

NOTES TO FINANCIAL STATEMENTS (ALL FUNDS)

For the year ended December 31, 2025
(Amounts are denominated in Philippine Pesos)

1. General Information/Agency Profile

The financial statements (FS) of the National Aviation Academy of the Philippines (NAAP) were authorized for issue on February 14, 2026, as shown in the Statement of Management's Responsibility for Financial Statements, signed by the NAAP President/Officer-in-Charge, and Vice President for Administration and Finance.

On September 5, 2025, Republic Act (RA) 12255 was signed by President Ferdinand R. Marcos Jr., renaming the College from the Philippine State College of Aeronautics (PhilSCA) to the NAAP. The CY 2025 FSs were prepared under the NAAP.

The NAAP is currently holding consultations and hearings with its various stakeholders in the crafting of its Implementing Rules and Regulations (IRR), which are subject to review and approval by its BOT. Applications for updating the NAAP's official documents, records, and registrations with various regulatory agencies, banks, and other stakeholders are ongoing.

The NAAP shall be composed of both regular and extension campuses, as established by its BOT. The regular campuses of the NAAP include the Villamor Air Base Campus in Pasay City, which serves as the main campus; the Basa Air Base Campus in Floridablanca, Pampanga; the Fernando Air Base Campus in Lipa City, Batangas; the Brigadier General Benito N. Ebuen Air Base (BGBNEAB) Campus in Mactan, Lapu-Lapu City, Cebu; and such other campuses as may be established in the future.

The extension campuses of the NAAP shall include the following: BASA-Palmayo campus in Floridablanca, Pampanga; the BGBNEAB campus in Medellin Cebu; and those that may be created in the future.

The NAAP is mandated to develop leaders in the Philippine aviation and aerospace industries, both in the private/commercial sector and in government, including the Armed Forces of the Philippines (AFP) and its three major service branches—the Philippine Air Force (PAF), the Philippine Navy (PN), and the Philippine Army (PA), as well as other uniformed personnel.

2. Statement of Compliance and Basis of Preparation of FS

The FS 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 has been prepared using the direct method.

The NAAP adopts a centralized accounting system whereby only one set of books of account is maintained for the Main Campus located at 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 NAAP maintains the following funds:

Code	Description
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. The NAAP 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 on which the NAAP commits to purchase or sell the asset.

The NAAP's financial assets include cash and 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 or 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 recognition, such financial assets are subsequently measured at amortized cost using the effective interest method, less any 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 surplus or deficit.

Derecognition

The NAAP 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 have been waived.
- The NAAP 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) the NAAP has transferred substantially all the risks and rewards of the asset; or (b) the NAAP 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, the NAAP 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 is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed 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 asset's 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 the NAAP. 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 NAAP determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value. The NAAP'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 Instruments

Financial assets and financial liabilities are offset, and the net amount is 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 cash on hand, cash in banks, and 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 inventories are received through non-exchange transactions (i.e., at no cost or for minimal cost), the cost of such inventories is their fair value at the date of acquisition.

After initial recognition, inventories are measured at the lower of cost and net realizable value. However, to the extent that a class of inventories is distributed or deployed at no charge or for a nominal charge, such inventories are 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 the NAAP's operations.

Semi-expendables are items below the capitalization threshold of P50,000.00 and are recognized as an expense once issued to the end user.

3.5 Property, Plant, and Equipment

Recognition

An item is recognized as PPE if it meets the characteristics and recognition criteria of 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 P50,000.00; and
- the cost or fair value of the item can be measured reliably.

Measurement at Recognition

An item of PPE is measured at cost upon initial recognition.

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

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

Cost includes the following:

- the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditures directly attributable to the acquisition of the item; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, for which an entity incurs an obligation 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 is carried at cost less accumulated depreciation and any impairment losses.

When significant parts of PPE are required to be replaced at intervals, the NAAP recognizes such parts as separate assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair or replacement is done, its cost is recognized in the carrying amount of the property, plant, and equipment as a replacement, provided that the recognition criteria are met. 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 an 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, depreciation is recognized for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE becomes available for use after the 15th of the month, depreciation begins in the succeeding month.

Depreciation Method

The straight-line method of depreciation is adopted.

Estimated Useful Life and Residual Value

The NAAP 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 carrying amount exceeds its estimated recoverable service amount.

Derecognition

The NAAP 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 continued use. Any gain or loss arising from the derecognition of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in surplus or deficit when the asset is derecognized.

3.6 Operating Lease

Leases in which the NAAP 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 leased assets of the entity.

3.7 Intangible Assets

Recognition and Measurement

Intangible assets are recognized when they are identifiable non-monetary assets without physical substance, when it is probable that the expected future economic benefits or service potential attributable to the assets will flow to the entity, and when the cost or fair value of the assets can be measured reliably. Intangible assets acquired separately are initially recognized at cost.

Subsequent Expenditure on an Acquired In-process Research and Development Project

Subsequent expenditure on an in-process research or development project acquired separately and recognized as an intangible asset is:

- recognized as an expense when incurred if it is a research expenditure;
- recognized as an expense when incurred if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset; and

- added to the carrying amount of the acquired in-process research or development project if it is a development expenditure that satisfies the recognition criteria for intangible assets.

Internally Generated Intangible Assets

Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and the related expenditures are recognized in surplus or deficit in the period in which they are incurred.

Recognition of an Expense

Expenditure on an intangible item is recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria.

Subsequent Measurement

The useful life of an intangible asset is assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over their useful lives.

The straight-line method is adopted for amortization based on the expected pattern of consumption of the future economic benefits or service potential.

Intangible assets with indefinite useful lives are not amortized. Such assets, or intangible assets not yet available for use, are tested for impairment whenever there is an indication that the asset may be impaired.

The NAAP uses five (5) years as the useful life of finite intangible assets. The useful life for each type of finite intangible asset is established upon purchase of the asset based on the terms of the contract.

The amortization period and method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

Research and development costs

The NAAP recognizes expenses and research costs as incurred. Development costs on an individual project were recognized as intangible assets when the NAAP can demonstrate:

- the technical feasibility of completing the asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits or service potential;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefits.

During the period of development, the asset is tested for impairment annually, with any impairment losses recognized immediately in surplus or deficit.

3.8 Changes in Accounting Policies and Estimates

The NAAP recognizes the effects of changes in accounting policies retrospectively. However, when retrospective application is impracticable, the effects are applied prospectively.

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

Material prior period errors are corrected retrospectively in the first set of FS 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.

3.9 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, is recognized as an asset if:

- 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 that is recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized for the same inflow.

When the NAAP satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction previously recognized as an asset, it reduces the carrying amount of the liability 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 also 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

The NAAP recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that gives rise to a liability to repay the amount.

Other non-exchange revenues are 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

The NAAP 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 when the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when received or when there is a binding arrangement to receive them. If goods in-kind are received with conditions attached, a liability is recognized and subsequently reduced as the conditions are satisfied.

On initial recognition, gifts and donations, including goods in-kind, are measured at their fair value at the date of acquisition. Fair value is determined by reference to an active market or through appraisal. Appraisals are typically performed by qualified members of the valuation profession. For many assets, fair value is determined based on quoted prices in an active and liquid market.

Transfers

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

Services in-Kind

Services in-kind are not recognized as assets or revenue due to the complexity involved in reliably measuring and recognizing such items, as well as the corresponding expenses.

