

PHILIPPINE ARMY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. General Information/Agency Profile

The consolidated financial statements of the Philippine Army were authorized for issue on June 17, 2019 as shown in the Statement of Management Responsibility for Financial Statements signed by Lieutenant General Macairog S. Alberto, Commanding General of the Philippine Army.

The Philippine Army was first established on 22 March 1897 during the first meeting at Tejeros, Cavite. Currently, the Philippine Army operates under the authority of the Executive Order 292, s. 1987 “Instituting the Administrative Code of 1987”. As embodied in EO 292, the Philippine Army shall be responsible for the conduct of operations on land, in coordination with the other Major Services. Section 49 of the same EO enumerates the functions of the Army as follows: (1) organize, train and equip forces for the conduct of prompt and sustained operations on land; (2) prepare such units as may be necessary for the effective prosecution of the national defense plans and programs; (3) develop, in coordination with the other Major Services, tactics, techniques and equipment of interest to the Army for field operations; (4) organize, train and equip all reserve units; and (5) perform such functions as may be provided by law or assigned by higher authorities. The following are the program objectives by mission areas to be performed by the Army: Territorial Defense, Security and Stability (TDSS) and Force-Level Command and Control, Support and Training (FLC2ST).

The Philippine Army Major Units (PAMUs) with their corresponding servicing FAUs are as follows:

PA Unit	Location	Servicing FAU
1 st Infantry (Tabak) Division	Camp Major Cesar L. Sang-an, Pulacan, Labangan, Zamboanga del Sur	9 th FAU
2 nd Infantry (Jungle Fighter) Division	Camp Capinpin, Sampaloc, Tanay, Rizal	4 th FAU
3 rd Infantry (Spearhead) Division	Camp General Macario Peralta Jr., Jamindan, Capiz	6 th FAU
4 th Infantry (Diamond) Division	(4ID) Camp Edilberto Evangelista, Patag, Cagayan de Oro City	10 th FAU
with 52 nd Engineer Brigade	(52EBde) Camp Colonel Oscar F. Natividad, Manolo Fortich, Bukidnon	
5 th Infantry (Star) Division	Camp Melchor F. Dela Cruz, Upi, Gamu, Isabela	2 nd FAU

PA Unit	Location	Servicing FAU
6 th Infantry (Kampilan) Division	Camp BGen Siongco, Awang, Datu Odin Sinsuat, Maguindanao	12 th FAU
7 th Infantry (Kaugnay) Division AAR, SOCOM	Fort Magsaysay, Palayan City, Nueva Ecija	3 rd FAU
8 th Infantry (Storm Trooper) Division	Camp Lukban, Maulong, Catbalogan City, Samar	8 th FAU
9 th Infantry (Spear) Division	Camp Weene Martillana, Pili, Camarines Sur	5 th FAU
10 th Infantry (Agila) Division	Camp General Manuel T. Yan, Brgy. Tuboran, Mawab, Compostela Valley	11 th FAU
Mechanized Infantry Division & TRADOC	Camp O'Donnell, Capas, Tarlac	1 st FAU
51 st Engineer Brigade	Camp Rigoberto J. Atienza, Libis, Quezon City	14 th FAU
53 rd Engineer Brigade	Camp Lapu-lapu, Cebu City	7 th FAU
54 th Engineer Brigade	Camp Gen Arturo T Enrile, Malagutay, Zamboanga City	16 th FAU
ASCOM, ASR, AIR, AGH, FCPA, ASPA, APAO, APMC, CMOR, ARESKOM/HPA and Post Units	Fort Andres Bonifacio, Metro Manila	ASPA/ 15 th FAU

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

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

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

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

The consolidated financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

3.2 Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the Headquarters and twenty-eight (28) PA major units.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank.

3.4 Inventories

Inventory is measured at cost upon initial recognition.

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

3.5 Property, Plant and Equipment

Recognition

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

The characteristics of PPE are as follows:

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

An item of PPE is recognized as an asset if:

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

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

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

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

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- PPE were reclassified to Semi-Expendable Property having a cost of below ₱15,000.00 per COA Circular Nr 2015-007.

Measurement After Recognition

After recognition, all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

Depreciation

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Initial Recognition of Depreciation

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

manner intended by management.

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

Depreciation Method

The straight line method of depreciation is adopted.

Estimated Useful Life

The Philippine Army uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA under COA Circular Nr 2017-004 dated December 13, 2017. The agency is currently applying the useful life of 10 years in general, for buildings – 30 years, information and technology equipment – 5 years, motor vehicles – 7 years and for military, police and security equipment – 10 years.

The Philippine Army uses a residual value equivalent to at least five percent (5%) of the cost of the PPE.

Impairment

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

Derecognition

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

3.6 Changes in accounting policies and estimates

The Philippine Army recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

The Philippine Army recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The Philippine Army correct material prior period errors retrospectively in the first set of financial statements 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.

3.7 Budget information

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

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) was prepared since the budget and the financial statements were not prepared on comparable basis. The SCBAA was presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the notes to the annual financial statements.

4. Cash and Cash Equivalents

Accounts	2018	2017 As Restated
Cash - Collecting Officers	₱ 119,990.24	₱ -
Cash in Bank- Local Currency, Current Account (LCCA)	2,251,506,270.23	1,057,155,752.91
Cash – Treasury/Agency Deposit, Trust	295,220,884.08	240,386,216.77
Cash- MDS, Trust	-	2,000,000.00
Total Cash and Cash Equivalents	₱2,546,847,144.55	₱1,299,541,969.68

4.1 *Cash-Collecting Officers* pertains to undeposited collections for the year 2018 which will be deposited to the appropriate LBP Local Currency Current Accounts of Trust Receipts, Internally Generated and Treasurer of the Philippines for collections under Regular Agency Fund.

4.2 *Cash in Bank – Local Currency, Current Account (LCCA)* pertains to current accounts maintained with Land Bank of the Philippines and United Coconut Planters Bank. The amount includes the obligated fund for the payment of Re-Enlistment Clothing Allowance, Special Financial Assistance, Pay and Allowances, and Terminal Leave Benefits and Gratuity Claims of Military and Civilian Army Personnel as at 31 December 2018. It also includes collection from the AFP Housing Board and other trust liabilities, hospital income, balance of unutilized inter-agency fund transfers, reimbursable fund balance under 72-100RF

and fund transfer for the opening of an irrevocable letter of credit amounting to ₱963,658,501.81 including interest income of ₱134,892.11 earned under UCPB Account Nr 001401031009.

