



Republic of the Philippines  
**PHILIPPINE STATE COLLEGE OF AERONAUTICS**  
**NOTES TO FINANCIAL STATEMENTS**  
**(ALL FUNDS)**

For the year ended December 31, 2019  
(Amounts are denominated in Philippine Pesos)

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**1. General Information/Agency Profile**

The financial statements (FS) for the Calendar Year 2019 of the **Philippine State College of Aeronautics (PhilSCA)** were authorized for issue on July 7, 2020 per Statement of Management Responsibility for Financial Statements signed by the PhilSCA President and the Vice-President for Administration and Finance – Officer-in-Charge.

The PhilSCA was initially established in 1967 as Basa Air Base Community College under AFP Regulations Series of 168-342 issued by the Armed Forces of the Philippines on April 1, 1968 under the Department of National Defense.

In 1977, Basa Air Base College (BABC) established an Annex in Nichols Air Base (currently known as Villamor Air Base) in Pasay City known as BABC-Annex. Satellite Campus was established in Fernando Air Base in Lipa City, Batangas.

Also in 1977, President Ferdinand E. Marcos signed Presidential Decree No. 1078 converting Basa Air Base Community College to Philippine Air Force College of Aeronautics with its Main Campus in Villamor Air Base, Pasay City, Metro Manila.

In 1979, another Satellite Campus was established in Mactan-Benito Ebuen Air Base Campus in Lapu-Lapu City, Mactan, Cebu.

On June 3, 1992, House Bill No. 26650 was signed into law as Republic Act. No. 7605 by then President Corazon C. Aquino converting Philippine Air Force College of Aeronautics into a state college known as the Philippine State College of Aeronautics. On July 8, 2010, the College was transferred from its original location at Manlunas St., Villamor Air Base, Pasay City (currently Newport City) to its new site at Piccio Garden, Villamor, Pasay City (West Service Road, South Luzon Expressway near Sales Exit).

On December 15, 2011, the PhilSCA-BAB started operation at the Brgy. Palmayo, Resettlement Area in Floridablanca, Pampanga, which is now the Palmayo Campus.

The College is envisioned to become a leader institution committed to scientific and technological advancement of aeronautical sciences, responsive to the dynamic and emerging demands for world-class professionals of the industry. Its mission is to

produce world-class aeronautics professionals, imbued with commitment, excellence responsibility and integrity through advance level of instruction and research.

The registered office address of the PhilSCA Main Campus is at Piccio Garden, Villamor, Pasay City in Metro Manila.

## **2. Statement of Compliance and Basis of Preparation of Financial Statements**

The FSs have been prepared in accordance and compliance with the Philippine Public Sector Accounting Standards (PPSASs) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014.

The FSs have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The PhilSCA adopts a centralized accounting system whereby only one set of books of account is maintained for the Main Campus located at Piccio Garden, Villamor, Pasay City and its Satellite Campuses in Cebu, Batangas and Pampanga.

## **3. Summary of Significant Accounting Policies**

### **3.1 Basis of Accounting**

The FSs are prepared on an accrual basis in accordance with the PPSASs.

### **3.2 Financial Instruments**

#### **a. Financial assets**

##### ***Initial recognition and measurement***

Financial assets within the scope of PPSAS 29 - Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. PhilSCA determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that PhilSCA commits to purchase or sell the asset.

PhilSCA's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables; and derivative financial instruments.

### ***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification.

### ***Financial assets at fair value through surplus or deficit***

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

### ***Derecognition***

PhilSCA derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- The rights to receive cash flows from the asset have expired or are waived.
- PhilSCA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) it has transferred substantially all the risks and rewards of the asset; or (b) it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### ***Financial assets carried at amortized cost***

For financial assets carried at amortized cost, PhilSCA first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets

with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to PhilSCA. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

## **b. Financial liabilities**

### ***Initial recognition and measurement***

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

PhilSCA's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and financial guarantee contracts.

### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification.

### ***Financial liabilities at fair value through surplus or deficit***

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

**c. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**d. Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

**3.3 Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

**3.4 Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the PhilSCA.

### **3.5 Property, Plant and Equipment**

#### ***Recognition***

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably.

#### ***Measurement at Recognition***

An item recognized as PPE is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates

- Expenditure that is directly attributable to the acquisition of the items; and
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

### ***Measurement after Recognition***

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, PhilSCA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

### ***Depreciation***

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

### ***Initial Recognition of Depreciation***

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

### ***Depreciation Method***

The straight line method of depreciation shall be adopted unless another method is more appropriate for agency operation.

### ***Estimated Useful Life***

PhilSCA uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

It uses a residual value equivalent to at least five percent of the cost of the PPE.

