



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

For the year ended December 31, 2021  
(Amounts are denominated in Philippine Pesos)

**1. General Information/Agency Profile**

The financial statements (FSs) of the Philippine State College of Aeronautics (PhilSCA) were authorized for issue on February 14, 2022 as shown in the Statement of Management's Responsibility for Financial Statements signed by the PhilSCA President and the Acting Vice-President for Administration and Finance.

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 Community established an Annex in Nichols Air Base, now Villamor Air Base, in Pasay City known as BABC-Annex. A Satellite Campus was established in Fernando Air Base in Lipa City, Batangas.

Also, in 1977, President Ferdinand E. Marcos signed Presidential Decree (PD) No. 1078 converting Basa Air Base Community 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 (MBEAB) Campus in Lapu-Lapu City, Mactan, Cebu.

On June 3, 1992, House Bill No. 26650 was signed into law as Republic Act (RA) 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, now known as 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 PhilSCA Main Campus is Piccio Garden, Villamor, Pasay City in Metro Manila.

## **2. Statement of Compliance and Basis of Preparation of FSs**

The FSs have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) with corresponding Philippine Application Guidance (PAG) issued by the Commission on Audit (COA) pursuant to COA Resolution Nos. 2014-003 dated January 24, 2014 and 2020-001 dated January 9, 2020.

The FSs have been prepared on the basis of historical cost. 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.

The FSs have been prepared by fund cluster in accordance with Fund Accounting prescribed under Section 13, Chapter 2 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I, issued by COA per COA Circular No. 2015-007 dated October 22, 2015. The PhilSCA maintains the following funds:

<b>Code</b>	<b>Description</b>
01	Regular Agency Fund
05	Internally Generated Funds

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

### **3.1 Basis of Accounting**

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

### **3.2 Financial Instruments**

#### **a. Financial Assets**

##### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 41 - Financial Instruments 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 other receivables; loans and other receivables.

#### *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 considering 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 IPSAS 41 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. PhilSCA's financial liabilities include trade and other payables.

*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.

**c. Offsetting of Financial Instrument**

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.

**3.3 Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash on hand and cash at bank, deposits on call. 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.

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

Semi-Expendables are items below the capitalization threshold of ₱15,000.00, and recognized as an expense once issued to end-user.

### 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 for 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;
- It meets the capitalization threshold of ₱15,000.00, 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 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 PPE 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 expenses 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 15<sup>th</sup> of the month. However, if the PPE is available for use after the 15<sup>th</sup> of the month, depreciation starts on the succeeding month.

#### *Depreciation Method*

The straight-line method of depreciation is adopted.

#### *Estimated Useful Life and Residual Value*

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

The PhilSCA derecognizes items of PPE 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 Lease**

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 were applied prospectively if retrospective application is impractical.

It recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

It corrects material prior period errors retrospectively in the first set of FSs authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

### **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 of 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 in respect of the same inflow.

PhilSCA satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

#### *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*

PhilSCA 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 value was ascertained by reference to quoted prices in an active and liquid market.

#### *Transfers*

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 related assets are 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 the 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 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 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.

### **3.12 Measurement of Uncertainty**

The preparation of financial statements in conformity with IPSAS 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. Cash and Cash Equivalents

This consists of the following accounts:

Accounts	2021	2020
Petty Cash	455,000.00	353,267.92
Cash in Bank-Local Currency, Current Account	538,117,110.53	499,598,939.20
Cash - Treasury/ Agency Deposit, Regular	-	1,270,525.70
<b>Total</b>	<b>538,572,110.53</b>	<b>501,222,732.82</b>

Petty Cash amounting to ₱455,000.00 represents unused Petty Cash Fund (PCF) in the custody of the Cashier.

Cash in Bank-Local Currency, Current Account amounting to ₱538,117,110.53 under the Special Trust Fund represents collections of tuition and other school fees which the College is authorized to use under RA No. 8292.

The balance of Cash–Treasury/Agency Deposit, Regular account was closed to the Accumulated Surplus/(Deficit) account pursuant to the provision of GAM for NGAs.

#### 5. Receivables

##### 5.1 Aging/Analysis of Receivables as at December 31, 2021

Accounts	Total	Past Due	Past Due
		91 – 365 days	Over 2 Years
Loans and Receivables	26,962,405.21	-	26,962,405.21
Inter-Agency Receivables	138,582,024.39	138,218,727.00	363,297.39
Other Receivables	1,757,689.15	-	1,757,689.15
<b>Total</b>	<b>167,302,118.75</b>	<b>138,218,727.00</b>	<b>29,083,391.75</b>

##### 5.2 Loans and Receivables

Accounts	2021	2020 Restated
Accounts Receivable	27,647,833.82	24,477,665.75
<i>Allowance for Impairment – Accounts Receivable</i>	<i>1,680,667.60</i>	<i>1,177,606.01</i>
<b>Net Value - Accounts Receivable</b>	<b>25,967,166.22</b>	<b>23,300,059.74</b>
Loans Receivable - Others	879,000.00	879,000.00
<i>Allowance for Impairment - Loans Receivable - Others</i>	<i>44,325.00</i>	<i>44,325.00</i>
<b>Net Value - Loans Receivable - Others</b>	<b>834,675.00</b>	<b>834,675.00</b>
Operating Lease Receivable	175,632.50	175,632.50
<i>Allowance for Impairment - Operating Lease</i>	<i>15,068.51</i>	<i>7,798.80</i>

<b>Accounts</b>	<b>2021</b>	<b>2020 Restated</b>
<i>Receivable</i>		
<b>Net Value - Operating Lease Receivable</b>	<b>160,563.99</b>	<b>167,833.70</b>
<b>Total</b>	<b>26,962,405.21</b>	<b>24,302,568.44</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 Commission on Higher Education (CHED) in CY 2018 through its Student Financial Assistance Program (STUFAP).