PA Unit	2018	2017 As Restated
1 st ID	₱ 1,477,577.19	₱ 2,889,404.91
2 nd ID	2,436,297.28	3,390,985.28
3 rd ID	42,724,686.63	11,537,763.63
4 th ID	55,315,063.44	36,723,737.57
5 th ID	2,565,489.83	1,352,169.70
6 th ID	11,866,665.00	11,756,740.00
7 th ID	1,919,759.90	4,561,337.57
8 th ID	5,499,515.09	3,902,682.09
9 th ID	1,449,001.17	12,083,573.03
10 th ID	710,217.00	226,217.00
MID	1,278,393.11	908,897.87
TRADOC	1,753,301.90	872,201.90
51 st EBde	4,565,382.41	13,139,582.62
52 nd EBde	195,455,106.10	195,455,106.10
53 rd EBde	71,431,958.98	7,136,121.00
54 th EBde	4,094,403.12	299,836.20
HPA and Post Units	1,846,963,452.08	750,919,396.44
Total	₱ 2,251,506,270.23	₱ 1,057,155,752.91

4.2.1 *Credit Memorandum* for CY 2017 and 2018 amounting to ₱5,270,879.56 and ₱20,213,619.76, respectively, were recorded in 2019 under Journal Entry Voucher Nr 2019-05-002950 and 2019-05-003025.

4.2.2 *Debit Memorandum* for CY 2017 and 2018 amounting to ₱3,530,745.70 and ₱4,082,324.89, respectively, were recorded in 2019 under Journal Entry Voucher Nr 2019-05-002997 and 2019-05-003298.

4.3 *Cash-Treasury/Agency Deposit, Trust* consists of trust receipts collected and deposited with National Treasury per Executive Order 1002.

PA Unit	2018	2017 As Restated
1 st ID	₱3,486,397.94	₱920,049.88
2 nd ID	1,821,192.49	2,094,347.49
3 rd ID	2,754,259.94	2,754,259.94
4 th ID	12,777,379.13	11,736,135.77
5 th ID	3,352,945.35	2,354,434.79
6 th ID	7,421,286.49	7,017,367.51
7 th ID	26,880,373.12	22,359,239.62

PA Unit	2018	2017 As Restated
8 th ID	2,951,310.01	3,935,172.51
9 th ID	2,042,323.25	1,680,440.24
10 th ID	-	-
MID	292,837.32	168,000.00
TRADOC	-	-
51 st EBde	10,442,975.56	8,531,968.38
52 nd EBde	8,169.40	8,169.40
53 rd EBde	306,209.13	306,209.13
54 th EBde	-	-
HPA and Post Units	220,683,224.95	176,520,422.11
Total	₱295,220,884.08	₱240,386,216.77

5. Receivables

Accounts	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Accounts	₱21,224.99	-	245,402.35	-
Due from NGAs	383,070,470.56	-	631,521,556.43	-
Due from Government - Owned or Controlled Corporation	6,532,634,222.84	5,811,501.92	5,398,422,403.80	5,811,501.92
Due from Bureaus	1,196,000.00	-	1,575,576.94	-
Due from Other Funds	15,974.62	-	15,974.62	-
Due from Operating Units	330,220,420.31	-	224,373,396.20	-
Receivables-Disallowances/Charges	11,303,251.79	-	11,330,494.80	-
Due from Officers and Employees	13,381,476.96	207,448.40	23,721,691.38	-
Other Receivables (net of Allowance for Impairment)	203,219,572.90	7,389,295.05	221,145,433.95	4,108,848.69
Total	7,475,062,614.97	13,408,245.37	6,512,351,930.47	9,920,350.61

5.1 *Accounts Receivable* represents the amount due arising from overpayment to suppliers.

PA Unit	Amount	Current	Non-Current
HPA	₱21,224.99	₱21,224.99	-
Total	₱21,224.99	₱21,224.99	-

PA Unit	Amount	Less than 30 days	Less than 90 days	91-365 days	More than 365 days
HPA	₱21,224.99	₱77.99	-	₱167.57	₱20,979.43
Total	₱21,224.99	₱77.99	-	₱167.57	₱20,979.43

5.1.1 *Liquidated damages* from various PITC procurement projects CY 2018 amounting to ₱23,374,221.39 was recorded to recognize receivable account in 2019 under JEV Nr-2019-05-003299 dated May 17, 2019.

5.1.2 *Interest Income* in 2017 from funds transferred to PITC for procurement of various projects amounting to ₱1,980,531.17 was recorded in 2019 under JEV Nr -2019-05-003375 dated May 22, 2019. Wherein, it has been provided in the Memorandum of Agreement between AFP and PITC that “any interest earned on funds transferred to PITC shall be for the account of PA.”

5.2 *Due from National Government Agencies* consists of the unliquidated fund transfers to other offices/units of the National Government such as PS-DBM and Government Arsenal. The decrease in the account is caused by liquidations of Government Arsenal in the procurement of ammunitions.

PA Unit	2018		2017 As Restated		
	PS-DBM	Arsenal	PS-DBM	Arsenal	Others
1 st ID	₱94,767.66		₱42,447.95		
2 nd ID	5,190,208.35		5,371,095.49		
3 rd ID	-		-		
4 th ID	56,000.94		45,132.40		
5 th ID	54,035.86		21,550.05		
6 th ID	-				
7 th ID	718,706.78		780,917.33		
8 th ID	-				
9 th ID	-				
10 th ID	16,367.50		98,685.91		
MID	1,750,297.70		1,750,297.70		
TRADOC	2,283,373.01		2,283,373.01		

PA Unit	2018		2017 As Restated		
	PS-DBM	Arsenal	PS-DBM	Arsenal	Others
51 st EBde	149,547.71		761,553.66		
52 nd Ebde	5.56		50,310.84		
53 rd EBde	-		-		
54 th EBde	99,590.36		36,500.00		
HPA and Post Units	107,993,458.59	264,664,110.54	134,846,951.48	483,802,088.53	1,630,652.08
Sub-total	118,406,360.02	264,664,110.54	146,088,815.82	483,802,088.53	1,630,652.08
Total	₱383,070,470.56		₱631,521,556.43		

5.2.1 This account was restated in 2017 FS due to receipt of inventory items from PS, DBM recorded in 2018 but the delivery receipts pertain to 2017. Consequently, there is delay in recording due to late submission by the different PAMUs of liquidating instruments.

5.3 *Due from Government-Owned and/or Controlled Corporations* consists of receivables from Philippine International Trading Corporation (PITC) for various fund transfers per Agency Outsourcing Requests (AOR) which were not yet delivered nor liquidated; National Kidney Institute and Philippine Heart Center representing advance payment for the confinement of Philippine Army personnel which have been dormant since 2007.

PA Unit	Amount	Current	Non-Current
MID/TRADOC	₱ 22,849,999.92	₱ 22,849,999.92	₱ -
51 st EBde	286,668.11	286,668.11	-
HPA and Post Units	6,515,309,056.73	6,509,497,554.81	5,811,501.92
Total	₱6,538,445,724.76	₱ 6,532,634,222.84	₱ 5,811,501.92

5.3.1 Out of the discrepancy between PA and PITC books of accounts amounting to ₱648,838,289.89, a total of ₱237,620,366.16 was recognized in 2019 under various Journal Entry Vouchers.

5.4 *Due from Bureaus* totaling ₱1,196,000.00 represents transferred funds to Philippine Navy and Philippine Air Force amounting to ₱884,000.00 and ₱312,000.00, respectively, to support the foreign travel of female soldiers to Hongkong for the observation tour on safety and security.

5.5 *Due from Other Funds* amounting to ₱15,974.62 represents over payment of Non Appropriated Funds (NAF) accountability of retired personnel from commutation account to collecting officer.