### ***Impairment***

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

### ***Derecognition***

PhilSCA derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

## **3.6 Operating Leases**

Leases in which the PhilSCA does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for PPE are applied to similar assets leased by the entity.

## **3.7 Changes in accounting policies and estimates**

PhilSCA recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

It recognizes the effects of changes in accounting estimates prospectively by treating such as surplus or deficit.



### **3.8 Revenue from non-exchange transactions**

#### ***Recognition and Measurement of Assets from Non-Exchange Transactions***

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset were recognized as an asset if the following criteria were met:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

#### ***Recognition Revenue from Non-Exchange Transactions***

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized with respect to the same inflow.

The PhilSCA satisfies a present obligation recognized as a liability with respect to an inflow of resources from a non-exchange transaction recognized as an asset. It reduces the carrying amount of the liability recognized and an amount of revenue equal to that reduction is recognized.

#### ***Measurement of Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

#### ***Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions***

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

#### ***Fees and fines not related to taxes***

PhilSCA recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria were met. Deferred income is

recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues were recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

### ***Gifts and Donations***

It recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind were recognized as assets when the goods were received, or there is a binding arrangement to receive the goods. If goods in-kind were received without conditions attached, a liability is recognized, which is reduced and revenue recognized as the conditions were satisfied.

On initial recognition, gifts and donations including goods in-kind were measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values were ascertained by reference to quoted prices in an active and liquid market.

### ***Transfer***

It recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

### ***Services in-Kind***

Services in-kind were not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

### ***Transfers from other government entities***

Revenues from non-exchange transactions with other government entities and the related assets were measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to PhilSCA and can be measured reliably.

### **3.9 Revenue from exchange transactions**

#### ***Measurement of Revenue***

Revenue shall be measured at the fair value of the consideration received or receivable.

#### ***Rendering of Services***

PhilSCA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred were recoverable.

### **3.10 Budget Information**

The annual budget is prepared on a cash basis and is published in the government website.

As a result of the adoption of the cash basis for budgeting purposes, a separate Statement of Comparison of Budget and Actual Amounts is presented. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

The annual budget figures included in the financial statements are for PhilSCA. These budget figures are those approved by the governing body both at the beginning and during the year following a period of consultation with the public.

### **3.11 Related Parties**

PhilSCA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over PhilSCA, or vice versa.

The administration and management of PhilSCA is vested in the Board of Trustees as the governing body of the College under Section 5 and 11 of RA No. 7605.

### **3.12 Employee benefits**

The employees of PhilSCA are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

PhilSCA recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

It recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.

### **3.13 Measurement uncertainty**

The preparation of financial statements in conformity with PPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the setting up of allowance for impairment to provide an adequate amount of uncollectible portion of receivables.

Estimates were based on the best information available at the time of preparation of the financial statements and were reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

## **4. Prior Period Adjustments**

Prior period adjustments are recorded by using the Accumulated Surplus/Deficit account. Errors affecting current year's operation are charged to the current year's accounts.

## **5. Cash and Cash Equivalents**

This account consists of the following accounts:

<b>Account Title</b>	<b>2019</b>	<b>2018</b>
Petty Cash Fund	404,799.92	160,000.00
Cash in Bank- LCCA	561,349,793.81	325,962,165.71
Cash - Treasury/ Agency Deposit, Regular	988,971.74	750,350.96
<b>Total Cash and Cash Equivalents</b>	<b>562,743,565.47</b>	<b>326,872,516.67</b>

Cash in Bank – Local Currency, Current Account (LCCA) under the Special Trust Fund represents collections of tuition and other school fees which the College is

authorized to use under RA No. 8292. Bank Reconciliation Statements are submitted to support the ending balances of the account.

## 6. Receivables

This consists of the following accounts:

Account Title	2019	2018
Accounts Receivable	14,510,538.94	15,026,378.36
Allowance for Impairment –Accounts Receivable	724,716.21	756,541.45
Net Value - Accounts Receivable	13,785,822.73	14,269,836.91
Loans Receivable – Others	879,000.00	879,000.00
Allowance for Impairment – Others	44,325.00	44,325.00
Net Value – Loans Receivable – Others	834,675.00	834,675.00
Operating Lease Receivable	198,844.00	108,000.00
Allowance for Impairment – Operating Lease Receivable	6,286.88	4,470.00
Net Value – Operating Lease Receivable	192,557.12	103,530.00
Inter-Agency Receivables	91,231,493.35	99,246,219.75
Receivables - Disallowances/Charges	580,096.79	580,096.79
Other Receivables	1,148,907.75	1,162,907.75
Allowance for Impairment	46,315.39	46,315.39
Net Value - Other Receivables	1,102,592.36	1,116,592.36
<b>Total</b>	<b>107,727,237.35</b>	<b>116,150,950.81</b>

The Accounts Receivable account represents collectibles for tuition and other school fees from students.