The Operating Lease Receivables represent the receivables due from concessionaires. The account balance as of December 31, 2020 was restated from ₱294,554.00 to ₱175,632.50 due to adjustment made in year 2021 for the rental collection from lessee amounting to ₱118,921.50.

### **5.3 Inter-Agency Receivables**

<b>Accounts</b>	<b>2021</b>	<b>2020 Restated</b>
Due from National Government Agencies (NGAs)	138,582,024.39	10,291,917.56
Due from Government-Owned and/or Controlled Corporations (GOCCs)	-	89,300,000.00
<b>Total</b>	<b>138,582,024.39</b>	<b>99,591,917.56</b>

The Due from NGAs account comprise of advance payments to the Department of Budget and Management - Procurement Service (DBM-PS) for the purchase of commonly used office supplies and equipment totaling ₱363,297.39 and the CHED-UniFAST Free Higher Education Billings of ₱138,218,727.00.

The Due from NGAs account as of December 31, 2020 was restated from ₱66,167,048.35 to ₱10,291,917.56 due to adjustments made for the overstatement of account amounting to ₱62,066,079.81 in CY 2020 and understatement of ₱6,190,949.02 in 2019 and prior years. The overstatement is due to erroneous recording of income from School Fees while the understatement is due to unrecorded graduate billings to CHED.

On December 20, 2021, PhilSCA received from the Philippine International Trading Corporation (PITC) LBP Check # 2946005 dated December 16, 2021 amounting to ₱87,761,106.30 representing return of ₱89,300,000.00 (net of ₱1,538,893.70 Cancellation Fee) per PhilSCA Official Receipt No. 0695577 dated December 20, 2021 for fund transfers made in years 2017 and 2018 for

partial payment of purchase of aircraft and for the construction of school buildings.

#### 5.4 Other Receivables

Accounts	2021	2020
Receivables-Disallowances/Charges	580,096.79	580,096.79
Other Receivables	1,223,907.75	1,223,907.75
<i>Allowance for Impairment - Other Receivables</i>	<i>46,315.39</i>	<i>46,315.39</i>
Net Value - Other Receivables	1,177,592.36	1,177,592.36
<b>Total</b>	<b>1,757,689.15</b>	<b>1,757,689.15</b>

The Receivables–Disallowances/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 other receivables.

#### 6. Inventories

Particulars	2021	2020 Restated
<b>Inventory Held for Consumption</b>		
Carrying Amount, January 1	1,308,244.26	500,739.70
Additions/ Acquisitions during the year	1,273,678.37	1,178,858.50
Expensed during the year except write-down	(664,746.88)	(371,353.94)
<b>Carrying Amount, December 31</b>	<b>1,917,175.75</b>	<b>1,308,244.26</b>
<b>Semi-Expendable Machinery and Equipment</b>		
Purchases during the year	469,613.00	-
<b>Total Carrying Amount, December 31</b>	<b>2,386,788.75</b>	<b>1,308,244.26</b>

The account Inventories as of December 31, 2020 was restated from ₱1,293,499.76 to ₱1,308,244.26 balance due to the understatement of Accountable Forms, Plates and Stickers Inventory account amounting to ₱4,800.00 and ₱9,944.50 for the CYs 2020 and 2019 and prior years, respectively. The understatement was due to unrecorded purchases of Accountable Forms.

#### 7. Other Current Assets

This consists of the following accounts:

Accounts	2021	2020 Restated
<b>Advances</b>		
Advances to Special Disbursing Officers	2,840,341.00	615,147.86
Advances to Officers and Employees	56,527.28	7,374.28
<b>Prepayments</b>		
Prepaid Insurance	12,977.17	2,243,294.52
Prepaid Subscription	1,955,766.67	-

Accounts	2021	2020 Restated
Advances to Contractors	7,525,981.25	121,035,035.06
<b>Grand Total</b>	<b>12,391,593.37</b>	<b>123,900,851.72</b>

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

Advances to Contractors pertain to the mobilization cost paid to contractors which is 15% of the gross contracted project.

The Prepaid Insurance account as of December 31, 2020, was restated from ₱2,243,294.51 to ₱2,243,294.52 balance of ₱0.01 due to the rounding off adjustment made in CY 2020. The same with the Advances to Contractors account that was adjusted from ₱121,035,035.05 to ₱121,035,035.06.

## 8. Property, Plant and Equipment - Restated

Particulars	Land and Other Land Improvements	Furniture, Fixtures and Books	Other Property, Plant and Equipment	Building and Other Structure
<b>Carrying Amount, 1/1/2021</b>	<b>255,342,202.00</b>	<b>9,530,118.06</b>	<b>123,683.63</b>	<b>39,011,544.45</b>
Additions/Acquisitions/ Adjustment	229,632.50	63,690.00	-	66,540,482.48
<b>Subtotal</b>	<b>255,571,834.50</b>	<b>9,593,808.06</b>	<b>123,683.63</b>	<b>105,552,026.93</b>
Depreciation	(7,207.72)	(308,289.25)	(16,103.45)	(1,854,184.04)
<b>Carrying Amount, 12/31/2021</b>	<b>255,564,626.78</b>	<b>9,285,518.81</b>	<b>107,580.18</b>	<b>103,697,842.89</b>
<b>Gross Cost, 12/31/2021</b>	<b>255,571,834.50</b>	<b>12,478,386.38</b>	<b>1,041,485.00</b>	<b>130,064,646.85</b>
Less: Accumulated Depreciation	(7207.72)	(3,192,867.57)	(933,904.82)	(26,366,803.96)
<b>Carrying Amount, 12/31/2021</b>	<b>255,564,626.78</b>	<b>9,285,518.81</b>	<b>107,580.18</b>	<b>103,697,842.89</b>