5.6 *Receivables-Disallowances/Charges* represent audit disallowances for various transactions including error in computation and/or overpricing of the claims which had become final and executory.

PA Unit	Amount	Less than 365 days	Over 1 Year	Over 2 Years
1 st ID	₱ 451,601.42	-	₱ 451,601.42	-
3 rd ID	992,089.86		992,089.86	
4 th ID	3,281,028.00		3,281,028.00	
6 th ID	13,781.81		13,781.81	
9 th ID	111,616.40		111,616.40	
10 th ID	843,334.48		843,334.48	
TRADOC	1,960.00			
51 st EB	200,475.99		200,475.99	
HPA and Post Units	5,407,363.83		5,407,363.83	
Total	₱11,303,251.79	₱1,960.00	₱11,301,291.79	-

5.7 *Due from Officers and Employees* represents overpayment of salaries and wages and receivables from officers and employees pertaining to light and water consumption within PA premises. Details are as follows:

PA Unit	Amount	Current	Non-Current
1 st ID	₱1,208,394.40	₱1,208,394.40	-
3 rd ID	261,892.84	261,892.84	-
5 th ID	3,328,582.38	3,328,582.38	-
6 th ID	181,852.20	181,852.20	-
8 th ID	1,850,700.44	1,850,700.44	-
10 th ID	31,200.00	31,200.00	-
52 nd EBde	207,448.40		207,448.40
HPA and Post Units	6,518,854.70	6,518,854.70	-
Total	₱13,588,925.36	₱13,381,476.96	₱207,448.40

5.7.1 This account was restated in 2017 FS due to set up of receivables account for overpayment of pay and allowances.

5.8 *Other Receivables* consists of dormant accounts reclassified from Advances for Operating Expenses, Advances to Officers and Employees and Due from Officers and Employees. This also includes receivable from Bairam Enterprises amounting to ₱18,454,278.60 for the procurement of CVR Scorpion Tank Spare Parts which remained undelivered and dormant. This also includes an amount of ₱96,278,264.48 for CY 2016 and ₱77,212,896.49 for CY 2017 representing Repair, Maintenance and Construction (RMC) Fund derived from the agreement entered into by the DND and Petron Corp for the

supply of DND-Wide Petroleum (LOT 1), Oil, Lubricants (LOT 2) and e-POL Card (Lot3). The allocation of RMC for CY 2016 was 15% of the total contract price for Lot 1 and Lot 2 while for the Lot 3 was 6.5% based on the total payments made and for CY 2017 the allocation for Lot 1 and Lot 2 was 5.5% of total contract price while for Lot 3, 6.5% of total payments made. Per Memorandum of Agreement the RMC Funds shall be managed and controlled by Petron Corporation. Furthermore, Report on Utilization per executed work (repair, maintenance or construction) shall be submitted to the respective Commodity Managers represented by OG4, PA in the case of Philippine Army within two weeks from payment thereof for monitoring and reconciliation of records.

PA Unit	Amount	Current	Non-Current
1 st ID	₱ 35,780.00	₱ 35,780.00	₱ -
2 nd ID	7,072,788.50		7,072,788.50
3 rd ID	1,689,583.98	1,689,583.98	
4 th ID	1,755,296.30	1,755,296.30	
5 th ID	-	-	-
6 th ID	7,613,772.77	7,613,772.77	
7 th ID	1,433,612.18		1,433,612.18
8 th ID	660,836.71	660,836.71	
9 th ID	514,308.38	514,308.38	
10 th ID	39,322.47	39,322.47	
MID/TRADOC	1,047,064.60	1,047,064.60	
51 st EB	1,016,839.17	1,016,839.17	
52 nd EB	19,500.00	19,500.00	
53 rd EB	1,596,117.16	62,039.41	1,534,077.75
54 th EB	4,000.00	4,000.00	
HPA and Post Units	221,982,214.00	218,945,323.79	3,036,890.21
Total	246,481,036.22	233,403,667.58	13,077,368.64
Less:			
Allowance for impairment	35,872,168.27	30,184,094.68	5,688,073.59
Balance	₱210,608,867.95	₱ 203,219,572.90	₱ 7,389,295.05

5.8.1 The amount of ₱210,608,867.95 represents other receivables net of impairment loss of ₱35,872,168.27 as per ASPA Office Order dated 16 June 2017. This is in compliance with COA Circular No. 2016-005 dated 19 December 2016 and Section 9 of Chapter 5 Volume 1 of GAM which states that “Entities shall evaluate the collectability of accounts receivable on an ongoing basis based on historical bad debts, customer/recipient

credit-worthiness, current economic trends and changes in payment activity.”

5.8.2 Out of ₱173,491,160.97 recorded receivables for RMC Fund as at year end, a total of 96,278,264.48 were already earmarked for implementation of projects, the remaining balance of 77,212,896.49 pertains to newly recorded RMC Fund for CY 2017. Details were as follows:

Description/Projects	Amount
Construction of new POL Dump in 10 th Infantry Division (CY 2015 RMC)	₱ 4,778,129.21
Construction of new POL Dump in 6 th Infantry Division (CY 2015 RMC)	5,655,300.00
Procurement of 8 units Fuel Tanker Truck, 16-20k L cap (CY 2016 RMC)	12,163,200.00
Procurement of 11 units 4500L Transportable Diesel Fuel Storage Tank (CY 2016 RMC)	37,080,000.00
Procurement of 8 units Generator Set 40 KVA (CY 2016 RMC)	1,947,308.16
Procurement of Generator Set 40KVA(CY 2015 RMC)	1,400,000.00
Rehabilitation of existing POL Dump in 4 th Infantry Division (Cy 2015 RMC)	4,200,000.00
Rehabilitation of existing POL Dump in HPA (CY 2015 RMC)	900,000.00
Rehabilitation of existing POL Dump in 103 rd Engineer Brigade(CY 2016 RMC)	3,638,570.77
Rehabilitation of existing POL Dump in 1 st Infantry Division (CY 2016 RMC)	4,256,293.17
Rehabilitation of existing POL Dump in 51 st Engineer Brigade (CY 2016 RMC)	2,556,772.02
Rehabilitation of existing POL Dump in 8 th Infantry Division (CY 2016 RMC)	4,730,455.00
Rehabilitation of existing POL Dump in 9 th Forward Service Support Unit (CY 2016 RMC)	5,772,236.15
Rehabilitation of existing POL Dump in 3 rd Infantry Division (CY 2015 RMC)	1,118,400.00
Procurement of Fuel Tanker Truck, 16k-20k L CAP - CY 2015	6,081,600.00
TOTAL	₱96,278,264.48

5.8.3 Status of RMC Fund Projects as of 25 May 2019 prepared by the Office of the Army Quartermaster (OAQM) showed completed projects amounting to P83,049,560.93 but a total of 54,376,715.35 was recorded under various PPE accounts and for subsequent derecognition of receivable account. The remaining balance of completed projects

unrecognized will be accounted for in the books of accounts as soon as pertinent supporting documents from OAQM are transmitted to Accounting Service.

5.8.4 This account was restated in 2017 FS due to set up of receivable account for the overpayment of money accountabilities and also set up of RMC Fund pertaining to CY 2017 total payments made.