The Loans Receivable – Others account represents outstanding balance of loans granted to students out of funds provided by the CHED in CY 2018 through its Student Financial Assistance Program (STUFAP).

The Operating Lease Receivable represents the receivables due from concessionaires.

The Inter-Agency Receivables is comprised of the Due from NGAs representing advance payments made to the DBM-Procurement Service (PS) for the purchase of commonly used office supplies and equipment, and undelivered supplies/materials as of yearend. The fund transfer to Philippine International Trading Corporation (PITC) is for partial payment of purchase of aircraft and for the construction of school buildings.

The Receivables–Disallowances and Charges account represents the amount due from employees resulting from audit disallowances which had become final and executory, while the Other Receivables account includes past due and other receivables.

## 7. Inventories

Account Title	2019	2018
<b>Inventory held for Consumption</b>		
Carrying Amount, January 1, 2019	1,437,778.80	1,552,705.54
Additions/ Acquisitions during the year	3,822,706.67	830,115.63
Expensed during the year except write-down	4,759,745.77	(945,042.37)
<b>Carrying Amount, December 31, 2019</b>	<b>500,739.70</b>	<b>1,437,778.88</b>

## 8. Other Current Assets

This consists of the following accounts:

Account Title	2019	2018
Advances	3,785,969.94	998,750.72
Prepayments	20,304.58	6,663.23
<b>Total</b>	<b>3,806,274.52</b>	<b>1,005,413.95</b>

Prepayments pertain to insurance payments for the Agency's vehicle, aircraft, other properties and personal accident insurance for students, faculty and staffs.

## 9. Property, Plant and Equipment

	Land	Furniture, Fixtures & Books	Other Property, Plant & Equipment	Building and Other Structure	Machinery & Equipment	Total
<b>Carrying Amount 1/1, 2019</b>	<b>255,000,000.00</b>	<b>7,239,827.80</b>	<b>101,418.60</b>	<b>27,001,505.91</b>	<b>33,185,533.43</b>	<b>322,528,285.74</b>
Additions/ Acquisitions	-		-	11,798,432.04	4,431,056.16	16,229,488.20
Reclassification				-	180,000.00	180,000.00
Sub-total	255,000,000.00	7,239,827.80	101,418.60	38,799,937.95	37,796,589.59	338,937,773.94
Depreciation	-	(219,852.00)	-	(1,885,131.81)	(6,973,636.21)	(9,078,620.02)
<b>Carrying Amount, 12/31/2019</b>	<b>255,000,000.00</b>	<b>7,019,975.80</b>	<b>101,418.60</b>	<b>36,914,806.14</b>	<b>30,822,953.28</b>	<b>329,859,153.82</b>
Gross Cost, 12/31/2019	255,000,000.00	9,950,080.38	1,014,186.00	60,845,264.57	97,256,634.35	424,066,165.10
Less: Accumulated Depreciation	-	(2,930,104.58)	(912,767.40)	(23,930,458.23)	(66,433,680.97)	(94,207,011.18)
<b>Net Book Value, 12/31/2019</b>	<b>255,000,000.00</b>	<b>7,019,975.80</b>	<b>101,418.60</b>	<b>36,914,806.14</b>	<b>30,822,953.38</b>	<b>329,859,153.92</b>

Property, Plant and Equipment are carried at cost less accumulated depreciations. The Constructed Period Theory is used for costing the assets.

Regular maintenance, repair and minor replacements are charged against Maintenance and Other Operating Expenses (MOOE).

There was a Contract to Sell of a portion of Villamor Air Base property with a total land area of 17,454 square meters for a contract price of ₱95,997,000.00, which was

made and executed by and between Bases Conversion and Development Authority (BCDA) and PhilSCA on September 7, 1999. On July 8, 2001, a Deed of Absolute Sale was executed again by and between BCDA and PhilSCA, after the full payment thereof. On May 31, 2010, the PhilSCA Board of Trustees passed and approved Board Resolution No. 35, series of 2010 on the transfer of the campus of PhilSCA Villamor Air Base to the relocation site provided by BCDA at the Piccio Garden, Villamor Air Base, Pasay City.

On June 10, 2010, a Memorandum of Agreement (MOA) was executed and entered into by and between the PhilSCA, BCDA and Megaworld Corporation whereby PhilSCA agreed to transfer from the PhilSCA Villamor Air Base Pasay Campus to the new PhilSCA relocation site.

In November 2010, the College transferred from its original location at Manlunas St., Villamor Air Base, Pasay City (currently Newport City) to the new site at Piccio Garden, Villamor, Pasay City (in front of South Luzon Expressway Sales Exit).