Particulars	Infrastructure and Communication Network	Transportation Equipment	Machinery and Equipment	Construction in Progress	Total
<b>Carrying Amount, 1/1/2021</b>	<b>5,863,840.00</b>	<b>18,756,175.00</b>	<b>46,447,470.12</b>	<b>6,228,771.16</b>	<b>381,303,804.42</b>
Additions/Acquisitions /Adjustment	-	363,606.00	22,673,494.60	(6,228,771.16)	83,642,134.42
<b>Subtotal</b>	<b>5,863,840.00</b>	<b>19,119,781.00</b>	<b>69,120,964.72</b>	<b>-</b>	<b>464,945,938.84</b>
Depreciation	-	(1,367,979.91)	(7,491,812.36)	-	(11,045,576.53)
<b>Carrying Amount, 12/31/2021</b>	<b>5,863,840.00</b>	<b>17,751,801.29</b>	<b>61,629,152.36</b>	<b>-</b>	<b>453,900,362.31</b>
<b>Gross Cost, 12/31/2021</b>	<b>5,863,840.00</b>	<b>37,146,155.63</b>	<b>137,095,364.35</b>	<b>-</b>	<b>579,261,712.71</b>
Less: Accumulated Depreciation	-	(19,394,354.34)	(75,466,211.99)	-	(125,361,350.40)
<b>Carrying Amount, 12/31/2021</b>	<b>5,863,840.00</b>	<b>17,751,801.29</b>	<b>61,629,152.36</b>	<b>-</b>	<b>453,900,362.31</b>

PPEs are carried at cost less accumulated depreciation. The Constructive Period Theory is used for costing construction in progress 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 (BOT) 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 to the new site at Piccio Garden, Villamor, Pasay City.

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>Properties</u></b>	<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 (BIR) website. Independent property appraisers contracted by PhilSCA in CY 2010, however, determined 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, Deeds of Donation were received by PhilSCA from the Municipalities of Floridablanca, 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 Donation, 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.

The Land Improvement account as of December 31, 2020 was restated from zero to ₱342,202.00 balance due to the adjustment and recognition of asset as Other Land Improvement amounting to ₱36,000.00 and ₱306,202.00 for the CYs 2020 and 2019 and prior years.

## 9. Financial Liabilities

Accounts	2021	2020 Restated
Accounts Payable	15,146,270.35	103,823,645.89
Due to Officers and Employees	1,729,309.67	717,269.37
<b>Total</b>	<b>16,875,580.02</b>	<b>104,540,915.26</b>

The Accounts Payable account as of December 31, 2020 was restated from ₱102,499,801.15 to ₱103,823,645.89 balance due to understatement of account amounting to ₱1,142,350.29 for CY 2020 and ₱181,494.45 for CY 2019 and prior years.

The Due to Officers and Employees account was restated also from ₱745,163.00 to ₱717,269.37 due to the overstatement of account amounting to ₱27,893.63 from CY 2020 adjustments.

#### 10. Inter-Agency Payables

Accounts	2021	2020 Restated
Due to BIR	2,363,951.24	3,982,837.21
Due to GSIS	423,138.31	713,512.12
Due to Pag-IBIG	177,064.84	51,906.16
Due to PhilHealth	35,271.91	36,833.32
Due to NGAs	47,005,300.00	3,000,000.00
Due to GOCCs	18,908.73	18,908.73
<b>Total</b>	<b>50,023,635.03</b>	<b>7,803,997.54</b>

The account consists of taxes withheld for the month of December 2021 from the salaries/wages of personnel, payments made to suppliers and contractors, and remittances to BIR, GSIS, Pag-IBIG, PhilHealth and other GOCCs which are due to be remitted in the ensuing year/month.

The Due to BIR account as of December 31, 2020 was restated from ₱5,322,035.18 to ₱3,982,837.21 balance due to the overstatement of remitted withholding taxes made amounting to ₱1,349,733.60 from CY 2020 adjustments and understatement of remitted withholding taxes made in CY 2019 and prior year's adjustment amounting to ₱10,535.63.

The Due to GSIS account as of December 31, 2020 was restated from ₱3,051,927.91 to ₱713,512.12. The restated balance was due to the adjustments made in 2021 for the overstatement of RLIP and ECIP, which pertain to CY 2020, amounting to ₱2,492,597.80. In addition, an adjustment amounting to ₱154,182.01 was made in 2021 to correct the erroneous recording of prior year's premium which understated the Due to GSIS account.

The Due to NGAs account as of December 31, 2020 was restated to ₱3,000,000.00 to recognize Financial Assistance Subsidy to student beneficiaries.

#### 11. Other Payables

The Other Payables account in the amounts of ₱3,475,053.92 and ₱816,991.18 in CYs 2021 and 2020, respectively, refers to the balance due for remittance to the College's accredited employees' association from membership dues and loan

repayments. The account was restated as of December 31, 2020 from ₱798,991.18 to ₱816,991.18 balance due to the reversal of accounting entry made in CY 2020 amounting to ₱18,000.00.

## 12. Trust Liabilities

Accounts	2021	2020
Guaranty/ Deposits Payable	2,185,530.30	1,559,170.23

The account Guaranty/ Deposits Payable in the amount of ₱2,185,530.30 in CY 2021 refers to the balances due to Pinnacle Technologies, Inc., Pronet Systems Integrated Network Solution Inc. as per CKDJ#2021-08-461 and Cloudswyt Global Systems Inc. as per CKDJ#2021-11-596 amounting to ₱988,092.30, ₱1,099,998.00 and ₱97,440.00, respectively.

## 13. Service and Business Income

The breakdown of this income account is shown as follows:

Accounts	2021	2020 Restated
<b>Business Income</b>		
School Fees	310,303,938.55	81,603,311.60
Rent/ Lease Income	137,875.00	321,399.00
Interest Income	155,590.82	221,592.69
Fines and Penalties	82,706.50	368,792.50
Other Business Income	2,365,354.20	4,677,364.45
Miscellaneous Income	271,543.68	45,844.70
<b>Total</b>	<b>313,317,008.75</b>	<b>87,238,304.94</b>

Business Income account comprises of different types of fees: School Fees and Fines and Penalties collected from students; Rent/Lease Income are collection from rental of spaces; Interest Income came from the interest earned from bank accounts; and Other Business and Miscellaneous Income are income collected from Income Generating Projects.