6. Inventories

Accounts	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Office Supplies Inventory	154,285,578.21	697,480.00	150,075,024.74	697,480.00
Accountable Forms, Plates and Stickers Inventory	4,200.00		4,200.00	
Drugs and Medicines Inventory	16,315,027.88		13,172,466.60	
Medical, Dental and Laboratory Supplies Inventory	21,560,292.09		12,361,981.07	
Fuel, Oil and Lubricants Inventory	1,181,439,524.85	3,413,516.75	821,199,428.88	5,159,598.85
Military, Police and Traffic Supplies Inventory	6,265,111,582.41		4,511,605,281.88	
Chemical and Filtering Supplies inventory	19,946.00		-	
Construction Materials Inventory	25,658,111.77		5,398,848.30	
Other Supplies and Materials Inventory	1,799,638,639.78		1,343,520,180.04	
Semi-Expendable Machinery	342,880.00		425,379.00	
Semi-Expendable Office Equipment	1,556,759.10		1,609,701.85	
Semi-Expendable Information and Communications Technology Equipment	1,171,891.00		1,587,443.93	
Semi-Expendable Communications Equipment	1,052,673.50		1,199,155.50	

Accounts	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Semi-Expendable Disaster Response and Rescue Equipment	1,395,475.00		1,395,475.00	
Semi-Expendable Medical Equipment	95,675.00		95,675.00	
Semi-Expendable Sports Equipment	140,839.00		140,839.00	
Semi-Expendable Other Machinery and Equipment	1,079,296.00		1,286,269.36	
Semi-Expendable Furniture and Fixtures	1,984,698.00		2,687,170.50	357,800.00
Semi-Expendable Books	5,750.00		5,750.00	
Total	9,472,858,839.59	4,110,996.75	6,867,770,270.65	6,214,878.85

6.1 *Office Supplies Inventory* represents cost of office supplies purchased requiring submission of Report of Supplies and Materials from Army Property Accountability Office.

6.2 *Drugs and Medicines Inventory* represents cost of drugs and medicines purchased requiring submission of Report of Supplies and Materials from Army Property Accountability Office.

6.2.1 This account was restated in 2017 FS due to liquidation/issuance of prior year inventories to end-users evidenced by RIS and RSMI issued by APAO, recorded in 2018 but issued in 2017.

6.3 *Medical, Dental and Laboratory Supplies Inventory* includes supplies for the use of Army General Hospital for submission of liquidating instruments from APAO for the issued inventories.

6.3.1 This account was restated in 2017 FS due to liquidation/issuance of prior year inventories to end-users evidenced by RIS and RSMI issued by APAO, recorded in 2018 but issued in 2017.

6.4 *Fuel, Oil and Lubricants Inventory* pertains to the deliveries made by Petron to the different PA units for use in their operation; awaiting liquidating instruments from PAO, GS for the issued inventories.

- 6.4.1** This account was restated in 2017 FS due to liquidation/issuance of prior year inventories to end-users evidenced by RIS and RSMI issued by APAO, recorded in 2018 but issued in 2017.
- 6.5** *Military, Police and Traffic Supplies Inventory* represents cost of ammunitions, explosives, magazines, and other firearms accessories; awaiting liquidating instruments from PAO, GS for the issued inventories.
- 6.5.1** Out of the ₱2,932,779,526.80 discrepancy between property and accounting records for the transfer of inventory items, an amount of ₱1,488,145,087.15 was recorded evidenced by Requisition Issue Slips (RISs) and Report of Supplies and Materials Issued (RSMIs) from Property Accountability Office. The issuance/transfer of inventory items was recorded in 2019 under various Journal Entry Vouchers. The remaining balance of ₱1,420,408,178.17 shall be derecognized in the books of accounts as soon as the RISs and RSMIs coming from the Army Property Accountability Office are transmitted to the Accounting Service.
- 6.5.2** This account was restated in 2017 FS due to liquidation/issuance of prior year inventories to end-users evidenced by RIS and RSMI issued by APAO, recorded in 2018 but issued in 2017.
- 6.6** *Construction Materials Inventory* pertains to cost of construction materials purchased for the repairs and maintenance of various buildings and structures. This also includes the dormant balance of construction materials received by previous Unit Property Officer of CMOG.
- 6.6.1** This account was restated in 2017 FS due to liquidation/issuance of prior year inventories to end-users evidenced by RIS and RSMI issued by APAO, recorded in 2018 but issued in 2017.
- 6.7** *Other Supplies and Materials Inventory* pertains to the balance of procured clothing and individual equipment, 72-100RF inventories, spare parts and other materials for the use of military personnel and repairs and maintenance of Army facilities and equipment. This also includes dormant and unserviceable items and still on the process of reconciliation.
- 6.7.1** This account was restated in 2017 FS due to liquidation/issuance of prior year inventories to end-users evidenced by RIS and RSMI issued by APAO, recorded in 2018 but issued in 2017.
- 6.8** *Semi-Expendable* accounts pertains to cost/fair value of the purchased/acquired machinery and equipment costing less than P15,000. This account is restated in 2017 due to issuance of property to end-users evidenced by Inventory Custodian Slip (ICS) issued by APAO.

7. Property, Plant and Equipment

Accounts	Gross Cost (Asset Account Balance)	Less: Accumulated Depreciation /Impairment Losses	Carrying Amount, December 31, 2018
Land	₱74,467,361,134.83	-	₱74,467,361,134.83
Land Improvements	773,818,906.76	(453,667,932.93)	320,150,973.83
Infrastructure Assets	66,370,863.92	(31,502,247.09)	34,868,616.83
Buildings and Other Structures	9,629,022,290.31	(5,348,214,817.81)	4,280,807,472.50
Machinery and Equipment	15,015,542,506.70	(9,909,378,965.16)	5,106,163,541.54
Transportation Equipment	4,382,609,290.00	(3,095,957,992.72)	1,286,651,297.28
Furniture, Fixtures and Books	21,108,229.14	(8,732,243.63)	12,375,985.51
Construction in Progress	1,631,406,847.97	-	1,631,406,847.97
Other Property, Plant and Equipment	133,559,360.95	(70,216,220.74)	63,343,140.21
Total Property, Plant and Equipment	₱106,120,799,430.58	₱(18,917,670,420.08)	₱87,203,129,010.50

7.1 The Building account was restated in 2017 FS due to completion of projects previously recorded under specific expense accounts for materials used.

7.2. The Communication Equipment and Medical Equipment were restated in 2017 FS due to additional PPE acquired and recorded in 2018 but delivery and acceptance happened in 2017.

7.3 The Disaster Response and Rescue Equipment, Military, Police and Security Equipment and Other Machinery and Equipment were restated in 2017 FS due to reclassification of PPE account to Semi-Expendable item wherein, the cost of the PPE is below P15,000.00

7.4 Various Accumulated Depreciation of PPE accounts were restated due to prior year depreciation recorded in 2018.

7.5 A total amount of P345,363,384.14 PPE transferred to the different field units was derecognized from the books of accounts under various Journal Entry Vouchers in 2019.