Pursuant to the said MOA, the following salient points were undertaken, to wit:

- BCDA shall provide a relocation site in exchange for the old campus site which was identified to be at Piccio Garden, Villamor Air Base, Pasay City, with estimated total lot area of 17,000 square meters.
- PhilSCA shall give up its immovable properties in Manlunas Street, Villamor Air Base, Pasay City, details of which are as follows:

<b><u>Acquisition Costs</u></b>	
Land	95,997,000.00
Office Buildings	9,099,806.80
School Buildings	<u>36,715,969.85</u>
<b>Total</b>	<b><u>141,812,776.65</u></b>

- Megaworld shall assume all expenses in the relocation and replication of the PhilSCA's classrooms, offices, and other facilities to the relocation site. However, no data are available from Megaworld Corporation as to the values of the following constructed buildings as of yearend to effect detailed reporting of property values in the books:

- Main Building 1 – 4 storeys
- Building 2 – 4 storeys
- Hangar Building – 2 storeys
- Quarters Building – 2 storeys
- One storey dormitory
- Flight Simulator Building
- Parking facility

The Land account recorded at ₱255,000,000.00 pertains to the zonal value of the new site measuring about 17,000 square meters at ₱15,000.00 per square meter as determined by the COA Audit Team based on the latest revised zonal values of all lots within the Philippines as of December 11, 2009 as posted in the Bureau of Internal Revenue website. Independent property appraisers contracted by PhilSCA in CY 2010, however, revealed an appraised value of the new site from ₱425,000,000.00 to ₱488,712,000.00. There has to be a formal transfer of title yet for the relocation site at Piccio Garden, Villamor Air Base, Pasay City. Further, the Certificate of Acceptance has yet to be issued by the Management to ensure first that the buildings are structurally sound and free from any defects before issuing the said certificate.

The demolished buildings and structures at the old site costing ₱45,815,776.65, which were recorded as of December 31, 2012 were dropped from the books of accounts in CY 2013, as recommended by the COA Audit Team in their Annual Audit Report for CY 2012. Recorded buildings for the year 2014 only refer to buildings occupied by satellite campuses inside the airbases of Mactan (Lapu-Lapu City, Cebu), Basa (Floridablanca, Pampanga) and Fernando (Lipa City, Batangas).

All other properties and deliverables by Megaworld with identified values were already reflected in the books, such as: the Cessna 150 aircraft, audio visual and speech laboratory equipment, chemistry and physics laboratory facilities, standby generator, noise barrier, motor vehicle and other equipment.

In addition, another two Deeds of Donations were received by PhilSCA from the Municipalities of Floridablanca in Pampanga and from Medellin, Cebu for a parcel of land and buildings. The donated parcel of land situated at Brgy. Palmayo, Floridablanca, Pampanga, has an estimated area of 16,309 square meters with a two-storey building, a gymnasium and playground, while the donated property at Brgy. Curva, Medellin, Cebu has a total lot area of 500 square meters with a two-storey building structure with a floor area of 355 square meters. On top of the two deeds of donations, another donation was received by PhilSCA in CY 2016 for a parcel of lot representing 15,000 square meters land located at Dalipit East, Cuenca, Batangas for the proposed future relocation of PhilSCA-FAB Campus. All Deeds of Donation did not specify the total value of the properties granted to the College, and are yet to be determined on the next accounting period.

## 10. Financial Liabilities

This consists of:

Account Title	2019	2018
Accounts Payable	9,291,156.75	12,553,083.08
Due to Officers and Employees	1,235,674.90	2,462,164.47
<b>Total</b>	<b>10,526,831.65</b>	<b>15,015,247.55</b>



## 11. Inter-Agency Payables

This consists of the following accounts:

Account Title	2019	2018
Due to BIR	1,944,377.55	2,391,557.40
Due to GSIS	532,026.99	732,558.93
Due to Pag-IBIG	150,247.49	63,213.22
Due to PhilHealth	74,763.56	70,177.60
Due to NGAs	-	-
Due to Other GOCCs	18,908.73	283.09
<b>Total</b>	<b>2,720,324.32</b>	<b>3,257,790.24</b>

The account consists of taxes withheld for the month of December 2019 from the salaries/wages of personnel, payments made to suppliers and contractors which are due to be remitted in the ensuing year/month to the Bureau of Internal Revenue (BIR).

## 12. Other Payables

The account Other Payables in the amounts of ₱351,530.68 and ₱234,352.53 in CYs 2018 and 2019, respectively, refers to the balance due for remittance to the College's accredited employees' association from membership dues and loan repayments.

