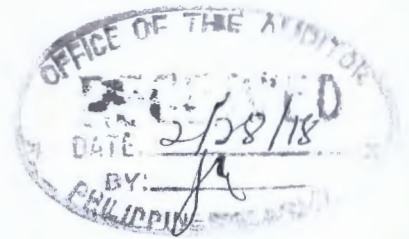




HEADQUARTERS
ACCOUNTING SERVICE PHILIPPINE ARMY
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INTERNALLY-GENERATED FUND (IGF)

NOTES TO FINANCIAL STATEMENTS



1. General Information

The Philippine Army Internally Generated Fund (Off-Budgetary Fund-Retained Income) was established under COA-DBM-DOF Joint Circular No. 2013-1 dated 06 August 2013 with subject Enhancement of Unified Account Code Structure which discontinued the maintenance of National Government Book but instead, existing records shall be transferred to appropriate books per fund which was also re-iterated under COA Circular 2014-003 dated 15 April 2014. This circular took effect and was implemented dated 01 January 2014.

The Philippine Army Hospital was established to deliver quality healthcare services to military personnel of active service, dependents, survivors, and authorized civilian personnel of Philippine Army.

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

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

2.2 Treatment of Fund

PA Internally Generated Fund (IGF) is treated as retained income by which collections from its services is directly deposited to Authorized Government Depository Bank in accordance with Personnel Directive Number 01 dated 02 January 2008 issued by GHQ-AFP. Out of this collection or income, 25% will be used to purchase and upgrade health services and facilities per Joint Circular of DND-DOF-DBM No. 1-06 dated 12 Dec 2006.

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

The financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS). The transactions and events are recognized in the accounting records and recognized in the financial statements of the periods to which they relate.

3.2 Changes in Accounting Policies and Estimates

The Philippine Army recognizes the effects of changes in accounting policy retrospectively and recognizes the effects of changes in accounting estimates



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prospectively by including in surplus or deficit. The Philippine Army corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

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

3.3 Recognition of Payables

Payables are recognized and recorded in the books of accounts only upon acceptance of goods and/or performance of services to the Fund.

3.4 Recognition of Expenses

Expenses are recognized when incurred and reported in the financial statements in the period in which they relate.

3.5 Correction of Fundamental Errors

Fundamental errors of prior years are corrected by adjusting directly the Accumulated Surplus/ (Deficit) account. Errors affecting current year's operations are charged to the current year's accounts

4. Books of Accounts and Registries Maintained

The Philippine Army maintains separate books of accounts for the Internally Generated Fund as per Unified Account Codes Structure Manual.

5. Cash and Cash Equivalents

This consists of:

Account	Amount
Cash in Bank- Local Currency, Current Account- Land Bank of the Philippines	P 38,451,745.95
Cash-Treasury/Agency Deposit, Trust	21,439,436.80
TOTAL	P 59,891,182.75

5.1 The Cash in Bank – Local Currency, Current Account represents amount of cash collected waiting for use for the enhancement of hospital services and facilities.



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5.2 The Cash-Treasury/Agency Deposit, Trust represents collections of Philhealth, Affiliation Fees, Fiduciary, and returned unutilized balance of cash advance for operating expenses deposited with Bureau of the Treasury, details as follows:

Philhealth	P 11,428,092.06
Affiliation Fees	8,761,901.24
Fiduciary	1,227,826.00
Unutilized Balance of cash advance for operating expenses	21,617.50
TOTAL	P 21,439,436.80

6. Receivables

This consists of:

Due from Government-Owned and/or Controlled Corporations	P 3,841,893.04
Due from Officers and Employees	0.01
TOTAL	P 3,841,893.05

6.1 The Due from Government-Owned and/or Controlled Corporations (GOCCs) account represents unliquidated balance of fund transfer to Philippine International Trading Corporation (PITC) for procurement of various equipments for use of AGH, ASCOM, PA.

6.2 The Due from Officers and Employees account represents the over-remittance to BIR due to erroneous computation of withholding tax from payment to Deokma Eight Trading, Inc. under Disbursement Voucher No 1712-19576 dated 29 December 2017.

7. Property, Plant and Equipment

The Property, Plant and Equipment (PPE) accounts are stated at cost less accumulated depreciation. The computation of the depreciation expense starts when the asset 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 the management. Depreciation shall be for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation shall be for the succeeding month. Depreciation is computed based on the straight line method, net of residual value equivalent to 5% of the acquisition cost as per COA Circular 2015-002 dated 09 March 2015 over the estimated useful lives of the related assets.