Transfers from other government entities

Revenue from non-exchange transactions with other government entities, and related assets, are measured at fair value and recognized when control of the asset (cash, goods, services and property) is obtained, provided that the transfer is free from conditions and it is probable that the economic benefits or service potential will flow to the NAAP and can be measured reliably.

3.10 Revenue from Exchange Transactions

Measurement of Revenue

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

Rendering of Services

The NAAP recognizes revenue from the 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.

3.11 Budget Information

The annual budget is prepared on a cash basis and is published on 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. These include, first, the reasons for overall growth or decline in the budget, followed by details of overspending or underspending on line items.

The annual budget figures included in the financial statements pertain to the NAAP. 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.

3.12 Employee Benefits

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

The NAAP recognizes the undiscounted amount of short-term employee benefits, such as salaries, wages, bonuses, and allowances, as expense and as a liability after deducting the amount paid.

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

3.13 Measurement of Uncertainty

The preparation of financial statements in conformity with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the reporting date, as well as the reported amounts of revenues and expenses during the period.

Items requiring significant estimates include the determination of allowances for impairment to provide for the uncollectible portion of receivables.

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

On August 19, 2025, the NAAP received Letter of Authority from the Bureau of Internal Revenue (BIR) with Sn.eLA202400066184 (AUDM29-051-2025-130274), dated August 18, 2025 from Revenue Region No. 8B South NCR thru Revenue District Office No. 051-Pasay City, allowing the examination of Books of Accounts and Other Accounting Records of All Internal Revenue Taxes for the year 2024. Submission of relevant documents is ongoing.

4. Cash and Cash Equivalents

Accounts	2025	2024 Restated
Cash Collecting Officer	0.00	45.00
Petty Cash	922,462.50	910,000.00
Cash in Bank-Local Currency, Current Account	476,489,238.51	450,578,371.23

Accounts	2025	2024 Restated
Total	477,411,701.01	451,488,416.23

The Cash in Bank (CiB)–LCCA account balance represents collections from tuition, other school fees, and receipts from Special Trust Funds, which the NAAP is authorized to use under RA 8292, or the Higher Education Modernization Act of 1997, allowing SUCs, such as the NAAP, to retain and use the income from tuition and other sources.

The CY 2024 CiB-LCCA account balance was restated from P450,601,951.23 to P450,578,371.23, representing a prior period adjustment amounting to P23,580.00, which was closed directly to the Accumulated Surplus Account.

5. Receivables

5.1 Aging/Analysis of Receivables as at December 31, 2025

Accounts	Total	Past Due	Past Due
		91 – 365 days	Over 2 Years
Loans and Receivables	24,492,501.35	0.00	24,492,501.35
Operating Lease Receivable	464,717.55	0.00	464,717.55
Inter-Agency Receivables	57,768.46	57,768.46	0.00
Intra-Agency Receivables	291,524.70	291,524.70	0.00
Other Receivables	20,135,839.18	18,086,980.37	2,048,858.81
Total	45,442,351.24	18,436,273.53	27,006,077.71

5.2 Loans and Receivables

Accounts	2025	2024
Accounts Receivable	24,893,598.05	27,488,833.22
<i>Allowance for Impairment – Accounts Receivable</i>	<i>1,235,771.70</i>	<i>1,370,330.75</i>
Net Value - Accounts Receivable	23,657,826.35	26,118,502.47
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>
Net Value - Loans Receivable - Others	834,675.00	834,675.00
Total	24,492,501.35	26,953,177.47

The Accounts Receivable account represents outstanding receivables from graduated students that remain uncollected from prior years.

The Loans Receivable – Others account represents balances from loans granted in prior years that remain uncollected.

The Operating Lease Receivable account represents unpaid rental receivables from Guestel rooms and school canteen tenants as of December 31, 2025.

5.3 Inter-Agency Receivables

Accounts	2025	2024
Due from National Government Agencies (NGAs)	57,768.46	18.20
Total	57,768.46	18.20

The balance of the Due from NGAs account in CY 2025 represents the remaining funds in the NAAP's electronic wallet with the Procurement Service –DBM, intended for the purchase of office supplies.

5.4 Intra-Agency Receivables

Accounts	2025	2024
Due from Other Funds	291,524.70	451,108.70
Total	291,524.70	451,108.70

The Intra-Agency Receivables account balance represents the reclassification of an erroneous entry from Due from Other Funds to Advances to Special Disbursing Officer (SDO) of the concerned employee.

5.5 Other Receivables

Accounts	2025	2024
Receivables-Disallowances/Charges	1,181,953.95	1,367,096.79
Due from Officers & Employees	18,086,980.37	-
Other Receivables	913,220.25	918,220.25
<i>Allowance for Impairment - Other Receivables</i>	<i>46,315.39</i>	<i>46,315.39</i>
Net Value - Other Receivables	866,904.86	871,904.86
Total	20,135,839.18	2,239,001.65

The Receivables–Disallowances/Charges account balance was restated from P580,096.89 to P1,367,096.89 to record two (2) Notices of Finality of Decision (NFDs), pursuant to COA Circular No. 2009-006, totaling P787,000.00 (P432,000.00 and P355,000.00). This consists of NFD No. 2022-309 dated November 16, 2022, covering Notice of Disallowance (ND) Nos. 13-001-164-(11) and 13-002-164-(12) amounting to P432,000.00, and an NFD dated July 12, 2012 related to ND No. 11-001-164 (07-09) amounting to P355,000.00, both pertaining to the payment of legal services. Management properly informed the concerned employees in writing regarding the issuance of the NFDs.

A decrease from P1,367,096.79 to P1,181,953.95, or amounting to P185,142.84, was due to partial settlement through voluntary payments made by three persons liable under NFD No. 2022-309.

Collections from former employees amounting to P5,000.00 resulted in a reduction in the Other Receivables account.

The Due from Officers and Employees account balance represents a receivable set up for a concerned accountable officer in Mactan, Cebu, from the loss of assets during the September 30, 2025 earthquake that affected the Medellin, Cebu Campus, in accordance with the applicable provisions of GAM for NGAS, Volume I.

6. Inventories

Particulars	2025	2024 Restated
Inventory Held for Consumption		
Office Supplies Inventory	718,735.40	743,311.15
Accountable Forms, Plates and Stickers Inventory	234,249.00	209,144.00
Drugs & Medicine Inventory	-	1,487.00
Fuel, Oil & Lubricants Inventory	233,728.00	539,841.39
Other Supplies & Materials Inventory	275,308.04	602,525.95
Total	1,462,020.44	2,096,309.49

The CY 2024 Inventory Held for Consumption accounts were restated from P742,732.27 to P2,096,309.49 to recognize various expenses incurred in CY 2024 through petty cash replenishments, liquidation of cash advances, or reimbursements, which were reported and recorded in CY 2025.

7. Other Current Assets

Accounts	2025	2024 Restated
Advances		
Advances to Special Disbursing Officers	2,902,714.70	5,065,569.44
Advances to Officers and Employees	36,484.12	477,120.12
Sub total	2,939,198.82	5,542,689.56
Prepayments		
Prepaid Insurance	225,967.61	152,442.42
Prepaid Subscription	816,457.34	1,104,722.22
Advances to Contractors	17,067,742.62	25,360,488.20
Guaranty Deposit	51,154.22	-
Sub total	18,161,321.79	26,617,652.84
Grand Total	21,100,520.61	32,160,342.40

The balances under Advances accounts represent ongoing activities and travel that are not yet due for liquidation as of December 31, 2025, including those extended into the early part of CY 2026.