## 13. Service and Business Income

The breakdown of this income account is shown, as follows:

Account Title	2019	2018
<b>Business Income</b>		
School Fees	331,053,644.64	133,640,418.59
Rent/ Lease Income	844,054.55	639,081.12
Interest Income	27,597.71	-
Fines and Penalties	363,117.00	1,793,692.74
Other Business Income	1,544,259.04	1,598,426.22
Miscellaneous Income	267,795.74	123,429.15
<b>Total</b>	<b>334,100,468.68</b>	<b>137,795,047.82</b>

The increase in the school fees amounting to ₱196,305,420.86 was due to school fees billed in CY 2018, which were only received and recorded in CY 2019.

## 14. Personnel Services

This account refers to all payments related to the regular salaries and other compensation and personnel benefits received by the teaching and non-teaching personnel of the College, broken down as follows:

#### 14.1 Salaries and Wages

Account Title	2019	2018
Salaries and Wages - Regular	73,454,863.35	59,597,501.68
Salaries and Wages – Casual/Contractual	-	122,282.29
<b>Total</b>	<b>73,454,863.35</b>	<b>59,719,783.97</b>

#### 14.2 Other Compensation

Account Title	2019	2018
Personal Economic Relief Allowance (PERA)	4,768,000.29	4,198,257.86
Representation Allowance (RA)	454,500.00	503,750.00
Transportation Allowance (TA)	443,419.20	427,250.00
Clothing/ Uniform Allowance	1,236,000.00	1,074,000.00
Subsistence Allowance	-	2,500.00
Laundry Allowance	-	450.00
Honoraria	8,612,180.53	8,885,344.60
Productivity Incentive Allowance	1,019,500.00	-
Year End Bonus	-	9,208,245.65
Cash Gift	-	900,000.00
Other Bonuses and Allowances	16,031,528.54	865,107.51
<b>Total</b>	<b>32,565,128.56</b>	<b>26,064,905.62</b>

#### 14.3 Personnel Benefit Contribution

Account Title	2019	2018
Retirement & Life Insurance Premiums	7,027,992.52	9,369,870.94
Pag-IBIG Contributions	232,100.00	180,500.00
PhilHealth Contributions	838,717.49	746,631.43
ECI Premiums	128,700.00	271,188.08
<b>Total</b>	<b>8,227,510.01</b>	<b>10,568,190.45</b>

#### 14.4 Other Personnel Benefits

Account Title	2019	2018
Terminal Leave Benefits	815,912.99	251,591.38
Other Personnel Benefits	5,926,944.40	978,460.65
<b>Total</b>	<b>6,742,857.39</b>	<b>1,230,052.03</b>

### 15. Maintenance and Other Operating Expenses

This consists of the following accounts:

### 15.1 Traveling Expenses

Account Title	2019	2018
Travelling Expenses - Local	3,398,424.37	3,855,677.34
Travelling Expenses - Foreign	438,414.66	-
<b>Total</b>	<b>3,836,839.03</b>	<b>3,855,677.34</b>

### 15.2 Training and Scholarship Expenses

Account Title	2019	2018
Training Expenses	28,091,338.41	2,363,355.58
Scholarship Grants/Expenses	560,000.00	515,485.96
<b>Total</b>	<b>28,651,338.41</b>	<b>2,878,841.54</b>

The increase in training expense is due to flight training fees for SY 2018-2019 which was received in FY2019

### 15.3 Supplies and Materials Expenses

Account Title	2019	2018
Office Supplies Expenses	4,436,994.27	2,976,996.05
Accountable Forms Expenses	322,751.50	192,097.00
Drugs and Medicines Expenses	91,803.39	106,718.40
Medical, Dental and Laboratory Supplies Expenses	277,355.75	13,889.25
Fuel, Oil, and Lubricants Expenses	1,459,610.91	633,600.31
Textbooks and Instructional Materials Expenses	206,086.35	335,482.00
Other Supplies and Materials Expenses	4,549,528.66	4,513,725.06
<b>Total</b>	<b>11,344,130.83</b>	<b>8,772,508.07</b>

### 15.4 Utility Expenses

Account Title	2019	2018
Water Expenses	2,673,290.54	2,626,353.36
Electricity Expenses	7,065,960.99	7,386,507.87
<b>Total</b>	<b>9,739,251.53</b>	<b>10,012,861.23</b>

### 15.5 Communication Expenses

Account Title	2019	2018
Postage and Courier Services	13,357.00	21,644.00
Telephone Expenses	273,780.01	315,533.27
Internet Expenses	63,962.85	72,466.49
<b>Total</b>	<b>351,099.86</b>	<b>409,643.76</b>

### 15.6 Confidential Intelligence and Extraordinary, Expenses

The account Extraordinary Expenses for CYs 2018 and 2019 amounted to ₱89,345.15 and ₱60,039.00, respectively.