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PPE accounts recorded in the books consist of the following:

Account Name/Title	Description	Acquisition Cost	Accumulated Depreciation	Net Book Value
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AC MX-CF100C2 3TR Floor Type Room 404	74,434.77	0.00	74,434.77
OFFICE EQUIPMENT	MATRIX AC MX-CF100C2 3TR Floor Type Room 504	74,434.77	0.00	74,434.77
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room405	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 1.0HP Floor Mounted Model MX-KF2577 FRACTURE CLINIC	34,539.54	0.00	34,539.54
OFFICE EQUIPMENT	MATRIX AIR CONDITION 1.0HP Floor Mounted Model MX-KF2577 HEART STATION	34,539.54	0.00	34,539.54
OFFICE EQUIPMENT	MATRIX AIR CONDITION 1.5HP Wall Mounted Model MX-KF3277 MP	37,014.55	0.00	37,014.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 1.5HP Wall Mounted Model MX-KF3277 MW1 RM507	37,014.55	0.00	37,014.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 1.5HP Wall Mounted Model MX-KF3277 MW1 RM508	37,014.55	0.00	37,014.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 1.5HP Wall Mounted Model	37,014.55	0.00	37,014.55



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	MX-KF3277 ORTHO RM 412			
OFFICE EQUIPMENT	MATRIX AIR CONDITION 1.5HP Wall Mounted Model MX-KF3277 ORTHOPEDIC	37,014.55	0.00	37,014.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KF3277 RM509	37,014.55	0.00	37,014.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KF5177 FS Office	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KF5177 MW2 RM501	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KF5177 MW2 RM502	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KF5177 MW2 RM503	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KF5177 SMO	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 MW1 RM501-B	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 MW1 RM504	42,864.55	0.00	42,864.55



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OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 MW1 Room506	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 MW2 RM512	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 Nurse Station	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 RM409	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 Room402	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 Room403	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 Room410	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.0HP Wall Mounted Model MX-KP5177 Room411	42,864.55	0.00	42,864.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX -KP7077	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX- KP7077	47,964.55	0.00	47,964.55



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OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room406	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room407	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room408	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room501-A	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room502	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room505	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room506	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 2.5HP Wall Mounted Model MX-KP7077 Room507	47,964.55	0.00	47,964.55
OFFICE EQUIPMENT	MATRIX AIR CONDITION 3.0TR Ceiling Mounted	82,242.78	0.00	82,242.78



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	Model MX-36-M- 0 Main Lobby			
OFFICE EQUIPMENT	MATRIX AIR CONDITION 3.0TR Ceiling Mounted Model MX-36-M Room 501-A	82,242.78	0.00	82,242.78
OFFICE EQUIPMENT	MATRIX AIR CONDITION 3.0TR Ceiling Mounted Model MX-36-M Room 503	82,242.78	0.00	82,242.78
OFFICE EQUIPMENT	MATRIX AIR CONDITION 3.0TR Ceiling Mounted Model MX-36-M Room 505	82,242.78	0.00	82,242.78
OFFICE EQUIPMENT	MATRIX AIR CONDITION 3.0TR Ceiling Mounted Model MX-36-M Room 510-B	82,242.78	0.00	82,242.78
OFFICE EQUIPMENT	MATRIX AIR CONDITION 3.0TR Ceiling Mounted Model MX-36-M-0 Main Lobby	82,242.78	0.00	82,242.78
OFFICE EQUIPMENT	Shredder Machine	18,490.00	1,171.04	17,318.96
	Sub-Total	2,218,490.00	1,171.04	2,217,318.96
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005616- AGH-2017-006	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005628- AGH-2017-009	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005913- AGH-2017-002	31,980.00	5,569.85	26,410.15



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ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005921- AGH-2017-003	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005928- AGH-2017-001	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005930- A-AGH-2017-008	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005930- AGH-2017-007	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005936- AGH-2017-004	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A-005951- AGH-2017-010	31,980.00	5,569.85	26,410.15
ICT EQUIPMENT	Computer ASUS, Intel Core i.3 System Unit-KGB-1A- 2YPD352015113238- AGH-2017-005	31,980.00	5,569.85	26,410.15
Sub-Total		319,800.00	55,698.50	264,101.50
COMMUNICATION EQUIPMENT	Audio System	114,950.00	7,280.16	107,669.84
COMMUNICATION EQUIPMENT	Flat Screen Television	25,000.00	1,583.32	23,416.68
COMMUNICATION EQUIPMENT	Wide Screen	20,000.00	1,266.68	18,733.32
Sub-Total		159,950.00	10,130.16	149,819.84
MEDICAL EQUIPMENT	Electric ICU Bed	549,000.00	147,027.48	401,972.52
MEDICAL EQUIPMENT	Patient Monitor	998,000.00	267,273.95	730,726.05
MEDICAL EQUIPMENT	Ventilator	3,600,000.00	964,114.26	2,635,885.74