The significant decrease in Advances indicates improved compliance with liquidation requirements in CY 2025, attributable to the implementation of enhanced cash advance and liquidation controls.

The significant decrease in Prepaid Subscription account reflects a more cost-effective assessment and utilization of online meeting platforms.

The Prepaid Insurance account for CY 2024 was restated from P142,710.62 to P152,442.42, or an increase of P9,731.80, to reflect adjustments.

The Advances to Contractors account balance primarily represents the 15% mobilization fee granted to suppliers/contractors for the training hours of Bachelor of Science in Air Transportation (BSAT) students, as well as for other procurement and construction projects, in accordance with the applicable provisions of RA 9184, as amended by RA 12009.

The significant decrease in Advances to Contractors account indicates the full recovery of mobilization fees from accepted or completed infrastructure projects and capital outlays during CY 2025.

8. Property, Plant and Equipment – P949,561,748.72

Particulars	Land & Other Land Improvements	Furniture, Fixtures and Books	Other Property, Plant & Equipment	Building & Other Structure	Infrastructure & Communication Network
Carrying Amount, 1/1/2025	269,470,689.67	1,140,032.18	38,425.00	382,316,793.01	20,831,388.87
Additions/Acquisitions/	0.00	127,000.00	0.00	(4,082,128.38)	0.00
Adjustments	0.00	0.00	0.00	(23,274,115.98)	0.00
Subtotal	269,470,689.67	1,267,032.18	38,425.00	354,960,548.65	20,831,388.87
Less: Depreciation	14,960.43	196,164.34	0.00	16,293,936.70	1,128,888.88
Carrying Amount, 12/31/2025	269,455,729.24	1,070,867.84	38,425.00	338,666,611.95	19,702,499.99
Gross Cost, 12/31/2025	269,709,424.50	2,827,402.80	384,250.00	505,674,341.15	22,577,777.76
Less: Accumulated Depreciation	253,695.26	1,756,534.96	345,825.00	167,007,729.20	2,875,277.77
Less: Impairment Losses	0.00	0.00	0.00	0.00	0.00
Carrying Amount, 12/31/2025	269,455,729.24	1,070,867.84	38,425.00	338,666,611.95	19,702,499.99

Particulars	Transportation Equipment	Machinery & Equipment	Construction in Progress	Total
Carrying Amount, 1/1/2025	13,359,246.86	95,317,991.80	102,274,413.68	884,748,981.07
Additions/Acquisitions/	606,000.00	58,709,158.66	70,690,023.99	125,923,054.27
Adjustments	(28,160.71)	(613,606.67)	0.00	(23,915,883.42)
Subtotal	13,937,086.15	153,413,543.79	172,964,437.67	986,883,151.98
Less: Depreciation	2,199,526.12	17,487,926.79	0.00	37,321,403.26
Carrying Amount, 12/31/2025	11,737,560.03	135,925,617.00	172,964,437.67	949,561,748.72
Gross Cost, 12/31/2025	45,236,694.61	210,926,419.59	172,964,437.67	1,230,300,748.08
Less: Accumulated Depreciation	33,499,134.58	75,000,802.59	0.00	280,738,999.36
Carrying Amount, 12/31/2025	11,737,560.03	135,925,617.00	172,964,437.67	949,561,748.72

Land & Other Land Improvements balance (Net):

CY 2025 change in carrying value of P269,455,729.24 from CY 2024 represents depreciation of P14,960.43 for CY 2025. There was no restatement made for CY 2024.

Buildings & Other Structures balance (Net):

The carrying value decreased from P382,316,793.01 in CY 2024 to P338,666,611.95 in CY 2025, or by P43,650,181.06. This was mainly due to the derecognition of school buildings amounting to P23,274,115.98 and the recognition of depreciation expense of P16,293,936.70 for CY 2025.

In CY 2025, school buildings located in the earthquake-stricken area of Medellin, Cebu, amounting to P23,274,115.98, were derecognized at acquisition cost based on a certification issued by the Municipal Engineering Office of Medellin, Cebu in October 2025, stating that the damaged school buildings are no longer safe for occupancy.

Infrastructure balance (Net):

The carrying value decreased from P20,831,388.87 in CY 2024 to P19,702,499.99 in CY 2025, representing a decrease of P1,128,888.88 due to depreciation recognized for CY 2025. No restatement was made for CY 2024.

Machineries & Equipment balance (Net):

The carrying value increased from P95,317,991.80 in CY 2024 (restated) to P135,925,617.00 in CY 2025, or by P40,607,625.20. The changes were primarily due to acquisitions totaling P58,709,158.66 less the depreciation amounting to P17,487,926.79 and the derecognition of abandoned office and ICT equipment in the school buildings located in the earthquake-affected area of Medellin, which amounted to P613,606.67. A restatement of accumulated depreciation amounting to P1,887,718.32 also affected the CY 2024 balance.

The acquisitions for CY 2025 totaling P58,709,158.66 are broken down as follows: Technical and Scientific Equipment – P49,003,666.66; ICT Equipment – P9,240,292.00; and Medical Equipment – P465,200.00.

Transportation Equipment balance (Net):

The carrying value decreased from P13,359,246.86 in CY 2024 (restated) to P11,737,560.03 in CY 2025, or by P1,621,686.83. The decrease is attributable to depreciation of P2,199,526.12 and adjustments made due to understated depreciation for the year 2024 amounting to P28,160.71 and offset by acquisitions amounting to P606,000.00. The CY 2024 balance also includes a restatement of accumulated depreciation amounting to P750,651.55.

Furniture & Fixtures balance (Net):

The carrying value decreased from P1,140,032.18 in CY 2024 (restated) to P1,070,867.84 in CY 2025, or by P69,164.34. This decrease was due to depreciation of P196,164.34, partially offset by acquisitions amounting to P127,000.00.

Construction-in-Progress

The Construction-in-Progress CY 2025 account balance amounting to P172,964,437.67 pertains to the following projects, namely:

Project	Amount
Negotiated Procurement (Two failed Bidding) for Design and Build of PhilSCA Students Dormitory at VAB Campus, Pasay City	79,967,226.76
Construction of New Academic and Admin Building at New PhilSCA – Mactan Campus w/Furniture & Fixtures	42,428,096.49
Rebidding of the Procurement of Fire Alarm and Detection System	24,524,871.28
Rebidding of the Supply, Delivery and Installation of Solar Panels for Building A and B	18,725,000.00
Construction of Various Contiguous Infrastructure at NAAP- Mactan	7,319,243.14
Total	172,964,437.67

9. Intangible Assets

Accounts	2025	2024
Computer Software	33,499,923.00	31,119,423.00
<i>Accumulated Amortization – Computer Software</i>	<i>22,517,412.69</i>	<i>18,399,339.29</i>
Total	10,982,510.31	12,720,083.71

The Intangible Assets account consists of computer software recorded at acquisition cost and amortized over five (5) years using the straight-line method.

The increase in the Computer Software account is attributable to the combined acquisition of document scanner software, an Information Security Appliance, and application software, amounting to P2,380,500.00.

10. Financial Liabilities

Accounts	2025	2024 Restated
Accounts Payable	3,376,583.43	9,124,222.81
Due to Officers and Employees	3,507,284.87	3,143,892.36
Guaranty/Deposits Payable	11,158,187.26	7,777,910.39
Total	18,042,055.56	20,046,025.56

The Accounts Payable account balance for CY 2024 was restated from P8,095,437.19 to P9,124,222.81 to recognize the delivery of goods or services by suppliers in CY 2024 that were inspected and accepted in CY 2025.