The School Fees account as of December 31, 2020, was restated from ₱146,669,391.41 to ₱81,603,311.60 balance due to erroneous recording of income amounting to ₱65,066,079.81.

The Other Business Income account was also restated from ₱4,827,364.45 to ₱4,677,364.45 balance due to the prior period payment for the refund of 5 percent performance bond amounting to ₱150,000.00.

#### 14. Personnel Services - ₱149,205,934.54

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

Particulars	2021	2020
Basic Salary-Civilian	88,236,499.46	78,782,396.71
Salaries and Wages – Casual/Contractual	-	3,347,485.21
<b>Total</b>	<b>88,236,499.46</b>	<b>82,129,881.92</b>

##### 14.2 Other Compensation

Accounts	2021	2020 Restated
Personal Economic Relief Allowance (PERA)	5,182,905.15	4,877,289.64
Representation Allowance (RA)	445,000.00	460,125.00
Transportation Allowance (TA)	461,995.00	439,468.83
Clothing/ Uniform Allowance-Civilian	1,284,000.00	1,278,000.00
Honoraria-Civilian	13,463,687.98	10,443,435.90
Hazard Pay	2,576,500.00	-
Year End Bonus-Civilian	7,335,716.30	6,886,729.00
Cash Gift-Civilian	1,081,000.00	1,046,000.00
Mid-Year Bonus-Civilian	7,385,976.00	6,766,277.00
Productivity Enhancement Incentive-Civilian	1,076,500.00	1,052,500.00
Other Bonuses and Allowances	3,238,345.00	5,220,000.00
<b>Total</b>	<b>43,531,625.43</b>	<b>38,469,825.37</b>

The Honoraria-Civilian account as of December 31, 2020 was restated from ₱10,435,435.90 to ₱10,443,435.90 balance due to the payment of Honorarium of personnel for the prior period but only recorded in CY 2021 amounting to ₱8,000.00.

The Hazard Pay account represents the amount paid to the Skeletal Workforce (SkWF) personnel who physically stayed in the school during the time of lockdowns and quarantines.

##### 14.3 Personnel Benefit Contributions

Accounts	2021	2020 Restated
Retirement and Life Insurance Premiums	10,455,172.92	4,906,582.29
Pag-IBIG Contributions	391,395.07	339,621.87
PhilHealth Contributions	1,233,341.46	1,061,118.74
Employees Compensation Insurance Premiums	262,900.00	263,200.00
<b>Total</b>	<b>12,342,809.45</b>	<b>6,570,522.90</b>

The Retirement and Life Insurance Premiums account as of December 31, 2020, was restated from ₱6,942,601.04 to ₱4,906,582.29 balance due to remittances of RLIP made in 2021 which properly pertain to 2020 amounting to ₱2,036,018.75.

#### 14.4 Other Personnel Benefits

Accounts	2021	2020
Terminal Leave Benefits-Civilian	2,086,676.11	33,788.25
Other Personnel Benefits	3,008,324.09	6,990,907.04
<b>Total</b>	<b>5,095,000.20</b>	<b>7,024,695.29</b>

### 15. Maintenance and Other Operating Expenses - ₱169,738,480.99

#### 15.1 Traveling Expenses

The account Traveling Expenses-Local for CYs 2021 and 2020 amounted to ₱963,324.40 and ₱1,607,882.52, respectively. The account as of December 31, 2020 was restated from ₱1,597,531.52 to ₱1,607,882.52 due to prior period expense that was recorded only in CY 2021 amounting to ₱10,351.00.

#### 15.2 Training and Scholarship Expenses

The account Training Expenses for CYs 2021 and 2020 amounted to ₱63,705,803.23 and ₱13,753,294.00, respectively. The account was restated as of December 31, 2020 from ₱13,747,194.00 to ₱13,753,294.00 balance to recognize expenses incurred in CY 2020 but was only recorded in CY 2021 amounting to ₱6,100.00.

#### 15.3 Supplies and Materials Expenses

Accounts	2021	2020 Restated
Office Supplies Expenses	648,309.88	2,225,629.94
Accountable Forms Expenses	16,437.00	1,703.00
Drugs and Medicines Expenses	178,186.00	156,316.50
Medical, Dental and Laboratory Supplies Expenses	251,398.00	470,169.00
Fuel, Oil, and Lubricants Expenses	786,185.36	401,880.51
Textbooks and Instructional Materials Expenses	442,039.00	119,697.50
Other Supplies and Materials Expenses	2,300,918.38	5,914,463.40
<b>Total</b>	<b>4,623,473.62</b>	<b>9,289,859.85</b>

The Office Supplies Expenses account as of December 31, 2020 was restated from ₱2,203,432.19 to ₱2,225,629.94 balance due to the prior period expense recorded only in CY 2021 amounting to ₱22,197.75.

The same with the account Accountable Forms Expenses that was restated from ₱6,503.00 to ₱1,703.00 due to the overstatement of prior period expenses amounting to ₱4,800.00.

The Fuel, Oil and Lubricants Expenses account as of December 31, 2020 was restated from ₱389,833.39 to ₱401,880.51 balance due to prior period expense that was recorded only in CY 2021 amounting to ₱12,047.12.

The Other Supplies and Materials account was also restated from ₱5,850,129.44 to ₱5,914,463.40 balance due to the prior period expense that was recorded only in CY 2021 amounting to ₱64,333.96.

#### 15.4 Utility Expenses

Accounts	2021	2020 Restated
Water Expenses	3,127,330.79	2,545,138.92
Electricity Expenses	4,301,060.33	3,727,521.51
<b>Total</b>	<b>7,428,391.12</b>	<b>6,272,660.43</b>

The Water Expenses account as of December 31, 2020 was restated from ₱2,541,388.88 to ₱2,545,138.92, leaving a difference of ₱3,750.04 due to the prior period expense for CY 2020 but recorded in CY 2021.