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MEDICAL EQUIPMENT	Serum-Electrolyte	599,000.00	160,417.89	438,582.11
MEDICAL EQUIPMENT	ABG Machine	2,000,000.00	535,619.05	1,464,380.95
MEDICAL EQUIPMENT	Defibrillator	599,000.00	160,417.92	438,582.08
MEDICAL EQUIPMENT	Portable Suction Apparatus	176,360.80	47,231.05	129,129.75
MEDICAL EQUIPMENT	Stethoscope w/ Sphygmomanometer	70,045.50	18,758.93	51,286.57
MEDICAL EQUIPMENT	Rigid Extrication	208,715.50	55,895.92	152,819.58
MEDICAL EQUIPMENT	Cervical Collar Set	357,700.00	95,795.43	261,904.57
MEDICAL EQUIPMENT	1 Step Foot Stool (Stainless)	25,900.00	6,936.29	18,963.71
MEDICAL EQUIPMENT	3 Fold Screen (Stainless)	31,760.00	8,505.65	23,254.35
MEDICAL EQUIPMENT	BP Apparatus with Stand	29,800.00	7,980.73	21,819.27
MEDICAL EQUIPMENT	Dressing Cart	29,700.00	7,954.02	21,745.98
MEDICAL EQUIPMENT	Droplight (Halogen)	36,000.00	9,641.22	26,358.78
MEDICAL EQUIPMENT	ECG	147,200.00	39,421.65	107,778.35
MEDICAL EQUIPMENT	Emergency Cart	135,000.00	36,154.26	98,845.74
MEDICAL EQUIPMENT	Hamper cart (stainless)	19,700.00	5,275.79	14,424.21
MEDICAL EQUIPMENT	V Stand (stainless)	63,900.00	17,113.08	46,786.92
MEDICAL EQUIPMENT	Laryngoscope	59,500.00	15,934.75	43,565.25
MEDICAL EQUIPMENT	Medicine Cabinet	178,460.00	47,793.23	130,666.77
MEDICAL EQUIPMENT	Overview bed table	23,980.00	6,422.01	17,557.99
MEDICAL EQUIPMENT	Oxygen concentrator (Large)	159,920.00	42,828.17	117,091.83
MEDICAL EQUIPMENT	Stretcher	74,885.00	20,054.85	54,830.15



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MEDICAL EQUIPMENT	Suction Machine	109,800.00	29,405.46	80,394.54
MEDICAL EQUIPMENT	Dental Chair	69,950.00	18,733.33	51,216.67
MEDICAL EQUIPMENT	Touch Pad Laptop	29,975.00	8,027.55	21,947.45
MEDICAL EQUIPMENT	HP Compressor	17,900.00	4,793.81	13,106.19
MEDICAL EQUIPMENT	Dental Lab Grinder	14,600.00	3,909.97	10,690.03
MEDICAL EQUIPMENT	Advance Venipuncture Training Arm	49,569.00	2,354.52	47,214.48
MEDICAL EQUIPMENT	Automatic External Defibrillator	150,000.00	11,875.00	138,125.00
MEDICAL EQUIPMENT	Mechanical Bed with Side Table	112,051.00	5,322.42	106,728.58
MEDICAL EQUIPMENT	Weighing Scale with Fat Analysis	15,000.00	712.50	14,287.50
Sub-Total		10,742,371.80	2,809,702.14	7,932,669.66
OTHER MACHINERY AND EQUIPMENT	Refrigerator, 7cu, 2Door	18,000.00	570.00	17,430.00
Sub-Total		18,000.00	570.00	17,430.00
FURNITURES AND FIXTURES	Conference Chairs and Tables Set	23,960.00	758.72	23,201.28
Sub-Total		23,960.00	758.72	23,201.28
GRAND TOTAL		13,482,571.80	2,878,030.56	10,604,541.24

7.1 The PPE items specified herein is on the process of reconciliation with the books of Army Property Accountability Office.

8. Deposit on Letters of Credit

This account represents the unliquidated balance of fund transfer to Land Bank of the Philippines as a mode of payment for the procurement of goods thru letters of credit, details as follows:

Name of Supplier	Purpose	Amount
ALVEZ Commercial, Inc.	Procurement of one (1) unit microscope LC#20110192/D	P 1,285,000.00



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ALVEZ Commercial, Inc.	Procurement of equipment under LC#20110193/D	330,000.00
TOTAL		P 1,615,000.00

9. Accounts Payable

This account consists of accruals made at year-end:

Name of Supplier	Particulars	Amount
MELFM	Procurement of equipment for use of AGH, ASCOM, PA	P 448,290.00
Queeny Medical Trading	Procurement of equipment for use of AGH, ASCOM, PA	488,000.00
TOTAL		P 936,290.00

10. Guaranty/Security Deposits Payable

This account is used to recognize the incurrence of liability arising from the receipt of cash or cash equivalents to guaranty (a) that the winning bidder shall enter into contract with the procuring entity; and (b) performance by the contractor of the terms of the contract. In this case, this pertains to warranty security of the supplier as follows:

Name of Supplier	Amount
Deokma Eight Trading	P 22,000.00
TOTAL	P 22,000.00

11. Accumulated Surplus/Deficits

This pertains to cumulative results of normal and continuous operations of the agency including prior period adjustments, effects of changes in accounting policy and other capital adjustments.