The Due to Officers and Employees account balance for CY 2024 was restated from P2,830,041.72 to P3,143,892.36 to recognize the accrual of unpaid employee salaries and benefits, which were paid in CY 2025.

The Guaranty/Deposit Payable account balance for CY 2024 was restated from P7,772,318.57 to P7,777,910.39 to recognize an adjustment amounting to P5,591.82.

The Guaranty/Deposit Payable account represents collections of contractors' security bond deposits paid through checks and retention money, to be released to contractors upon completion and acceptance of the project, in compliance with the provisions of RA 12009.

11. Inter-Agency Payables

Accounts	2025	2024 Restated
Due to BIR	4,519,553.78	3,072,175.06
Due to GSIS	220,738.91	570,010.88
Due to Pag-IBIG	728,091.58	728,395.67
Due to PhilHealth	23,404.77	25,942.61
Due to NGAs	6,441,571.62	21,107,559.12
Due to GOCCs	18,908.73	18,908.73
Total	11,952,269.39	25,522,992.07

The Due to NGAs account for CY 2024 was restated from P43,043,559.12 to P21,107,559.12 to recognize income amounting to P21,936,000.00, representing the reduction of previous years' cash donations from CHED after satisfying the conditions of the donation, in compliance with Section 13 (Donation with Condition) of GAM for NGAs, Volume I.

The balances of mandatory government remittances (BIR, GSIS, Pag-IBIG, and PhilHealth) represent deductions made from employees' payroll for December 2025, which will be remitted in January 2026.

12. Intra-Agency Payables Due to Other Funds – P1,237,487.53

The balance of the Intra-Agency Payables Due to Other Funds account in CY 2025 amounting to P1,237,487.53 still exists between Fund 05 and Fund 01.

13. Other Payables – P145,332.64

The Other Payables account balance in CY 2025 refers to collected union dues from employees' membership and loan repayments, which are for remittance in January 2026.

14. Deferred Credits/ Unearned Revenue

Accounts	2025	2024
Other Deferred Credits	19,136,980.37	18,086,980.37
Total	19,136,980.37	18,086,980.37

The Other Deferred Credits account balance represents a receivable set up for the concerned accountable officer in Mactan, Cebu, due to assets lost during the September 30, 2025 earthquake that affected the Medellin, Cebu campus. The loss, amounting to P18,086,980.37, was recognized in accordance with the applicable provisions of GAM Volume I. Additionally, a parcel of land in Cuenca, Batangas, donated with conditions and amounting to P1,050,000.00, was also recognized under this account.

15. Provisions

This account recognizes the earned leave credits of employees as of December 31, 2025, based on COA Circular No. 2024-009 dated July 16, 2024, and IPSAS 39, amounting to P53,208,276.17.

16. Service Business Income

Accounts	2025	2024 Restated
Business Income		
School Fees	307,277,013.89	98,283,798.79
Rent/ Lease Income	2,178,184.49	1,936,406.63
Interest Income	186,235.54	219,318.00
Fines and Penalties	241,231.00	208,894.75
Other Business Income	2,536,650.44	8,234,688.00
Miscellaneous Income	241,488.26	231,585.75
Total	312,660,803.62	109,114,691.92

The Service and Business Income account comprises various types of fees, including school fees, fines, and penalties collected from students; rent/lease income from the rental of spaces; interest income earned from bank deposits; and other business and miscellaneous income derived from the NAAP's income-generating projects.

The School Fees account consists of collections from both paying and non-paying students. Non-paying students are those who qualify for and opt to avail the benefits of the Universal Access to Quality Tertiary Education Act (UAQTEA) under RA 10931. It also includes collections from prior years' unpaid tuition fee balances of former students.

Revenue from Business Income for CY 2024 was restated from P111,285,819.49 to P109,114,691.92, a decrease of P2,171,127.57, due to various reclassifications.

Revenue from School Fees in CY 2025 amounted to P307,277,013.89, compared to P98,283,798.79 in CY 2024, representing an increase of P208,993,215.10. This increase is attributable to collections from prior billings to CHED for the 1st and 2nd semesters of AY 2024–2025, as well as collections from paying students.

The increase in Rent/Lease Income account represents collections from tenants occupying the school canteen and Guestel rooms.

The Other Business Income account in CY 2025 amounted to P2,536,650.44, compared to P8,234,688.00 in CY 2024, reflecting a decrease of P5,698,037.56 due to refunds of performance bonds and reimbursement of insurance claims.

The Miscellaneous Income account balance for CY 2025 represents administrative fees collected from third-party suppliers and liquidated damages arising from delays in the delivery of certain suppliers.

17. Shares/Grants & Donations

Account	2025	2024 Restated
Donations in Cash	14,100,000.00	21,936,000.00
Total	14,100,000.00	21,936,000.00

The amount of P14,100,000.00 in CY 2025 represents recognized income from CHED fund donations for the completed acquisition of the project, “Procurement of Gas Turbine Engine Assembly (Removal and Replacement System),” for the NAAP, in compliance with Section 13 (Donations with Conditions) of GAM for NGAs, Volume 1.

CY 2024 shares, grants, and donations were restated from P0.00 to P21,936,000.00, representing recognized income from CHED fund donations for the completed acquisition of the project, “Procurement for the Supply, Delivery, and Installation of a Turbo Jet Trainer with Reheat for PhilSCA-INET,” in compliance with Section 13 (Donations with Conditions) of GAM for NGAs, Volume 1.

18. Personnel Services – P214,665,526.73

The Personnel Services account for CY 2025 reflects current personnel expenses, covering all payments related to the salaries and other compensation of regular personnel, as well as benefits received by the NAAP’s regular teaching and non-teaching staff.

The increase in Personnel Services is attributable to the implementation of the second tranche of the salary increase pursuant to EO No. 64, s. 2024, with retroactive effect from January 1, 2024 through calendar year 2027, and DBM NBC No. 589, which allows the hiring of additional personnel in accordance with the Revised Organizational and Staffing Standards (ROSS).

18.1 Salaries and Wages

Account	2025	2024 Restated
Basic Salary-Civilian	126,437,049.88	114,140,449.68
Salaries and Wages - Casual/Contractual	1,409,604.00	962,471.59
Total	127,846,653.88	115,102,921.27

Salaries and Wages for CY 2024 were restated from P113,986,599.04 to P115,102,921.27 to recognize unpaid salary differentials that were paid in CY 2025.

The increase in Salaries and Wages is due to the implementation of the second tranche of the salary increase, promotions, and the filling of new plantilla positions.

18.2 Other Compensation

Accounts	2025	2024 Restated
Personal Economic Relief Allowance (PERA)	6,135,435.22	5,778,509.03
Representation Allowance (RA)	572,383.73	565,500.00
Transportation Allowance (TA)	497,022.72	494,500.00
Clothing/ Uniform Allowance-Civilian	1,876,000.00	1,722,000.00
Subsistence Allowance	16,200.00	19,100.00
Laundry Allowance	2,209.04	2,604.48
Honoraria-Civilian	16,751,146.43	16,807,553.97
Year End Bonus-Civilian	10,717,566.00	9,940,051.80
Cash Gift-Civilian	1,327,500.00	1,246,000.00
Mid-Year Bonus-Civilian	10,600,352.00	8,782,061.00
Collective Negotiation Agreement Incentive	5,715,060.00	4,808,326.31
Anniversary Bonus - Civilian	-	1,950,000.00
Other Bonuses and Allowances	1,295,000.00	1,221,500.00
Total	55,505,875.14	53,337,706.59

The Other Compensation Expenses accounts for CY 2024 were restated from P53,106,661.21 to P53,337,706.59, representing an increase of P231,045.38, to recognize expenses incurred in CY 2024 but paid in CY 2025.