The Electricity Expenses account was also restated from ₱3,662,377.93 to ₱3,727,521.51 balance due to the CY 2020 expenses recorded in CY 2021 amounting to ₱65,143.58.

#### 15.5 Communication Expenses

Accounts	2021	2020 Restated
Postage and Courier Services	45,708.62	13,241.00
Telephone Expenses	240,433.00	312,305.43
Internet Subscription Expenses	1,113,902.67	1,500,095.90
Cable, Satellite, Telegraph and Radio Expenses	-	50,000.00
<b>Total</b>	<b>1,400,044.29</b>	<b>1,875,642.33</b>

The Postage and Courier Services account as of December 31, 2020 was restated from ₱12,481.00 to ₱13,241.00 balance due to the prior period expenses pertaining to CY 2020 but recorded in CY 2021 amounting to ₱760.00.

The account Internet Subscription Expenses was also restated from ₱1,493,864.90 to ₱1,500,095.90, the balance amounting to ₱6,231.00 due to the CY 2020 expenses but recorded in CY 2021.

## 15.6 Confidential, Intelligence and Extraordinary Expenses

The account Extraordinary and Miscellaneous Expenses for CYs 2021 and 2020 amounted to ₱104,820.29 and ₱100,000.00, respectively.

## 15.7 Professional Services

Accounts	2021	2020 Restated
Legal Services	936,500.00	315,180.00
Auditing Services	79,194.66	76,506.15
Consultancy Services	2,084,100.00	-
Other Professional Services	38,814,189.95	36,886,285.19
<b>Total</b>	<b>41,913,984.61</b>	<b>37,277,971.34</b>

The Auditing Services account as of December 31, 2020 was restated from ₱73,425.15 to ₱76,506.15 balance amounting to ₱3,081.00 due to the payment of prior period services made in CY 2020 but recorded in CY 2021.

The Consultancy Services account represents the Architectural fee on the Infrastructure projects of the College.

The Other Professional Services account represents the professional fee for the Contract of Service Faculty and other professional services rendered.

The Other Professional Services account was also restated from ₱36,881,071.99 to ₱36,886,285.19 balance due to the prior period services rendered pertaining to CY 2020 but recorded in CY 2021 amounting to ₱5,213.20.

## 15.8 General Services

Accounts	2021	2020 Restated
Security Services	12,857,480.85	11,992,097.63
General Services	7,579,662.04	-
Other General Services	15,564,332.39	20,463,393.03
<b>Total</b>	<b>36,001,475.28</b>	<b>32,455,490.66</b>

The Security Services account as of December 31, 2020 was restated from ₱11,467,844.72 to ₱11,992,097.63, the difference amounting to ₱524,252.91 is due to the prior period services rendered in CY 2020 but recorded in CY 2021.

The General Services account represents the contract made with the manpower services company for the maintenance and cleanliness of PhilSCA-Villamor Campus.

The Other General Services account represents the payments for the services rendered mostly by Contract of Service personnel. The account was also

restated from ₱20,460,599.87 to ₱20,463,393.03 balance due to the prior period rendered services in CY 2020 amounting to ₱2,793.16.

### 15.9 Repairs and Maintenance

Accounts	2021	2020 Restated
Repairs and Maintenance - Buildings and Other Structures	2,196,511.03	1,443,667.93
Repairs and Maintenance - Machinery and Equipment	606,858.57	269,726.69
Repairs and Maintenance - Transportation Equipment	2,308,225.85	823,270.16
Repairs and Maintenance - Furniture and Fixtures	354,579.00	-
Repairs and Maintenance - Semi-Expendable Furniture, Fixtures and Books	285,069.00	-
<b>Total</b>	<b>5,751,243.45</b>	<b>2,536,664.78</b>

The Repairs and Maintenance – Building and Other Structures account as of December 31, 2020 was restated from ₱1,435,122.93 to ₱1,443,667.93 balance due to the prior period expense pertaining to CY 2020 but recorded in CY 2021 amounting to ₱8,545.00.

The account Repairs and Maintenance - Machinery and Equipment was also restated from ₱264,526.69 to ₱269,726.69 due to prior period services rendered in CY 2020 but recorded in CY 2021 amounting to ₱5,200.00.

### 15.10 Taxes, Insurance Premiums and Other Fees

Accounts	2021	2020 Restated
Taxes, Duties and Licenses	76,970.51	80,275.17
Fidelity Bond Premiums	334,518.75	139,762.50
Insurance Expenses	2,738,798.79	1,112,064.85
<b>Total</b>	<b>3,150,288.05</b>	<b>1,332,102.52</b>

The Taxes, Duties and Licenses account as of December 31, 2020 was restated from ₱78,225.17 to ₱80,275.17 due to the prior period expense for CY 2020 amounting to ₱2,050.00 recorded in CY 2021.

### 15.11 Other Maintenance and Operating Expenses

Particulars	2020	2019 Restated
Advertising, Promotional and Marketing Expenses	140,000.00	895,500.00
Printing and Publication Expenses	126,418.00	1,177,199.49
Representation Expenses	2,378,050.72	2,869,199.85
Rent/Lease Expenses	714,550.00	817,701.00



<b>Particulars</b>	<b>2020</b>	<b>2019 Restated</b>
Membership Dues and Contributions to Organizations	769,605.40	280,110.00
Subscription Expenses	332,916.83	115,811.35
Donations	-	250,000.00
Other Maintenance and Operating Expenses	123,441.00	270,978.14
<b>Total</b>	<b>4,584,981.95</b>	<b>6,676,499.83</b>

The Printing and Publication Expenses account as of December 31, 2020 was restated from ₱1,340,924.49 to ₱1,177,199.49 balance due to the overstatement of expenses made in CY 2020 and adjusted in CY 2021 amounting to ₱163,725.00. The overstatement was due to the cancellation of Purchase Order.