7.6 Out of the ₱144,588,062.25 PPE found in station/delivered during the year that remain unrecognized as of 31 December 2018, an amount of ₱120,412,062.25 was recognized from the books of accounts under various Journal Entry Vouchers in 2019. The remaining balance of ₱24,176,000.00 shall be recognized in the books of accounts as soon as pertinent supporting documents coming from the Army Property Accountability Office are transmitted to the Accounting Service.

8. Biological Assets

Particular	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Trees, Plants and Crops	-	11,981,444.45	-	11,981,444.45

8.1 The amount of P11,981,444.45 of Bamboo Plantation were recognized as Biological Asset. The Bamboo Plantation were established in the total amount of P13 Million under the agreement between the Department of Agriculture, Department of Agrarian Reform, Department of Environment and Natural Resources, Department of Interior and Local Government and Department of National Defense pursuant to Joint Memorandum Circular No I series of 2010, which have adopted a National Convergence Initiative (NCI) to integrate and strengthen development framework between and among national government, local government agencies and other stakeholders, wherein complementary human, physical and financial resources are efficiently and effectively deployed.

9. Other Assets

Particular	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Advances for Operating Expenses	₱467,350,272.30		₱76,234,290.56	
Advances for Payroll	204,366,614.40		1,247,960.34	
Advances to Special Disbursing Officers	125,621,210.80		5,169,363.90	145,051.17
Advances to Officers and Employees	30,795,046.66		9,613,675.97	
Advances to Contractors	23,116,219.94	55,548,008.22	6,160,115.13	85,511,294.73
Other				

Particular	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Prepayments	104,132.51		119,132.51	
Deposit on Letters of Credit	2,267,445,368.78	18,200,000.00	1,815,997,687.56	
Other Deposits	565,194,645.92		4,153,751.00	
Other Assets	-	190,078,351.61	-	216,400,148.64
Sub-total	3,683,993,511.31	263,826,359.83	1,918,695,976.97	302,056,494.54
GRAND TOTAL	₱ 3,947,819,871.14		₱ 2,220,752,471.51	

9.1 *Advances for Operating Expenses* represents the unliquidated cash advances granted to disbursing officers for MOOE of their respective units. Dormant accounts for more than two years were reclassified to Other Receivables. Aging as follows:

PA Unit	Unliquidated Cash Advance	Current	Non-Current
1 st ID	₱112,392,000.00	₱ 112,392,000.00	
2 nd ID	64,260,000.00	64,260,000.00	
3 rd ID	133,015.00	133,015.00	
4 th ID	134,717,944.18	134,717,944.18	
5 th ID	198,671.34	198,671.34	
6 th ID	90,146,000.00	90,146,000.00	
7 th ID/AAR/SOCOM	1,559,877.00	1,559,877.00	
8 th ID	40,736,500.00	40,736,500.00	
10 th ID	742,856.00	742,856.00	
51 st EBde	267,591.21	267,591.21	
52 nd EBde	657,191.00	657,191.00	
53 rd EBde	305,200.00	305,200.00	
HPA and Post Units	21,233,426.57	21,233,426.57	
Grand Total	₱467,350,272.30	₱467,350,272.30	-

9.1.1 Out of the unliquidated balance as at year end of ₱467.35 Million, various Journal Entry Vouchers (JEVs) pertaining to liquidations were subsequently prepared in 2019, thus reducing the balance to ₱11,751,806.82.

9.1.2 This account was restated in 2017 FS due to liquidation of prior year cash advances recorded in 2018 but incurred in 2017.

9.2 Advances for Payroll represents cash advances granted to disbursing officers of the different field units for the payment of subsistence allowance and other benefits of military personnel and employees. Details are as follows:

PA Unit	Unliquidated Cash Advance	Current	Non-Current	
		Less than 1 year	Over 1 year	Over 3 years
4 th ID	P26,636,464.00	P26,636,464.00		
5 th ID	12,395,142.85	12,395,142.85		
7 th ID/ SOCOM/ AAR	7,296,043.53	7,296,043.53		
9 th ID	949.00	949.00		
10 th ID	105,942,564.00	105,942,564.00		
51 st EB	35,500.00	35,500.00		
MID	20,420,671.74	20,420,671.74		
TRADOC	10,135,492.18	10,135,492.18		
HPA and Post Units	21,503,787.10	21,503,787.10		
Total	₱204,366,614.40	₱204,366,614.40	-	-

9.2.1 Out of the unliquidated balance as at year end of ₱204.37 Million, various Journal Entry Vouchers (JEVs) pertaining to liquidations were subsequently prepared in 2019, thus reducing the balance to ₱906,637.12.

9.2.2 This account was restated in 2017 FS due to liquidation of prior year cash advances recorded in 2018 but incurred in 2017.

9.3 Advances to Special Disbursing Officers consists of the unliquidated cash advances granted to disbursing officers for special purpose/time-bound undertakings such as training and other special activities.

PA Unit	Unliquidated Cash Advance	Current	Non-Current
		Less than 1 year	Over 1 year
4 th ID	₱ 5,999,297.00	₱ 5,999,297.00	
5 th ID	56,162,683.53	56,162,683.53	
7 th ID	17,247.00	17,247.00	
52 nd EB	5,668,727.21	5,668,727.21	
MID	5,274,629.06	5,274,629.06	
TRADOC	6,290,733.57	6,290,733.57	
HPA and Post Units	46,207,893.43	46,207,893.43	
Total	₱125,621,210.80	₱125,621,210.80	-

9.3.1 Out of the unliquidated balance as at year end of ₱125.6 Million, various Journal Entry Vouchers (JEVs) pertaining to liquidations were subsequently prepared in 2019, thus reducing the balance to ₱11,630,410.87.

9.3.2 This account was restated in 2017 FS due to liquidation of prior year cash advances recorded in 2018 but incurred in 2017.

9.4 *Advances to Officers and Employees* pertains to the unliquidated cash advances granted to military personnel and civilian employees for their travelling expenses, both local and foreign.

PA Unit	Unliquidated Cash Advance	Current	Non-Current
		Less than 1 year	Over 1 year
1 st ID	₱ 20,096.00	₱ 20,096.00	
4 th ID	6,000.00	6,000.00	
52 nd EBde	33,070.00	33,070.00	
54 th EBde	7,138.32	7,138.32	
TRADOC	317,330.00	317,330.00	
HPA and Post Units	30,411,412.34	30,411,412.34	
Total	₱30,795,046.66	₱30,795,046.66	

9.4.1 Out of the unliquidated balance as at year end of ₱30.8 Million, various Journal Entry Vouchers (JEVs) pertaining to liquidations were subsequently prepared in 2019, thus reducing the balance to ₱5,738,916.

9.4.2 This account was restated in 2017 FS due to liquidation of prior year cash advances recorded in 2018 but incurred in 2017.

9.5 *Advances to Contractors* represents 15 percent advance payment to contractors for the mobilization of projects.

9.6 *Other Prepayments* represents the remaining balance of advance payment to Petron Corporation for the procurement of FOL products.