18.3 Personnel Benefit Contributions

Accounts	2025	2024-Restated
Retirement and Life Insurance Premiums	15,121,710.76	13,642,202.00
Pag-IBIG – Civilian	630,800.00	552,100.00
PhilHealth – Civilian	3,105,557.42	2,765,619.33
Employees Compensation Insurance Premiums	320,100.00	295,579.82
Total	19,178,168.18	17,255,501.15

The Personnel Benefit Contributions accounts for CY 2024 were restated from P17,168,360.76 to P17,255,501.15, representing an increase of P87,140.39, to recognize additional RLIP payments made to GSIS.

18.4 Other Personnel Benefits

Accounts	2025	2024
Terminal Leave Benefits-Civilian	4,860,311.98	2,340,062.87
Other Personnel Benefits	7,079,517.55	4,893,500.00
Lump-Sum for Step Increments - Length of Service	-	13,387.74

Accounts	2025	2024
Loyalty Awards Civilian	195,000.00	714,249.03
Total	12,134,829.53	7,961,199.64

The Other Personnel Benefits accounts increased from P7,961,199.64 in CY 2024 to P12,134,829.53 in CY 2025, or by P4,173,629.89, due to the payment of terminal leave benefits and other benefits of retired employees.

19. Maintenance and Other Operating Expenses – P510,770,460.49

19.1 Traveling Expenses

Accounts	2025	2024 Restated
Traveling Expenses – Local	5,463,293.00	6,004,798.43
Traveling Expenses - Foreign	0.00	709,243.93
Total	5,463,293.00	6,714,033.36

The Traveling Expenses accounts for CY 2024 were restated from P6,420,716.14 to P6,714,033.36, reflecting a net increase of P293,317.22 for expenses incurred in CY 2024 but recorded in CY 2025.

Traveling Expenses in CY 2025 significantly decreased compared to CY 2024 due to the absence of foreign travel expenses.

19.2 Training and Scholarship Expenses – P70,239,981.76

The Training and Scholarship expenses account consists of costs for the flight training of BSAT students and payments for the registration of personnel in various trainings and seminars.

Training Expenses for CY 2024 were restated from P88,205,581.94 to P88,285,581.94, representing an increase of P80,000.00 due to adjustments.

19.3 Supplies and Materials & Semi Expendable Expenses

Accounts	2025	2024 Restated
Supplies and Materials Expenses		
Office Supplies Expenses	3,646,102.71	2,698,046.93
ICT-Office Supplies Expenses	38,927.00	58,390.00
Accountable Forms Expenses	159,160.00	63,386.00
Drugs and Medicines Expenses	652,011.19	20,410.08
Medical, Dental and Laboratory Supplies Expenses	197,227.50	285.00
Fuel, Oil, and Lubricants Expenses	1,580,921.75	1,334,947.62
Other Supplies and Materials Expenses	4,165,340.88	5,935,445.27
Subtotal	10,439,691.03	10,110,910.90

Accounts	2025	2024 Restated
Semi-Expendable Expenses		
Semi-Expendable Office Equipment Expenses	128,260.00	1,250,945.00
Semi-Expendable ICT Equipment Expenses	75,974.00	1,782,130.00
Semi-Expendable Medical Equipment Expenses	490,191.00	0.00
Semi-Expendable Disaster Response & Rescue Equipment Expenses	261,759.00	119,060.00
Semi-Expendable Technical & Scientific Equipment Expenses	372,158.60	3,069,365.00
Semi-Expendable Furniture and Fixtures Expenses	633,453.00	1,937,405.00
Semi-Expendable Books	0.00	102,463.20
Semi-Expendable Sports Equipment Expenses	206,810.00	0.00
Other Equipment Expenses	224,250.00	309,143.50
Subtotal	2,392,855.60	8,570,511.70
Total	12,832,546.63	18,681,422.60

The Supplies and Materials Expenses accounts and Semi-Expendable Expenses accounts for CY 2024 were restated from P15,836,932.17 to P18,681,422.60 to reflect various expenses amounting to P2,844,490.43 that were incurred in CY 2024 but recorded in CY 2025.

19.4 Utility Expenses

Accounts	2025	2024 Restated
Water Expenses	4,105,515.08	7,100,597.96
Electricity Expenses	9,818,025.16	9,152,991.94
Total	13,923,540.24	16,253,589.90

The Water Expenses account in CY 2024 was restated from P7,073,003.76 to P7,100,597.96 to reflect P27,594.20 in expenses incurred in CY 2024 but paid in CY 2025.

Utility expenses decreased from P16,253,589.90 in CY 2024 to P13,923,540.24 in CY 2025, representing a decrease of P2,330,049.66, which corresponds to unbilled utilities as of December 31, 2025.

19.5 Communication Expenses

Accounts	2025	2024 Restated
Postage and Courier Services	31,895.80	61,572.95
Telephone Expenses	628,625.00	266,824.45
Internet Subscription Expenses	1,181,654.20	1,121,853.69
Total	1,842,175.00	1,450,251.09

The Communication Expenses accounts were restated from P1,446,326.09 to P1,450,251.09 to reflect P3,925.00 in expenses incurred in CY 2024 but paid in CY 2025.

19.6 Awards/ Rewards, Prizes and Indemnities

Accounts	2025	2024
Awards/Rewards Expenses	618,356.10	156,101.00
Prizes	258,502.25	94,000.00
Total	876,858.35	250,101.00

The Awards/ Rewards, Prizes and Indemnities accounts increased from P250,101.00 in CY 2024 to P876,858.35 in CY 2025, an increase of P626,757.35. This increase represents petty gifts given during anniversary and sports events, as well as awards recognizing the NAAP's successful examinees, including topnotchers in the CY 2025 Aeronautical Engineering examination.

19.7 Confidential, Intelligence and Extraordinary Expenses P54,300.10

The Confidential, Intelligence, and Extraordinary Expenses account represents expenditures incurred by college officials in the performance of their official functions. For CY 2025, the amount is P54,300.10, while for CY 2024, the amount is P101,412.12.

19.8 Professional Services

Accounts	2025	2024 Restated
Legal Services	624,000.00	632,227.80
Auditing Services	0.00	50,801.81
Consultancy Services	716,343.75	0.00
Other Professional Services	31,664,132.11	29,911,301.07
Total	33,004,475.86	30,594,330.68

The Consultancy Services account represents payment for services related to the Project Student Dormitory in the Villamor Campus.

The Professional Services accounts in CY 2024 were restated from P30,149,383.68 to P30,594,330.68 to reflect P444,947.00 in expenses paid in CY 2025.

The Other Professional Services account represents payments for COS faculty, part-time personnel, sports coaches, and others.

19.9 General Services

Accounts	2025	2024
Security Services	16,770,674.95	10,634,343.27

Accounts	2025	2024
Janitorial Services	11,428,159.86	15,068,854.72
Other General Services	20,205,993.05	15,441,877.07
Total	48,404,827.86	41,145,075.06

The General Services account represents payments for security and janitorial service agencies for the security and maintenance of all campuses.