#### 15.7 Professional Services

Account Title	2019	2018
Legal Services	284,300.00	282,000.00
Auditing Services	48,016.00	2,826.00
Other Professional Services	20,094,906.58	22,677,570.24
<b>Total</b>	<b>20,427,222.58</b>	<b>22,962,396.24</b>

#### 15.8 General Services

Account Title	2019	2018
Janitorial Services		-
Security Services	7,302,783.42	5,847,847.22
Other General Services	10,609,112.60	9,720,624.35
<b>Total</b>	<b>17,911,896.02</b>	<b>15,568,471.57</b>

#### 15.9 Repairs and Maintenance

Account Title	2019	2018
Repairs and Maintenance - Buildings and Other Structures	1,391,356.70	813,081.18
Repairs and Maintenance- Machinery and Equipment	343,295.00	761,769.13
Repairs and Maintenance - Transportation Equipment	4,899,167.73	615,684.12
Repairs & Maintenance - Other Property, Plant & Equipment	400.00	
Repairs and Maintenance- Furniture and Fixtures	-	1,509.00
<b>Total</b>	<b>6,634,219.43</b>	<b>2,192,043.43</b>

#### 15.10 Taxes, Insurance Premiums and Other Fees

Account Title	2019	2018
Taxes, Duties and Licenses	169,820.30	203,074.21
Fidelity Bond Premiums	150,187.50	90,375.00
Insurance Expenses	3,874,649.67	5,173,668.47
<b>Total</b>	<b>4,194,657.47</b>	<b>5,467,117.68</b>

#### 15.11 Other Maintenance and Operating Expenses

Account Title	2019	2018
Advertising Expenses	-	30,642.80
Printing and Publication Expenses	1,372,397.45	1,228,318.10
Representation Expenses	2,662,129.14	2,736,470.12
Rent/Lease Expenses	593,750.00	706,292.25

<b>Account Title</b>	<b>2019</b>	<b>2018</b>
Membership Dues and Contributions to Organizations	933,228.77	4,400,983.01
Subscription Expenses	57,552.72	155,345.00
Donations	-	-
Other Maintenance and Operating Expenses	2,968,286.41	25,145,793.43
<b>Total</b>	<b>8,587,344.49</b>	<b>34,403,844.71</b>

## 15.12 Research Expense

<b>Account Title</b>	<b>2019</b>	<b>2018</b>
Research Expense	<b>970,280.38</b>	-

## 16. Non-Cash Expenses

This expense account consists of all the depreciation expenses for the property, plant and equipment and impairment loss from receivables, broken down as follows:

### 16.1 Depreciation

<b>Account Title</b>	<b>2019</b>	<b>2018</b>
Depreciation - Buildings and Other Structures	341,623.01	953,415.61
Depreciation - Machinery and Equipment	57,482.48	3,775,292.01
Depreciation- Technical & Scientific Equipment	422,095.41	-
Depreciation- Communication Equipment	141,073.79	-
Depreciation- School Buildings	1,543,508.80	
Depreciation- Office Equipment	2,994,452.12	-
Depreciation- Info. & Com. Tech. Equipment	2,337,835.08	-
Depreciation- Transportation Equipment	376,055.73	425,051.97
Depreciation- Aircraft & Aircraft Grounds Equipment	97,992.50	
Depreciation- Medical Equipment	75,133.45	-
Depreciation- Sports Equipment	41,824.10	-
Depreciation-Other Machinery and Equipment	723,739.78	-
Depreciation-Books	65,226.01	-
Depreciation – Furniture & Fixtures	154,625.99	123,957.23
<b>Total</b>	<b>9,372,668.25</b>	<b>5,277,716.82</b>

### 16.2 Impairment Loss

<b>Account Title</b>	<b>2019</b>	<b>2018</b>
Impairment Loss - Loans and Receivables	-	

Impairment Loss – Other Receivables	1,816.88	620.00
<b>Total</b>	<b>1,816.88</b>	<b>620.00</b>

## 17. Financial Assistance/Subsidy

The total net financial assistance/subsidy consists of the following:

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
NCA received for the year	150,089,943.00	183,970,852.00
Tax Remittance Advice (TRA)	6,106,491.77	3,689,000.01
Total	156,196,434.77	187,659,852.01
Less: Reversal of unutilized NCA	778,748.58	7,694,884.08
Adjustments		-
<b>Net Financial Assistance/Subsidy</b>	<b>155,417,686.19</b>	<b>179,964,967.93</b>