The Representation Expenses account was also restated from ₱2,812,473.25 to ₱2,869,199.85, having a difference of ₱56,726.60, which was due to the prior period expense of CY 2020 but recorded in CY 2021.

The Other Maintenance and Operating Expenses account as of December 31, 2020 was restated from ₱268,078.24 to ₱270,978.14 balance due to the CY 2020 expenses but recorded in CY 2021 amounting to ₱2,899.90.

#### **15.12 Research Expenses**

The account Research, Exploration and Development Expenses for CYs 2021 and 2020 amounted to ₱110,650.70 and ₱8,160.00, respectively.

#### **16. Financial Expenses**

Other Financial Charges in CY 2021 of ₱1,538,893.70 represents the amount deducted by PITC as cancellation fee upon their return of the ₱89,300,000.00 to PhilSCA.

#### **17. Non-Cash Expenses**

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

##### **17.1 Depreciation**

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Depreciation - Other Land Improvements	7,207.72	-
Depreciation - Buildings and Other Structures	924,462.80	433,520.57
Depreciation - Machinery and Equipment	54,181.82	58,032.37
Depreciation - Technical and Scientific Equipment	5,087.04	82,227.86
Depreciation - Communication Equipment	55,216.81	25,144.89
Depreciation - School Buildings	929,721.24	902,792.83
Depreciation - Office Equipment	1,939,984.23	2,091,314.48

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Depreciation - ICT Equipment	4,615,379.38	1,029,453.87
Depreciation - Motor Vehicles	158,174.51	138,204.39
Depreciation - Aircrafts and Aircrafts Ground Equipment	922,048.20	49,816.56
Depreciation - Medical Equipment	37,566.73	37,566.73
Depreciation - Transportation Equipment	287,757.00	95,919.00
Depreciation - Furniture and Fixtures	276,009.20	63,353.53
Depreciation - Sports Equipment	60,656.57	41,910.66
Depreciation - Other Equipment	723,739.78	723,739.78
Depreciation - Other Property, Plant and Equipment	16,103.45	5,033.97
Depreciation - Books	32,280.05	17,318.22
<b>Total</b>	<b>11,045,576.53</b>	<b>5,795,349.71</b>

## 17.2 Impairment Losses

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Impairment Loss - Loans and Receivables	503,061.59	452,889.80
Impairment Loss - Other Receivables	7,269.71	1,511.92
<b>Total</b>	<b>510,331.30</b>	<b>454,401.72</b>

## 18. Restatement of Accounts Due to Prior Period Errors

During 2021, the PhilSCA has restated its previously issued FSs for the year 2020 to correct prior year's errors and/or omissions in recording transactions, as follows:

<b>No.</b>	<b>Particulars/Nature of Error</b>	<b>Net Effect to Accumulated Surplus/(Deficit), January 1, 2021</b>
<b>Fund Cluster 01</b>		
1.	Recognition of CY 2020 unaccrued expenses	(737,294.01)
2.	Double recording of prior year's expenses	46,361.63
3.	Understatement of the remitted withholding taxes	1,351,625.22
4.	Overstatement of RLIP for CY 2020	2,492,597.80
<b>Subtotal</b>		<b>3,153,290.64</b>
<b>Fund Cluster 05</b>		
1.	Recognition of prior year's unaccrued expenses	(692,040.15)
2.	Payment of salary of personnel for services rendered in 2020	(12,021.36)
3.	Recognition of prior year's unaccrued expenses for utilities and services	(150,000.00)
4.	Correction of expenses due to cancellation of POs	279,263.52
5.	Recognition of financial Assistance to student beneficiary	(3,000,000.00)
6.	Recording of financial subsidy from CHED	4,912,500.00
7.	Recognition of Asset - Other Improvement	36,000.00
8.	Correction of income due to erroneous entry	(66,988,710.00)
9.	Recognition of collections in 2020	10,120.00
10.	Correcting entries in Accounts Payable	(18,000.00)

No.	Particulars/Nature of Error	Net Effect to Accumulated Surplus/(Deficit), January 1, 2021
11.	Over deposits in bank	10.19
12.	Rounding off adjustments in various entries	0.10
<b>Subtotal</b>		<b>(65,622,877.70)</b>
<b>Grand Total</b>		<b>(62,469,587.06)</b>

The effects of the restatement on various FSs accounts are summarized below:

No.	Accounts Affected	Effect on CY 2020 FSs Increase/(Decrease)
<b>Fund Cluster 01</b>		
1.	Accountable Forms, Plates and Stickers Inventory	4,800.00
	Accounts Payable	567,552.38
	Due to BIR	1,891.62
	Due to GSIS	154,182.01
	Due to Officers and Employees	18,468.00
	RLIP	456,579.05
	Various MOOE accounts	280,714.96
2.	Due to Officers and Employees	(46,361.63)
	Traveling Expenses – Local	(38,404.00)
	Fuel, Oil and Lubricants Expenses	(3,501.93)
	Other Supplies and Materials Expenses	(1,693.00)
	Representation Expenses	(762.70)
	Rent/Lease Expenses	(2,000.00)
3	Due to BIR	(1,351,625.22)
	Subsidy from National Government	1,351,625.22
4	Due to GSIS	(2,492,597.80)
	RLIP	(2,492,597.80)
<b>Fund Cluster 05</b>		
1.	Travelling Expenses	5,600.00
	Training Expense	6,100.00
	Office Supplies	100,187.00
	Fuel, Oil and Lubricants Expenses	273.74
	Other Supplies and Materials Expenses	5,834.00
	Postage and Courier Services	600.00
	Repair and Maintenance-Building and Other Structure	36,000.00
	Printing and Publication	275.00
	Representation Expenses	10,017.50
	Other Maintenance and Operating Expenses	2,900.00
	Security Services	524,252.91
	Accounts Payable	692,040.15
2.	Other Professional Services	5,213.20
	Other General Services	1,808.16
	Honorarium	5,000.00
	Accounts Payable	12,021.36