9.7 *Deposit on Letters of Credit* represents deposits for the opening of Letters of Credit in favor of the Land Bank of the Philippines (LBP) and United Coconut Planters Bank (UCPB) for various procurements that remain unliquidated as at year end.

9.8 *Other Deposits* represents amount paid to Development Bank of the Philippines for the expenses incurred during the Amendment No.1 to the Letter Offer and Acceptance for the packing, crafting, handling and transporting of EDA Grant of 2,253 units of M60 Machine Gun 7.62mm for the Philippine Army under FMS

Case PI-B-IAK, chargeable against ASA 2200-2017-0168 & 0508 under ORS Nr. 17-07-503-504.

9.9 *Other Assets* represents the residual value of fully depreciated assets and the cost of unserviceable turned-in assets subject for disposal. This account was reduced by ₱26,321,797.03 during the year due to dropping of unserviceable PPE evidenced by Inspection and Inventory Report of Unserviceable Property (IIRUP) issued by the respective PAMU Disposal Team.

PA Unit	2018	2017 As Restated
3 rd ID	₱ 10,542,410.73	₱ 10,542,410.73
4 th ID	-	62,201,779.88
5 th ID	-	P325,475.56
6 th ID	14,815,163.32	14,815,163.32
7 th ID	67,023,077.73	-
8 th ID	2,355,174.07	26,477,187.49
9 th ID	47,221,695.58	47,221,695.58
10 th ID	31,945,322.62	33,899,870.58
52 nd EBde	-	4,739,981.54
53 rd EBde	1,154,459.14	1,155,535.54
54 th EBde	5,781,333.76	5,781,333.76
HPA and Post Units	9,239,714.66	9,239,714.66
Total	₱190,078,351.61	₱216,400,148.64

10. Financial Liabilities

Account	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Accounts Payable	₱ 703,740,880.66	-	₱750,454,503.28	21,600.00
Due to Officers and Employees	1,555,728,505.97	-	1,375,262,232.15	21,000.00
Total	₱2,259,469,386.63	-	₱2,125,716,735.43	₱42,600.00

10.1 *Accounts Payable* consists of obligations due to external creditors for the procurement of various supplies and other requirements needed in the operations of the Command.

PA Unit	2018	Current	Non-Current
1 st ID	₱17,631,202.84	₱17,631,202.84	
2 nd ID	13,131,638.67	13,131,638.67	
3 rd ID	8,117,529.77	8,117,529.77	

PA Unit	2018	Current	Non-Current
4 th ID	19,112,312.62	19,112,312.62	
5 th ID	2,385,678.12	2,385,678.12	
6 th ID	14,946,579.54	14,946,579.54	
7 th ID	33,810,086.91	33,810,086.91	
8 th ID	638,439.87	638,439.87	
9 th ID	12,294,360.97	12,294,360.97	
10 th ID	4,540,751.30	4,540,751.30	
MID	34,850,729.69	34,850,729.69	
TRADOC	7,532,453.28	7,532,453.28	
51 st EBde	62,730,409.54	62,730,409.54	
52 nd EBde	3,737,639.60	3,737,639.60	
53 rd EBde	1,000,912.66	1,000,912.66	
54 th EBde	421,287.45	421,287.45	
HPA and Post Units	466,858,867.83	466,858,867.83	
Total	₱703,740,880.66	₱703,740,880.66	-

10.1.1 This account was restated in 2017 FS due to set up of prior year claims recorded in 2018 but pertaining to 2017 transactions.

10.2 *Due to Officers and Employees* consists of obligations for the personnel services and other claims of military and civilian personnel.

PA Unit	2018	Current	Non-Current
1 st ID	₱ 74,763,589.18	₱74,763,589.18	
2 nd ID	3,497,484.84	3,497,484.84	
3 rd ID	1,702,549.44	1,702,549.44	
4 th ID	31,678,744.57	31,678,744.57	
5 th ID	2,162,368.78	2,162,368.78	
6 th ID	3,342,056.73	3,342,056.73	
7 th ID	40,323,969.54	40,323,969.54	
8 th ID	1,144,218.69	1,144,218.69	
9 th ID	2,854,566.30	2,854,566.30	
10 th ID	1,930,411.10	1,930,411.10	
MID	13,753,186.03	13,753,186.03	
TRADOC	8,226,805.83	8,226,805.83	
51 st EBde	947,445.39	947,445.39	
52 nd EBde	573,170.68	573,170.68	
53 rd EBde	910,841.76	910,841.76	
54 th EBde	2,877,957.74	2,877,957.74	
HPA and Post Units	1,365,039,139.37	1,365,039,139.37	

PA Unit	2018	Current	Non-Current
Total	₱1,555,728,505.97	₱1,555,728,505.97	-

10.2.1 This account was restated in 2017 FS due to set up of prior year claims recorded in 2018 but pertaining to 2017 transactions.

11. Inter-Agency Payables

Account	2018		2017 As Restated	
	Current	Non-Current	Current	Non-Current
Due to BIR	₱305,416,840.83	-	294,766,910.32	352,938.91
Due to GSIS	4,323,778.95	-	12,088,528.83	1,081.62
Due to Pag-IBIG	72,103.45	-	64,372.72	-
Due to PhilHealth	679,874.47	-	143,197.40	124.24
Due to NGAs	650,837,697.94	-	757,883,110.49	-
Due to GOCCs	9,911.21	-	9,911.21	-
Due to LGUs	24,064.67	-	37,564.67	-
Total	₱961,364,271.52	-	₱1,064,993,595.64	₱354,144.77

11.1 *Due to BIR* represents the balance of taxes withheld from compensation of PA personnel and payment to suppliers to be remitted thru either TRA (for Regular and BCDA Fund) or LBP Check (for other Fund Clusters) in January 2019.

PA Unit	2018	2017 As Restated
1 st ID	₱1,609,763.36	₱ 1,410,120.88
2 nd ID	1,486,455.46	1,664,115.13
3 rd ID	376,537.29	536,195.70
4 th ID	683,853.81	761,560.63
5 th ID	1,008,716.66	522,582.37
6 th ID	950,354.45	704,935.37
7 th ID/AAR/SOCOM	3,851,712.24	1,181,975.71
8 th ID	1,479,218.94	974,754.73
9 th ID	1,996,343.33	532,697.20
MID/TRADOC	6,117,444.72	5,436,140.63
51 st EBde	2,526,645.84	1,733,692.12
52 nd EBde	757,760.68	1,034,917.54
53 rd EBde	630,384.53	479,491.58
54 th EBde	745,087.10	905,666.54
HPA and Post Units	281,196,562.42	277,241,003.10
Total	₱305,416,840.83	₱295,119,849.23

11.1.1 This account was restated in 2017 FS due to set up of prior year claims recorded in 2018 but pertaining to 2017 transactions wherein, the corresponding taxes withheld were recognized upon delivery of goods or performance in case of services.

11.2 *Due to GSIS* consists of employees' premium payments and other payables withheld for remittance to GSIS.

11.3 *Due to Pag-IBIG* represents the employee's premium and other payables withheld for remittance to Pag-IBIG.

11.4 *Due to PhilHealth* consists of employees' premium and other payables withheld for remittance to PhilHealth. The balance includes the additional premiums withheld due to salary differential for the period January to March 2016.