## 18. Receipt of Notice of Cash Allocation (NCA)

<b>Month</b>	<b>2019</b>	<b>2018</b>
January	9,844,000.00	6,530,000.00
February	10,723,357.00	6,530,000.00
March	9,844,000.00	6,530,000.00
April	8,186,000.00	7,666,350.00
May	12,326,000.00	18,585,174.00
June	7,039,000.00	7,832,515.00
July	11,920,000.00	7,832,515.00
August	17,979,709.00	8,339,203.00
September	14,065,221.00	83,386,236.00
October	14,251,125.00	7,893,411.00
November	22,066,403.00	14,016,448.00
December	11,845,128.00	8,829,000.00
<b>Total</b>	<b>150,089,943.00</b>	<b>183,970,852.00</b>

## 19. Collection of Income/Revenues

The total income/income realized by the College for FY 2019 is broken down as follows:

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Service and Business Income	271,888,810.85	134,403,660.80
Other Income	544,491.39	1,972,696.18
Prior Year's Income		-
<b>Total</b>	<b>272,433,302.24</b>	<b>136,376,356.98</b>

## 20. Collection of Receivables

The collection of accounts receivables by the College for FYs 2019 and 2018 amounted to ₱30,499.88 and ₱777,545.79, respectively.

## 21. Other Receipts

Other Receipts consist of the following:

Particulars	2019	2018
Refund of Cash Advances	278,485.00	1,193,494.40
Unused Petty Cash Fund		-
Other Miscellaneous Receipts		3,689,000.01
<b>Total</b>	<b>278,485.00</b>	<b>4,882,494.41</b>

## 22. Adjustments – Cash Inflows from Operating Activities

This refers to the restoration to Cash account of cancelled and stale checks.

Particulars	2019	2018
Cancelled/lost/stale checks/ADA	-	16,923.00
Other Adjustments-Inflow	-	24,548,801.94
<b>Total</b>	<b>-</b>	<b>24,565,724.94</b>

## 23. Payment of Expenses

Particulars	2019	2018
Payment of Personnel Services	98,872,488.96	117,520,414.08
Payment of Maintenance and Other Operating Expenses	44,673,867.03	77,753,893.96
Payment of Financial Expenses	-	-
Payment of expenses pertaining to / incurred in the prior years	17,422.19	978,871.93
Liquidation of prior year's cash advances		-
<b>Total</b>	<b>143,563,778.18</b>	<b>196,253,179.97</b>

## 24. Grant of Cash Advances

The total Cash Advances/Payroll Fund/Petty Cash Fund granted during FY 2019 is detailed as follows:

Particulars	2019	2018
Payroll	-	-
Special Disbursing Officer	5,705,462.80	3,704,277.28
Officers and Employees	1,373,527.52	1,944,069.40
<b>Total</b>	<b>7,078,990.32</b>	<b>5,648,346.68</b>

## 25. Prepayments

Total Prepayments for CYs 2019 and 2018 are detailed, as follows:

Particulars	2019	2018
Motor vehicles	-	14,312.11

Other properties and equipment	-	-
Personal accident insurance for students, faculty and staff	29,427.91	-
<b>Total</b>	<b>29,427.91</b>	<b>14,312.11</b>

## 26. Payment of Accounts Payable

The payment of accounts payable for CYs 2019 and 2018 refers to:

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Payment from Special Trust Fund:		
Prior year's accounts payable ( MOOE )	-	11,021,683.37
Payment from General Fund:	-	-
Prior year's accounts payable	-	-
<b>Total</b>	<b>-</b>	<b>11,021,683.37</b>

## 27. Remittance of Personnel Benefit Contributions and Mandatory Deductions

This refers to the total monthly remittances of GSIS/Pag-IBIG/PhilHealth and other payables broken down, as follows:

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Remittance of taxes withheld not covered by TRA	705,099.50	2,042,841.96
Remittance to GSIS/Pag-IBIG/PhilHealth	16,546,992.28	15,157,627.85
Remittance to other payables	6,354,662.42	5,395,321.73
<b>Total</b>	<b>23,606,754.20</b>	<b>22,595,791.54</b>

## 28. Release of Inter-Agency Fund Transfers

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Fund transfers to PITC for the implementation of projects	-	75,200,000.00
<b>Total</b>	<b>-</b>	<b>75,200,000.00</b>

## 29. Reversal of Unutilized NCA

The total unutilized NCA balance for FY 2019 amounted to ₱778,748.58, which was reverted to the account of the National Treasury as at December 31, 2019.