No.	Accounts Affected	Effect on CY 2020 FSs Increase/(Decrease)
3.	Other Business Income	(150,000.00)
	Accounts Payable	150,000.00
4.	Accounts Payable	(279,263.52)
	Other Supplies and Materials Expenses	(1,263.52)
	Printing and Publication	(164,000.00)
	Rent/Lease Expense	(18,000.00)
	Office Supplies	(96,000.00)
5.	School Fees	(3,000,000.00)
	Due to NGAs	(3,000,000.00)
6.	Due from NGA's	4,912,500.00
	School Fees	4,912,500.00
7.	Other Land Improvements	36,000.00
	Repairs and Maintenance-Building and Other Structure	(36,000.00)
8.	School Fees	(66,988,710.00)
	Due from NGA's	(66,988,710.00)
9.	Due from NGAs	10,120.00
	School Fees	10,120.00
10.	Rent/Lease Expenses	18,000.00
	Other Payable	18,000.00
11.	Due from NGAs	10.19
	School Fees	10.19
12.	Accounts Payable	(0.08)
	Advances to Contractors	(0.01)
	Prepaid Insurance	0.01
	Other MOOE	(0.10)

## 19. Other Adjustments

No.	Particulars	Net Effect to Accumulated Surplus/(Deficit), January 1, 2020
<b>Fund Cluster 01</b>		
1.	Payment of ISO 9001:15 First Annual Surveillance Fee for the month of March 2019	(168,570.08)
2.	To recognize land improvements instead of expenses already incurred as repairs and maintenance	306,202.00
3.	Overstatement of Due from NGAS due to non-recording of deliveries made by DBM-PS	(489,387.00)
<b>Subtotal</b>		(351,755.08)
<b>Fund Cluster 01</b>		
1.	Recording of various expenses incurred in 2019	(60,000.00)
2.	Recording of Financial Subsidy from CHED	5,424,000.00
3.	Adjustment on Inventory Account	9,944.50
4.	Fund Transfer from other PhilSCA Bank Accounts	5,742,681.02
5.	Adjustment for correction of income due to erroneous entry	(4,486,345.00)

No.	Particulars	Net Effect to Accumulated Surplus/(Deficit), January 1, 2020
6.	Recording of Collection from lessee (Rent/Lease Income)	(118,921.50)
7.	To record cancellation of obligation to Sejam General Enterprises in CY 2019	36,540.00
<b>Subtotal</b>		<b>6,547,899.02</b>
<b>Grand Total</b>		<b>6,196,143.94</b>

## 20. Adjustment of Net Revenue Recognized Directly in Net Assets/Equity

The amount of ₱90,125,373.27 reflected in the Statement of Changes in Net Assets/Equity pertains to collected refunds of unutilized cash advances amounting to ₱1,285,458.01, return of fund transfer to the PITC under the MOA account amounting to ₱87,761,106.30 and the return of excess payment made to DBM-PS because of undelivered items amounting to ₱1,078,808.96, which are recorded under the account Cash-Treasury Agency Deposit, Regular upon remittance to the BTr and closed to the Accumulated Surplus/(Deficit) in CY 2021 at the end of the year.

## 21. Net Assistance/Subsidy

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

Particulars	2021	2020 Restated
NCA received for the year	183,307,789.00	172,112,674.00
Tax Remittance Advice (TRA)	8,867,700.35	7,352,196.05
<b>Total</b>	<b>192,175,489.35</b>	<b>179,464,870.05</b>
Less: Reversal of unutilized NCA	(1,467.49)	(2,178,377.86)
<b>Net Financial Assistance/Subsidy</b>	<b>192,174,021.86</b>	<b>177,286,492.19</b>

The TRA balance in CY 2020 was restated from ₱6,000,570.83 to ₱7,352,196.05 due to the adjustment of the remitted withholding taxes as reported per books in CY 2020 amounting to ₱1,351,625.22.

## 22. Receipt of Notice of Cash Allocations (NCA)

Month	2021	2020
January	12,117,000.00	10,251,000.00
February	12,116,000.00	10,251,000.00
March	11,956,000.00	10,251,000.00
April	18,201,187.00	13,421,000.00
May	23,045,085.00	15,968,000.00
June	17,796,740.00	10,840,000.00
July	12,719,192.00	9,803,000.00
August	12,719,192.00	9,803,000.00
September	12,718,192.00	9,803,000.00

Month	2021	2020
October	12,719,192.00	26,221,061.00
November	23,805,817.00	22,657,743.00
December	13,394,192.00	22,842,870.00
<b>Total</b>	<b>183,307,789.00</b>	<b>172,112,674.00</b>

### 23. Collection of Income/Revenues

The total income realized by the College for FY 2021 is broken down as follows:

Particulars	2021	2020 Restated
Service and Business Income	77,952,974.40	108,431,050.18
Other Income	2,644,539.67	4,827,364.45
Receipt of prior years' income	10,120.00	-
<b>Total</b>	<b>80,607,634.07</b>	<b>113,258,414.63</b>

### 24. Receipt of Assistance and Subsidy from Other NGAs, LGUs and GOCCs

The ₱165,263,461.02 balance pertains to the collected Subsidy from Other National Government Agencies, Assistance from CHED - Unifast (Free Tuition) and Assistance from CHED - TES, Tulong Dunong and other Scholarship amounting to ₱5,742,681.02, ₱109,572,080.00, ₱49,948,700.00, respectively.

### 25. Collection of Receivables

The collection of accounts receivables by the College for FYs 2021 and 2020 amounted to ₱103,315.40 and ₱130,716.75, respectively.