11.5 *Due to NGAs* pertains to the unliquidated balance of inter-agency transferred fund for on-going projects from national government agencies being implemented by the military units as indicated below to be credited upon liquidation/completion of projects:

PA Unit	2018	2017 As Restated
2 st ID	₱ 500,000.00	₱ -
2 nd ID	500,000.00	1,900,360.00
3 rd ID	40,213,944.10	8,593,430.10
4 th ID	-	29,339,045.22
7 th ID	1,971,211.70	211.70
9 th ID	1,000,000.00	11,647,803.00
10 th ID	-	16,000.00
MID	966,956.41	598,636.41
TRADOC	883,628.00	2,528.00
51 st EBde	1,567,900.74	20,748,091.17
52 nd EBde	-	319,351,054.45
53 rd EBde	89,435,769.81	24,922,658.27
54 th EBde	111,621,046.14	53,019.23
HPA	402,177,241.04	340,710,272.94
Total	₱ 650,837,697.94	₱ 757,883,110.49

11.6 *Due to LGUs* consists of balance of fund transferred for the implementation of specific programs or projects.

12. Intra-Agency Payables

Accounts	2018	2017 As Restated
Due to Central Office	₱281,698,459.48	₱15,445,295.63

Due to Bureaus	1,200,000.00	1,200,000.00
Total	₱282,898,459.48	₱16,645,295.63

12.1 *Due to Central Office* pertains to the balance of transferred fund to operating units from HPA for the implementation of various projects

12.2 *Due to Bureaus* represents the receipt of fund from PA Provident Fund for the acquisition of motor vehicle.

13. Trust Liabilities

Accounts	2018	2017 As Restated
Trust Liabilities	₱ 299,333,406.37	₱ 231,755,416.37
Guaranty/Security Deposits Payable	221,050,601.53	145,897,891.25
Total	₱520,384,007.90	₱377,653,307.62

13.1 *Trust Liabilities* pertains to receipt of amount held in trust for specific purpose. This includes collections from light and water, Married Officers Quarters, proceeds from the sale of bid documents, receipt of performance bond, and insurance claimed from AFGIC.

PA Unit	2018	2017 As Restated
1 st ID	₱ 6,489.04	₱ 6,489.04
3 rd ID	1,509,200.00	1,525,200.00
4 th ID	27,022,621.12	18,380,247.76
6 th ID	500,000.00	
5 th ID	1,977,941.99	2,141,537.99
7 th ID	3,840,921.50	4,000.00
9 th ID	2,042,323.24	1,680,440.23
52 nd EBde	6,050.00	6,050.00
53 rd EBde	5,275,733.41	7,201,534.24
HPA	257,152,126.07	200,809,917.11
Total	₱299,333,406.37	₱231,755,416.37

13.2 *Guaranty/Security Deposits Payable* pertains to collections of winning bidder's bond, performance bond and 10 percent retention money payable to suppliers.

PA Unit	2018	2017 As Restated
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2 nd ID	₱79,874.34	₱79,874.34
4 th ID	20,300.00	-
7 th ID	373,198.08	373,198.08
10 th ID	210,217.00	210,217.00
MID/TRADOC	1,220,064.10	544,364.10
51 st EBde	56,865,066.58	40,147,709.41
53 rd EBde	1,255,319.99	291,130.77
HPA and Post Units	161,026,561.44	104,251,397.55
Total	₱221,050,601.53	₱145,897,891.25

14. Deferred Credits/Unearned Income

Accounts	2018	2017 As Restated
Other Deferred Credits	₱ 18,336,034.41	₱ 10,382,416.34
Other Unearned Revenue	385,000.00	385,000.00
Total	₱18,721,034.41	₱10,767,416.34

14.1 *Other Deferred Credits* consists of collection of overpayment of pay and allowances and B-4 accounts from military personnel. The B-4 accounts are deductions from the salaries of military personnel until such time that those overpayments have been fully recovered by the Agency.

14.1.1 This account was restated in 2017 FS due to set up of receivable account for loss of firearms recorded in 2018 but pertaining to 2017 transaction.

14.2 *Other Unearned Revenue* represents collections from military personnel for lost firearms deposited with Bureau of the Treasury.

15. Other Payables consists of deduction from the salaries of active employees pending remittances to various financial institutions, stale and cancelled checks from RCA/SFA and commutation account. It also includes collection from PA trust receipts such as rental fee from concessionaires, reimbursement from PhilHealth including professional fees, and unpaid Class “E” Allotment.

15.1 This account was restated in 2017 FS as an adjustment due to erroneous charging of liability accounts.

16. Tax Revenue pertains to fines and penalties due to erroneous classification of taxes withheld and remitted through TRA Nr 00080502018923563 for the month of July 2018.

Particulars	2018	2017 As Restated
Fines and Penalties – Taxes on Goods and Services	1,000.00	-

17. Service and Business Income

Particulars	2018	2017 As Restated
Service Income	76,410,290.86	61,703,417.79
Fines and Penalties - Service Income	2,235.05	240,761.27
Other Service Income	76,408,055.81	61,462,656.52
Business Income	26,832,309.67	30,060,500.04
Rent/Lease Income	14,007,918.85	7,703,829.58
Hospital Fees	11,747,858.00	20,808,966.62
Interest Income	1,035,757.26	1,522,285.76
Fines and Penalties - Business Income	40,775.56	25,411.07
Other Business Income	-	7.01
Total Service and Business Income	₱103,242,600.53	₱91,763,917.83

18. Personnel Services

Accounts	2018	2017 As Restated
Salaries and Wages	₱36,460,679,627.61	₱19,001,766,751.40
Other Compensation	30,310,075,275.01	25,642,823,135.17
Personnel Benefit Contributions	759,347,274.06	532,351,532.89
Other Personnel Benefits	4,721,034,366.59	2,960,734,731.37
Total	₱72,251,136,543.27	₱48,137,676,150.83

18.1 Salaries and Wages

Accounts	2018	2017 As Restated
Basic Salary-Civilian	₱308,625,274.63	₱283,289,622.65
Base Pay – Military/Uniformed Personnel	36,152,054,352.98	18,718,477,128.75
Total Salaries and Wages	₱36,460,679,627.61	₱19,001,766,751.40

18.1.1 The increase in Salaries and Wages account was brought about by the hiring of additional military and civilian personnel due to the activation of several offices. This is in line with the guidance of the Civil Service Commission (CSC) and the Department of Budget and Management (DBM).

