Dinah:** That “Savings Account”, is that our money? (*see Exhibit B*)
- Renasa:** No, Ma’am. It is the money of our borrowers.
- Dinah:** Then why are they borrowing from us if that is their money?
- Renasa:** Because the program we are offering requires our borrowers to have a forced savings. When they borrow from us, a certain percentage of their repayments will go to their savings.

Renasa is now very irritated. For her, Dinah is asking silly questions. But still she went on.

- Dinah:** That “Accounts Payable”, is that payable to us? (*see Exhibit B*)
- Renasa:** No Ma’am! That’s why it is called “Accounts Payable” because we are going to pay it to those we are in debt with.
- Dinah:** I thought “Accounts Payable” is the amount the borrower is going to pay us?

Renasa could not stand it any longer. She went ballistic.

- Renasa:** That’s it! I’ve had it! I quit!

Renasa got all her belongings and went out of the room. She went straight home. Dinah was shocked of what Renasa did. Later that day, Mrs. Meek visited the office and looked for Renasa. Dinah told her what happened. She said Renasa got angry during her presentation and went out of the office. Dinah said she is going to issue a memo for Renasa's behavior.

The following day Renasa did not report to work. When Mrs. Meek dropped by the office, Renasa was still not there. She then decided to drop by the house of Renasa and asked her what really happened. Renasa said Dinah summoned her to present the Financial Statement. Then she said that Dinah kept on interrupting her, asking things that were very simple. She explained it to Dinah but Dinah does not really understand those simple things. Then Renasa said to Mrs. Meek that as long as Dinah is the COO, she will not return back to her job.

GUIDE QUESTIONS

1. Will Mrs. Panora Meek let go of her favorite employee?
2. What will Mrs. Panora Meek do to her daughter Dinah?
3. What is and will be the impact of Dinah's designation as COO to the institution?

EXHIBIT A. ASSETS

ASSETS	
CASH ON HAND/ COCI	717,000.00
DUE FROM BANKS	1,240,500.00
OTHER LOANS	3,747,400.00
OTHER LOANS - PDI	200,800.00
Allowance for Probable Losses	123,800.00
Loans, net	3,824,400.00
FURNITURE, FIXTURES, & EQUIPMENT, net	291,700.00
TRANSPORTATION EQUIPMENT, net	307,300.00
LEASEHOLD IMPROVEMENT	57,300.00
ACCOUNTS RECEIVABLE	145,000.00
PREPAID EXPENSE	23,400.00
INPUT TAX	-
OTHER ASSETS - DOC. STAMPS	3,500.00
OTHER ASSETS - UNISSUED SUPPLIES	16,600.00
PETTY CASH FUND	1,000.00
TOTAL	9,018,100.00

EXHIBIT B. LIABILITIES AND CAPITAL ACCOUNT

LIABILITIES AND CAPITAL ACCOUNT	
LIABILITIES	
SAVINGS ACCOUNT	3,950,000.00
BILLS PAYABLE	-
ACCRUED INTEREST ON BILLS PAYABLE	-
ACCRUED TAXES PAYABLE	329,100.00
ACCRUED EXPENSE PAYABLE	223,900.00
UNEARNED INTEREST & DISCOUNTS	-
SSS, P HEALTH, HDMF & ECC PAYABLES	6,200.00
ACCOUNTS PAYABLE	265,800.00
WITHHOLDING TAX PAYABLE	55,100.00
OUTPUT TAX	-
DUE TO/FROM	4,070,000.00
TOTAL	8,900,100.00
CAPITAL ACCOUNT	
UNDIVIDED PROFIT	118,000.00
TOTAL	118,000.00
TOTAL LIABILITIES AND CAPITAL	9,018,100.00