The increase in General Services expenses, from P41,145,075.06 in CY 2024 to P48,404,827.86 in CY 2025, or an increase of P7,259,752.80, is attributable to security services and COS administrative salaries, gratuity, and overtime expenses covering all college campuses, in compliance with the DOLE wage adjustment order effective CY 2025.

19.10 Repairs and Maintenance

Accounts	2025	2024 Restated
Repairs and Maintenance - Buildings and Other Structures	391,915.07	283,957.00
Repairs and Maintenance - Buildings	0.00	82,699.00
Repairs and Maintenance - School Buildings	811,003.30	599,093.25
Repairs and Maintenance - Other Structures	20,475.00	214,118.00
Repairs and Maintenance - Machinery and Equipment	43,052.00	28,952.80
Repairs and Maintenance - Office Equipment	130,473.00	348,226.00
Repairs and Maintenance - ICT Equipment	9,540.00	15,050.00
Repairs and Maintenance – Transportation Equipment	109,047.20	0.00
Repairs and Maintenance - Motor Vehicles	220,159.12	751,647.89
Repairs and Maintenance -Aircrafts and Aircrafts Ground Equipment	166,159.00	442,341.25
Repairs and Maintenance - Semi Expendable Furniture and Fixtures	113,763.00	9,727.00
Repairs and Maintenance - Other Property, Plant & Equipment	13,601.00	687.00
Repairs and Maintenance - Semi Expendable Office Equipment	6,600.00	0.00
Repairs and Maintenance - Other Equipment	0.00	27,948.00
Total	2,035,787.69	2,804,447.19

The CY 2024 various Repairs and Maintenance accounts were restated from P2,742,417.94 to P2,804,447.19 to reflect P62,029.25 in expenses incurred in CY 2024 but paid in CY 2025.

Overall, CY 2025 expenses decreased due to the completion of some repairs and maintenance activities in certain campus facilities that were started in CY 2024 and completed in CY 2025.

19.11 Taxes, Insurance Premiums, and Other Fees

Accounts	2025	2024 Restated
Taxes, Duties and Licenses	56,558.18	385,606.94
Fidelity Bond Premiums	369,622.24	205,650.00
Insurance Expenses	3,428,183.67	4,733,841.64
Total	3,854,364.09	5,325,098.58

The Taxes, Insurance Premiums, and Other Fees accounts in CY 2024 were restated from P5,288,198.92 to P5,325,098.58 to reflect P36,899.66 in expenses incurred in CY 2024 but recorded in CY 2025.

The Insurance Expenses account is attributable to payments made to GSIS for the insurance of the school's properties, plant, and equipment, and other interests against fire, accident, and loss, as well as medical insurance for students and employees.

The Fidelity Bond Premiums account represents the bonding of accountable officers as custodians of cash and other school property.

19.12 Subsidy - Others

Account	2025	2024
Subsidy – Others	294,858,595.00	88,039,775.00
Total	294,858,595.00	88,039,775.00

The Subsidy-Others account represents the transfer of amounts from the Regular Fund to the Special Trust Fund for the collection of CHED-UniFAST billings for Free Higher Education (FHE) of qualified enrolled students for use in the College's operations.

In CY 2025, the Subsidy-Others account represents collections made from CHED-UniFAST billings for the 1st and 2nd semesters of Academic Year 2024–2025 and the 1st semester of Academic Year 2025–2026.

19.13 Other Maintenance and Operating Expenses

Other Maintenance and Operating Expenses	2025	2024 Restated
Advertising, Promotional and Marketing Expenses	0.00	16,128.00
Printing and Publication Expenses	839,155.00	897,047.00
Representation Expenses	9,315,818.39	5,934,155.74
Rent/Lease Expenses	2,464,700.00	2,421,766.28

Other Maintenance and Operating Expenses	2025	2024 Restated
Membership Dues and Contributions to Organizations	3,804,407.22	2,364,333.39
Subscription Expenses	2,238,148.59	3,940,404.62
Other Subscription Expenses	0.00	5,418.81
ICT Software Subscription Expenses	0.00	22,865.44
Library and Other Reading Materials Subscription Expenses	100,000.00	50,000.00
Website Maintenance	385,000.00	3,535.00
Bank Transaction Fee	1,500.00	2,050.00
Other Maintenance and Operating Expenses	4,068,954.70	8,380,443.75
Total	23,217,683.90	24,038,148.03

The CY 2024 Other Maintenance and Operating Expenses accounts were restated from P20,897,893.90 to P24,038,148.03 to reflect P3,140,249.13 in CY 2024 expenses that were recorded in CY 2025.

19.14 Research, Exploration, and Development Expenses – P162,031.01

The Research, Exploration, and Development Expenses account is attributable to professional fees and honoraria incurred in connection with the RDLead Program.

20. Financial Expenses

Accounts	2025	2024 Restated
Bank Charge	600.00	500.00
Other Financial Charges	200.00	0.00
Total	800.00	500.00

21. Non-Cash Expenses – P59,834,295.91

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

21.1 Depreciation

Accounts	2025	2024 Restated
Depreciation – Other Land Improvements	14,960.43	14,960.43
Depreciation – Sewer Systems	544,444.44	317,592.59
Depreciation – Water Supply Systems	294,444.44	196,296.30
Depreciation – Communications Network	290,000.00	290,000.00
Depreciation – School Buildings	11,467,785.75	12,546,172.96
Depreciation – Buildings	2,074,050.29	1,110,581.50
Depreciation – Other Structures	2,752,100.66	2,746,558.97

Accounts	2025	2024 Restated
Depreciation – Technical and Scientific Equipment	11,519,856.63	6,639,996.60
Depreciation – Communication Equipment	22,972.43	37,058.23
Depreciation – Office Equipment	172,900.00	193,800.00
Depreciation – ICT Equipment	5,666,659.46	5,016,542.21
Depreciation – Motor Vehicles	1,116,239.60	1,181,330.40
Depreciation – Aircrafts and Aircraft Ground Equipment	1,083,286.52	1,067,464.60
Depreciation – Medical Equipment	33,880.17	0.00
Depreciation – Furniture and Fixtures	155,943.24	143,878.24
Depreciation – Sports Equipment	11,048.50	11,048.50
Depreciation – Other Equipment	60,609.60	108,774.62
Depreciation – Books	40,221.10	52,943.50
Total	37,321,403.26	31,674,999.65

The CY 2024 Depreciation was restated from P29,058,178.50 to P31,674,999.68, an increase of P2,616,821.18, to recognize corrections in depreciation amounts.

The CY 2025 Depreciation, amounting to P37,321,403.27, increased by P5,646,403.59 compared to the CY 2024 amount of P31,674,999.68, primarily due to the recording of newly acquired technical and scientific equipment.

21.2 Amortization of Intangibles

Account	2025	2024
Amortization of Expense – Computer software	4,118,073.40	5,281,890.37
Total	4,118,073.40	5,281,890.37

The amortization of computer software for CY 2025 amounted to P4,118,073.40, compared to P5,281,890.37 for CY 2024, representing a decrease of P1,163,816.97.