## 30. Purchase of Property, Plant and Equipment

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Purchase of machinery and equipment	189,376.00	318,180.00
Purchase of furniture, fixtures and books	-	-
Construction of buildings and other structures	10,927,663.13	
Purchase of other Property, Plant and Equipment	786,443.00	
Purchase of transportation equipment	-	-



<b>Total</b>	<b>11,903,482.13</b>	<b>318,180.00</b>
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### 31. Prior Period Adjustments/Unrecorded Income and Expenses

This refers to the effect of prior period adjustments derived from the restoration of the Cash account due to stale/cancelled checks issued in prior years and other adjustments resulting in the increase of Net Assets/Equity. This consists of the following:

<b>Particulars</b>	<b>Net Effect to Accumulated Surplus/(Deficit) Beginning Balances, January 1, 2019</b>	<b>Net Effect to Accumulated Surplus/ (Deficit) Beginning Balances, January 1, 2018</b>
Fund transfer, income and stale checks		16,923.00
Payment of disallowance due from personnel		-
Adjustment on Operating Lease Receivables account		-
Adjustment of disallowance (BOT Members) with pending appeal from COA		-
Adjustment on Inventory account		-
Liquidation of advances made in 2018 and reimbursement of various expenses account	(161,683.21)	(135,596.93)
Payment of claims for various creditors/suppliers for utilities and supplies.	(426,925.00)	(794,455.64)
Payment for financial assistance to student beneficiary	-	(6,647.33)
Payment of Due to Officers and Employees account (overpayment/underpayment of salaries)	(40,910.46)	(198,083.53)
Payment of salary of personnel for services rendered in 2018	(363,474.84)	(183,999.49)
Adjustments on the account Property, Plant & Equipment due to change in accounting policy	-	(361,378.15)
Adjustments on Accumulated Depreciation due to change in accounting policy	-	333,454.01
Adjustment for correction of income due to erroneous entry	(173,686.00)	(63,505.93)
Recording of various expenses incurred in 2018	(3,836,431.00)	(277,243.70)
<b>Total</b>	<b>(5,003,110.51)</b>	<b>(1,670,533.69)</b>

### 32. Accumulated Surplus

The accumulated surplus account balance as at December 31, 2019 is presented as follows:

Particulars	2019	2018
Balance at January 1	757,783,075.01	651,653,302.66
Add (Deduct):		
Prior Period Adjustments/ Unrecorded Income and Expenses	(5,003,110.51)	(1,670,533.69)
Surplus for the period	246,314,147.24	107,800,306.04
<b>Balance at December 31</b>	<b>999,094,111.74</b>	<b>757,783,075.01</b>

### 33. Surplus for the Period

Particulars	Amount
Total Revenue	334,100,468.68
Less: Current Operating Expenses	243,073,163.47
Surplus (Deficit) from Current Operations	91,027,305.21
Add: Financial Assistance/Subsidy from NGA, LGUs, GOCCs	155,286,842.03
<b>Surplus for the Year 2019</b>	<b>246,314,147.24</b>

### 34. Comparison of Budget and Actual Amounts

The original budget for Personnel Services in the amount of ₱142,641,492.00 was increased by ₱1,458,855.00 due to the receipt of Special Purpose Funds released under Special Allotment Release Orders as shown in the List of Allotments and Sub-Allotments (FAR No.1-B) as at December 31, 2019.

The final budgeted amounts for MOOE and Capital Outlays for FY 2019 were ₱41,165,000.00 and ₱10,000,000.00, respectively. Unobligated releases for prior years' Capital Outlays amounted to ₱119,077.00.

The total disbursements for Personnel Services amounted to ₱109,915,591.74, thus leaving a difference of ₱6,458,656.26 from the final budget allocation for Personnel Services, while the MOOE total disbursements amounted to ₱39,579,735.39 with a balance of ₱1,585,264.61. The total disbursements for Capital Outlays under current year and prior year's appropriation amounted to ₱9,880,923.00 and ₱9,974,696.00, leaving a balance of ₱1,585,264.61 and ₱25,304.00, respectively.

#### 34.1 Personnel Services

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	

Current Year Appropriations			
Agency Specific Budget	133,475,000.00	105,748,901.00	100,749,099.74
RLIP	9,166,492.00	9,166,492.00	9,166,492.00
Special Purpose Fund	-	1,458,855.00	-
<b>Total</b>	<b>142,641,492.00</b>	<b>116,3744,248.00</b>	<b>109,915,591.74</b>

### 34.2 Maintenance and Other Operating Expenses

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
Continuing Appropriations	-	-	
Current Year Appropriations	41,165,000.00	41,165,000.00	39,579,735.39
<b>Total</b>	<b>41,165,000.00</b>	<b>41,165,000.00</b>	<b>39,579,735.39</b>

### 34.3 Capital Outlays

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
Continuing Appropriations			
Aircrafts and Aircrafts Ground Equipment	-	-	-
Current Year Appropriations	-	-	-
Buildings and Other Structures	-	-	
Machinery and Equipment	10,000,000.00	10,000,000.00	9,880,923.00
<b>Total</b>	<b>10,000,000.00</b>	<b>10,000,000.00</b>	<b>9,880,923.00</b>