### 26. Other Receipts

Other Receipts consist of the following:

Particulars	2021	2020
Refund of Cash Advances	548,070.58	1,207,339.75
Unused Petty Cash Fund	14,799.92	483.71
Return of Funds from PITC	87,761,106.30	-
<b>Total</b>	<b>88,323,976.80</b>	<b>1,207,823.46</b>

### 27. Payment of Expenses

Particulars	2021	2020
Payment of PS	105,492,244.40	102,722,507.76
Payment of MOOE	93,479,272.56	133,886,495.96
Payment of expenses pertaining to / incurred in the prior years	914,061.51	3,813,936.34
<b>Total</b>	<b>199,885,578.47</b>	<b>240,422,940.06</b>

## 28. Grant of Cash Advances

The total Cash Advances/Payroll Fund/Petty Cash Fund granted is as follows:

Particulars	2021	2020
Special Disbursing Officers	16,033,107.96	9,777,744.56
Officers and Employees	226,500.00	590,486.00
<b>Total</b>	<b>16,259,607.96</b>	<b>10,368,230.56</b>

## 29. Prepayments

Total Prepayments for CYs 2021 and 2020 are detailed as follows:

Particulars	2021	2020
Advances to Contractors	-	20,004,229.45
Prepaid Insurance	-	3,793,642.36
Prepaid Subscription	998,000.00	-
<b>Total</b>	<b>998,000.00</b>	<b>23,797,871.81</b>

The Advances to Contractors account under Prepayment was all credited for recoupment and adjustments made. The Prepaid Insurance was all consumed during CY 2021 while the Prepaid Subscription is an advance payment made for the subscription of Computer Aided Drafting and Simulation Software.

## 30. Refund of Deposits

Guaranty deposits amounting to ₱439,824.32 was refunded in CY 2021. This is for the payment of 10% Retention Fee to RM Mallari Builders and Enterprises for completion of the Modification, Rehabilitation and Improvement of VAB Covered Court.

## 31. Payment of Accounts Payable

The payment of accounts payable for CYs 2021 and 2020 refers to:

Particulars	2021	2020
Prior year's accounts payable payment	53,730,961.34	2,265,347.11

## 32. 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:

Particulars	2021	2020
Remittance of taxes withheld not covered by TRA	9,962,520.35	12,814,885.16
Remittance to GSIS/Pag-IBIG/PhilHealth	35,861,203.91	14,980,508.37
Remittance of other payables	6,111,819.90	7,153,335.53
<b>Total</b>	<b>51,935,544.16</b>	<b>34,948,729.06</b>

### 33. Grant of Financial Subsidy

This pertains to the return of unutilized Administrative Service Cost (ASC) from CHED-Grants of Scholarships.

### 34. Reversal of the Unutilized NCA

The total unutilized NCA balance for FY 2021 amounted to ₱1,467.49, which was reverted to the account of the National Treasury as at December 31, 2021.

### 35. Purchase of Property, Plant and Equipment

Particulars	2021	2020
Payment for Land Improvements	321,602.00	-
Construction of Infrastructure Assets	-	10,092,295.59
Construction of Buildings and Other Structures	31,580,932.80	3,825,869.18
Purchase of machinery and equipment	95,000.00	24,008.71
Construction in Progress	10,543,000.12	7,241,220.53
Purchase of furniture, fixtures and books	63,690.00	2,421,945.00
Purchase of Office Equipment	1,072,330.00	313,171.85
Purchase of Sports Equipment	-	44,055.54
Purchase of Medical Equipment	-	26,500.00
Purchase of Aircraft and Aircrafts Ground Equipment	260,627.11	6,583,100.00
Purchase of Information and Communication Equipment	11,286,881.95	619,125.85
Purchase of other Property, Plant and Equipment	-	58,125.00
Purchase of transportation equipment	-	1,702,300.00
Payment for Retention Fee to Contractors	-	309,919.89
Advances to Contractors	13,390,311.56	-
<b>Total</b>	<b>68,614,375.54</b>	<b>33,261,637.14</b>

### 36. Comparison of Budget and Actual Amounts

The original budget for Personnel Services in the amount of ₱148,026,000.00 was increased by ₱4,004,606.00 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, 2021.

The final budgeted amounts for MOOE and Capital Outlays for FY 2021 were ₱45,313,655.00 and ₱30,000,000.00, respectively. Unobligated releases for prior years' Capital Outlays amounted to ₱15,020,000.00.

The total disbursements for Personnel Services amounted to ₱136,327,993.40, leaving a difference of ₱15,702,512.60 from the final budget allocation for Personnel Services, while the MOOE total disbursements amounted to ₱37,617,174.72 with a balance of ₱7,696,480.28. The total disbursements for Capital Outlays under current year amounted to ₱2,247,000.00, leaving a balance of ₱27,753,000.00.



### 36.1 Personnel Services

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
Agency Specific Budget	137,561,000.00	140,799,345.00	125,370,142.32
Automatic Appropriations	10,465,000.00	11,231,261.00	10,957,851.08
<b>Total</b>	<b>148,026,000.00</b>	<b>152,030,606.00</b>	<b>136,327,993.40</b>

### 36.2 Maintenance and Other Operating Expenses

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
Current Year Appropriations	48,552,000.00	45,313,655.00	37,617,174.72

### 36.3 Capital Outlays

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
Machinery and Equipment	30,000,000.00	30,000,000.00	2,247,000.00

## 37. Related Party Transactions

### 37.1 Key Management Personnel

The key management personnel of PhilSCA are the members of the BOT, the President of the College and the members of the senior management group. The BOT is composed of members appointed by CHED, representatives from: NEDA, the student body, the faculty and alumni association, and the private sector.

### 37.2 Key Management Personnel Compensation

The aggregate remuneration of the members of the governing body and the number of members determined on a full-time equivalent basis receiving remuneration within this category are:

Particulars	Aggregate Remuneration	
	2021	2020
Salaries and Wages	4,658,308.30	4,620,254.51
Other Compensation and Benefits	2,126,641.68	2,176,141.55
Honoraria	257,250.00	91,500.00
<b>Total</b>	<b>7,042,199.98</b>	<b>6,887,896.06</b>