21.3 Impairment Loss – Operating Lease Receivable amounting to P13,386.48

21.4 Loss of Assets

Account	2025	2024
School Building	17,767,826.10	0.00
Office Equipment	77,500.00	0.00
ICT Equipment	536,106.67	0.00
Total	18,381,432.77	0.00

The recognition of the complete loss of assets amounting to P18,381,432.77 is based on the certification issued by the Municipal Engineer's Office of Medellin, Cebu in October 2025, stating that the damaged school buildings are no longer safe for occupancy. These assets, recorded at acquisition cost, include school buildings, office

equipment, and ICT equipment located inside the buildings that were affected by the September 30, 2025 Medellin, Cebu earthquake.

22. Restatement of Accounts Due to Prior Period Errors

During CY 2025, the NAAP has restated its previously issued FSs for the year 2024 to correct the prior year's errors and/or omissions in recording transactions, as follows:

No.	Particulars/Nature of Error	Net Effect to Accumulated Surplus/(Deficit), January 1, 2025
Fund Cluster 05		
1	To record Prior Year's Expenses	(4,692,384.49)
2	To record Refund of Guaranty Security Deposits	(5,591.82)
3	To record Prior Year's Depreciation expenses	(1,145,319.76)
4	To record Adjustments in Account Receivables	(1,925,137.37)
5	To record Payment of Performance Bond	(181,932.50)
6	To record Semi-Expendable Expenses	(6,345.00)
7	To record reversal of Donations in Kind	(1,050,000.00)
	Sub-Total	(9,006,710.94)
Fund 01		
1	To record Prior Year's Expenses	(1,232,005.94)
2	To record Prior year's Basic Salary and PERA	(233,806.64)
3	To record payment of remittances	(87,140.39)
4	To record Prior Year's Depreciation expenses	(1,443,340.71)
5	To record Subsistence/ Laundry Allowances	(21,704.48)
6	To record correcting entry in PPE account	27,000.00
	Sub-total	(2,990,998.16)
	Total	(11,997,709.10)

23. Other Adjustments

No.	Accounts Affected	Effect on CY 2024 FSs Increase/ (Decrease)
1.	Income Grants and Donations	(21,936,000.00)
2.	Various expenses	(291,680.00)
3.	Impairment Losses	(821.90)
4.	Insurance Expenses	(212,020.00)
5.	Semi-expendable Expenses	(2,393,135.00)
	Total	(20,047,386.90)

24. Adjustment of Net Revenue recognized directly in net assets/equity

The amount of P22,168,655.79 reflected in the Statement of Changes in Net Assets/Equity pertains to the balance recorded under the Cash–Treasury Agency Deposit, Regular account, which was closed to Accumulated Surplus/(Deficit) in CY 2024 and the recognition of income through Donations in Cash by CHED Grants. The amount of P170,400.00 for CY 2025, recognized as an adjustment of net revenue directly in net

assets/equity, resulted from the year-end closing of the Cash–Treasury Agency Deposit, Regular account.

25. Net Assistance/Subsidy

Accounts	2025	2024
Notice of Cash Allocation (NCA) received for the year	552,190,533.00	318,138,218.00
Tax Remittance Advice (TRA)	13,735,377.38	11,016,623.26
Total	565,925,810.38	329,154,841.26
Less: Reversal of unutilized NCA	12,512.22	637,145.09
Net Financial Assistance/Subsidy	565,913,398.16	328,517,696.17

The increase in NCA received in CY 2025 was due to higher allocations from the National Government to fund operations and projects.

The increase in Tax Remittance Advice was due to higher tax obligations and improved compliance and remittance tracking.

The decrease in Unutilized National Cash Allocation indicates better fund utilization and disbursement efficiency.

26. Receipt of Notice of Cash Allocations (NCA)

Month	2025	2024
January	14,336,000.00	13,967,000.00
February	19,157,750.00	12,826,000.00
March	22,471,125.00	14,409,628.00
April	18,426,657.00	15,966,048.00
May	132,018,997.00	21,968,751.00
June	16,477,878.00	99,980,875.00
July	110,336,348.00	20,135,264.00
August	35,969,804.00	13,890,100.00
September	16,141,878.00	18,215,100.00
October	114,633,183.00	20,486,647.00
November	28,586,034.00	47,432,428.00
December	23,634,879.00	18,860,377.00
Total	552,190,533.00	318,138,218.00

27. Collection of Income/Revenues

The total income collected by the NAAP for FY 2025 was broken down as follows:

Accounts	2025	2024 Restated
Service and Business Income	312,466,848.16	109,133,151.50
Other Income	176,208.74	1,377,375.18
Receipt of Prior Years' Income	0.00	102.60
Total	312,643,056.90	110,510,629.28

The collection recorded under the Service and Business Income account represents funds received from DBM during the year from the FHE subsidy budget. These funds were downloaded to the Regular Agency Fund (F01) and subsequently transferred to the Special Trust Fund (F05) to support daily operations.

The CY 2024 collection from Service and Business Income was restated from P110,869,378.58 to P110,510,629.28 to reflect an adjustment amounting to P358,749.30. The collection from UniFAST billings, amounting to P296,873,044.30, was received in various months throughout the year. This amount represents school fees for qualified enrolled students for the 1st and 2nd Semesters of AY 2024–2025 and the 1st Semester of AY 2025–2026.

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

This account represents subsidies from Other National Government Agencies, as well as student assistance granted by CHED under the Tulong Dunong Program (TDP) and the Tertiary Education Subsidy (TES), which are passed through the NAAP bank account for distribution to the concerned student grantees.

The CY 2025 receipts amount to P2,389,150.00, reflecting a slight increase from the CY 2024 receipts of P2,374,612.00.

29. Collection of Receivables

Accounts	2025	2024
Collection of loans and receivables	511,050.53	460,807.43
Collection of other receivables	61,714.28	803,455.64
Total	572,764.81	1,264,263.07

This account represents amounts collected from outstanding loans and other receivables of former employees.

30. Receipt of Inter-Agency Fund Transfers – P221,013.50

This account represents inter-agency transactions. The amount pertains to the restated balance for CY 2024. There were no receipts recorded under this account for CY 2025.

31. Receipt of Intra-Agency Fund Transfer –P2,866,835.87

This account represents intra-agency transactions. The amount pertains to the restated balance for CY 2024. There were no receipts recorded under this account for CY 2025.

32. Other Receipts and Adjustments

Accounts	2025	2024
Other Receipts		
Receipt of Refund of Cash Advances	3,331,545.17	13,678,368.43
Unused Petty Cash Fund	7,938.50	37,098.99

Accounts	2025	2024
Refund of guaranty deposits	2,700,770.48	0.00
Refund from overpayment of personnel services	0.00	166,861.49
Refund of advances to contractors	29,075,962.13	0.00
Collection of Liquidated Damages	20,416.00	0.00
Receipt of return of Membership & Contribution	496.15	0.00
Bank Interest Income	186,235.54	0.00
Constructive Receipt of TRA	0.00	11,016,623.26
Sub Total	35,323,363.97	24,898,952.17
Adjustments		
Adjustment – Restoration to Cash Account of Unreleased Check	738,734.80	565,786.67
Restoration of Cash for cancelled, loss/staled check/ADA	12,500.00	91,329.24
Sub Total	751,234.80	657,115.91
Total	36,074,598.77	25,556,068.08

The other receipts and adjustments for CY 2025 amounted to P36,074,598.77, compared to P25,556,068.08 in CY 2024, reflecting an increase of P10,518,530.69. This increase is attributable to the completion of ongoing projects and the accelerated collection of advance payments from active contractors and suppliers.

33. Payment of Expenses

Accounts	2025	2024
Payment of PS	202,183,639.57	167,175,983.72
Payment of MOOE	111,558,135.49	137,893,188.74
Payment of Due to Officers & Employees	2,498,562.94	1,710,129.87
Payment of financial expenses	800.00	0.00
Payment of expenses pertaining to / incurred in the prior years	2,047,467.72	4,808,355.64
Total	318,288,605.71	311,587,657.97

34. Purchase of Semi Expendable Equipment & Inventories

Accounts	2025	2024
Purchase of Semi-Expendable Equipment		
Purchase of Disaster Response and Rescue Equipment	261,759.00	0.00
Purchase of Semi-Expendable - Furniture and Fixtures	633,453.00	37,170.00
Purchase of Semi-Expendable - Books	0.00	93,420.00
Purchase of Semi-Expendable - Office Equipment	1,455,341.19	962,122.00
Purchase of Semi-Expendable – Sport Equipment	206,810.00	0.00
Purchase of Semi-Expendable - ICT Equipment	75,974.00	1,497,500.00
Purchase of Semi-Expendable - Technical & Scientific Equipment	372,158.60	0.00

Accounts	2025	2024
Purchase of Semi-Expendable – Medical Equipment	490,191.00	0.00
Purchase of Semi-Expendable - Other Equipment	224,250.00	91,397.00
Subtotal – Semi Expendable Equipment	3,719,936.79	2,681,609.00
Purchase of Inventories		
Purchase of Office supplies Inventory	1,958,651.50	521,775.00
Purchase of Medical, dental and laboratory supplies Inventory	195,000.00	-0.00
Purchase of fuel, oil and lubricants inventory	692,479.98	93,640.00
Purchase of other supplies and materials inventory	1,847,891.54	99,960.00
Purchase of Inventory held for consumption	740,912.08	0.00
Subtotal – Inventories	5,434,935.10	715,375.00
Grand Total	9,154,871.89	3,396,984.00

The purchase of semi-expendable equipment and inventories for CY 2025 amounted to P9,154,871.89, compared to P3,396,984.00 in CY 2024, reflecting an increase of P5,757,887.89. This increase is attributable to higher purchases of inventories.

35. Grant of Cash Advances

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

Accounts	2025	2024
Special Disbursing Officers	25,837,825.85	23,457,149.46
Officers and Employees	2,040,024.00	8,490,575.68
Advances for Operating expenses	0.00	1,010,000.00
Total	27,877,849.85	32,957,725.14

36. Prepayments

Accounts	2025	2024
Prepaid Insurance	3,448,327.81	4,478,087.74
Prepaid Subscription	1,900,944.00	0.00
Total	5,349,271.81	4,478,087.74

The Prepayment accounts represent the unexpired portion of payments made for the insurance of cash and properties, as well as accident insurance.

37. Payment of Accounts Payable

Payments for accounts payable amounted to P46,572,901.29 in CY 2025 and P15,223,709.18 in CY 2024, reflecting an increase of P31,349,192.11. These payments represent amounts paid to contractors and suppliers for delivered goods and/or services rendered.

38. Remittance of Personnel Benefit Contributions and Mandatory Deductions

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

Accounts	2025	2024
Remittance of taxes withheld not covered by TRA	13,142,236.72	5,482,000.56
Remittance to GSIS/Pag-IBIG/PhilHealth	32,906,479.30	42,068,464.33
Remittance of other payables	9,093,486.08	6,961,183.06
Total	55,142,202.10	54,511,647.95

39. Grant of Financial Assistance/Subsidy

Accounts	2025	2024
Subsidy to NGAs (Admin Cost) other	0.00	2,287.50
Grant of financial assistance to NGAs/LGUs/GOCCs	0.00	9,081,751.95
Total	0.00	9,084,039.45

40. Release of Inter-Agency Fund Transfers

This account represents the advance payment to PS-DBM for the procurement of Office Supplies.

41. Release of Intra-Agency Fund Transfers

Account	2025	2024
Release of other intra-agency fund transfers	294,858,595.00	87,039,775.00
Total	294,858,595.00	87,039,775.00

Payments for the release of intra-agency funds pertain to the FHE subsidy downloaded by DBM to the Regular Agency Fund account (F01) and subsequently transferred to the Internally Generated Funds account (F05) for use in the NAAP's operations.

42. Reversal of the Unutilized NCA – P12,512.22

This pertains to lapsed NCA for CY 2025 amounting to P12,512.22, which was returned to the account of the Bureau of the Treasury.

43. Other Disbursements

Accounts	2025	2024
Released of subsidy - other	0.00	1,000,000.00
Other disbursement	0.00	746,250.00
Total	0.00	1,746,250.00

44. Adjustments

Accounts	2025	2024
Reversing entry for unreleased checks in previous year	0.00	3,289,794.34
Other adjustments - Outflow	532,666.45	12,878.56
Total	532,666.45	3,302,672.90

45. Purchase of Property, Plant and Equipment

Accounts	2025	2024
Construction of Buildings & Other Structures	27,440,152.71	26,793,271.92
Sewer System	0.00	10,888,888.88
Water Supply System	0.00	5,888,888.88
Purchase of furniture, fixtures and books	127,000.00	1,656,000.00
Construction in Progress - Service Concession Asset	7,854,791.00	0.00
Purchase of Office Equipment	0.00	457,000.00
Purchase of Aircraft and Aircrafts Ground Equipment	606,000.00	-
Purchase of ICT Equipment	9,240,292.00	7,607,500.00
Purchase of Other PPE	0.00	633,670.00
Purchase of Technical & Scientific Equipment	49,003,666.66	25,607,352.82
Payment for Retention Fee to Contractors	0.00	1,872,500.00
Purchase of Medical equipment	465,200.00	0.00
Advances to Contractors	20,783,216.55	21,093,159.88
Payment of Guaranty Deposit	4,396,285.34	1,677,777.78
Total	119,916,604.26	104,176,010.16

The purchase of property, plant, and equipment for CY 2025 amounted to P119,916,604.26, compared to P104,176,010.16 in CY 2024, reflecting an increase of P15,740,594.10. This increase is attributable to the acquisition of technical and scientific equipment.

46. Comparison of Budget and Actual Amounts

The original budget for Personnel Services in the amount of P191,239,000.00 was increased by P22,697,409.00. The final budgeted amounts for MOOE and Capital Outlays for FY 2025 were P258,761,658.00 and P48,000,000.00, respectively.

46.1 Personnel Services

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
Personnel Services	191,239,000.00	213,936,409.00	199,180,479.34

46.2 Maintenance and Other Operating Expenses

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
MOOE	265,413,000.00	258,761,658.00	226,486,196.73

46.3 Capital Outlays

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis
	Original	Final	
Capital Outlays	48,000,000.00	48,000,000.00	6,712,500.00

47. Related Party Transactions

47.1 Key Management Personnel

The key management personnel of the NAAP are the members of the BOT, the President, and the members of the senior management group. The BOT is composed of members appointed by CHED, the NAAP president, representatives from Senate & House of Representative, PAF, CAAP, the student body, the faculty and alumni association, and two (2) private sector representatives.

47.2 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 as follows:

Particulars	Aggregate Remuneration	
	2025	2024
Salaries and Wages	4,774,625.46	5,304,478.15
Other Compensation and Benefits	1,400,071.45	1,788,915.08
Honoraria	24,250.00	69,500.00
Total	6,198,946.91	7,162,893.23