18.2 Other Compensation

Accounts	2018	2017 As Restated
Personal Economic Relief	2,200,005,187.73	1,978,774,462.27

Accounts	2018	2017 As Restated
Allowance (PERA)		
Representation Allowance (RA)	240,000.00	286,774.19
Transportation Allowance (TA)	240,000.00	286,774.20
Clothing/Uniform Allowance	377,323,316.76	414,299,857.14
Subsistence Allowance	8,497,961,626.40	7,643,099,798.01
Laundry Allowance	36,068,878.19	32,555,239.67
Quarters Allowance	477,202,207.43	431,299,466.64
Honoraria	474,230.27	100,219.75
Hazard Pay	851,075,006.68	622,714,917.84
Longevity Pay	6,706,329,772.35	3,914,677,635.61
Overtime Pay and Night Pay	1,393,047.15	1,292,436.42
Year End Bonus	6,411,215,893.03	3,359,493,755.03
Cash Gift	17,746,441.95	438,972,720.60
Other Bonuses and Allowances	4,732,799,667.07	6,804,969,077.80
Total Other Compensation	₱30,310,075,275.01	₱25,642,823,135.17

18.3 Personnel Benefit Contributions

Accounts	2018	2017 As Restated
Retirement and Life Insurance Premiums	32,898,243.62	25,446,411.98
Pag-IBIG Contributions	106,849,244.38	100,284,704.05
PhilHealth Contributions	475,513,252.52	227,370,443.67
Employees Compensation Insurance Premiums	98,000,570.54	103,184,569.19
Provident/Welfare Fund Contributions	46,085,963.00	76,065,404.00
Total Personnel Benefit Contributions	₱759,347,274.06	₱532,351,532.89

18.3.1 The increase in PhilHealth Contributions was likewise brought about by the hiring of additional military and civilian personnel due to the activation of several offices. This is in line with the guidance of the Civil Service Commission (CSC) and the Department of Budget and Management (DBM).

18.4 Other Personnel Benefits

Accounts	2018	2017 As Restated
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Accounts	2018	2017 As Restated
Retirement Gratuity	6,888,823.44	7,329,779.92
Terminal Leave Benefits	4,428,351,746.96	2,798,604,603.51
Other Personnel Benefits	285,793,796.19	154,800,347.94
Total Other Personnel Benefits	₱4,721,034,366.59	₱2,960,734,731.37

18.5 These accounts were restated in 2017 FS due to set up of receivable accounts for the overpayments in pay and allowances incurred by PA personnel recorded in 2018 but pertaining to 2017 transaction.

18.6 The increase in the Terminal Leave Benefits was brought about by the increase in the number of casualties in several encounter.

19. Maintenance and Other Operating Expenses

Accounts	2018	2017 As Restated
Traveling Expenses	₱ 256,077,493.26	₱ 305,414,235.90
Training and Scholarship Expenses	399,822,874.41	373,542,314.59
Supplies and Materials Expenses	2,473,187,317.18	2,905,342,467.61
Utility Expenses	558,357,007.12	456,059,940.08
Communication Expenses	107,090,344.66	113,670,349.98
Awards/Rewards and Prizes	3,800,905.00	4,034,730.18
Survey, Research, Exploration and Development Expenses	1,263,916.54	1,705,350.00
Demolition/Relocation and Desilting/Dredging Expenses	-	750,000.00
Confidential, Intelligence and Extraordinary Expenses	444,000,000.00	444,000,000.00
Professional Services	17,374,666.77	34,758,612.18
General Services	7,389,694.90	7,634,268.27
Repairs and Maintenance	908,559,117.91	883,622,450.84
Taxes, Insurance Premiums and Other Fees	584,387,593.67	294,630,810.66
Labor and Wages	72,810,550.23	65,876,195.05
Other Maintenance and Operating Expenses	429,160,096.91	390,225,844.27
Total Maintenance and Other Operating Expenses	₱6,263,281,578.56	₱ 6,281,267,569.61

19.1 *Traveling Expenses*

Accounts	2018	2017 As Restated
Traveling Expenses – Local	218,945,254.49	229,912,727.41
Traveling Expenses - Foreign	37,132,238.77	75,501,508.49
Total Traveling Expenses	₱256,077,493.26	₱305,414,235.90

19.2 *Training and Scholarship Expenses*

Accounts	2018	2017 As Restated
Training Expenses	398,668,905.38	372,564,999.40
Scholarship Grants/Expenses	1,153,969.03	977,315.19
Total Training and Scholarship Expenses	₱399,822,874.41	₱373,542,314.59

19.3 *Supplies and Materials Expenses*

Accounts	2018	2017 As Restated
Office Supplies Expenses	133,641,865.86	130,046,593.96
Accountable Forms Expenses	767,850.00	764,896.00
Non-Accountable Forms Expenses	2,801,895.00	-
Animal/Zoological Supplies Expenses	4,156,899.50	4,803,690.00
Food Supplies Expenses	3,702,129.42	5,244,202.50
Welfare Goods Expenses	294,129,011.39	399,192,857.18
Drugs and Medicines Expenses	47,885,365.59	67,648,185.11
Medical, Dental and Laboratory Supplies Expenses	66,748,192.31	86,529,925.53
Fuel, Oil and Lubricants Expenses	856,619,630.46	767,807,293.99
Agricultural and Marine Supplies Expenses	10,000.00	-
Military, Police and Traffic Supplies Expenses	12,740,378.35	353,533,740.11
Chemical and Filtering Supplies Expenses	632,614.00	1,346,519.00
Semi-Expendable Machinery and Equipment Expenses	21,253,264.32	31,419,978.29
Semi-Expendable Furniture, Fixtures and Books Expenses	6,497,707.37	5,467,592.70
Other Supplies and Materials Expenses	1,021,600,513.61	1,051,536,993.24
Total Supplies and Materials Expenses	₱2,473,187,317.18	₱2,905,342,467.61

19.4 Utility Expenses

Accounts	2018	2017 As Restated
Water Expenses	143,247,325.30	129,183,280.22
Electricity Expenses	415,109,681.82	326,876,659.86
Total Utility Expenses	₱558,357,007.12	₱456,059,940.08

19.4.1 The increase in the Electricity Expenses was brought about by the activation of several offices.

19.5 Communication Expenses

Accounts	2018	2017 As Restated
Postage and Courier Services	1,514,207.31	1,709,851.32
Telephone Expenses	65,146,933.71	70,648,978.88
Internet Subscription Expenses	18,292,844.16	19,555,291.80
Cable, Satellite, Telegraph and Radio Expenses	22,136,359.48	21,756,227.98
Total Communication Expenses	₱107,090,344.66	₱113,670,349.98

19.6 Awards/Rewards and Prizes

Accounts	2018	2017 As Restated
Awards/Rewards Expenses	2,056,396.00	3,113,447.18
Prizes	1,744,509.00	921,283.00
Total Awards/Rewards and Prizes	₱3,800,905.00	₱4,034,730.18

19.7 Survey, Research, Exploration and Development Expenses

Accounts	2018	2017 As Restated
Survey Expenses	₱1,263,916.54	₱1,705,350.00

19.8 Demolition/Relocation and Desilting/Dredging Expenses

Accounts	2018	2017 As Restated
Demolition and Relocation Expenses	-	₱750,000.00

19.9 Confidential, Intelligence and Extraordinary Expenses

Accounts	2018	2017 As Restated
Intelligence Expenses	₱444,000,000.00	₱444,000,000.00

19.10 Professional Expenses

Accounts	2018	2017 As Restated
Legal Services	521,810.73	689,111.09
Auditing Services	2,933,746.63	2,824,830.95
Consultancy Services	2,241,600.00	23,480,554.00
Other Professional Services	11,677,509.41	7,764,116.14
Total Professional Services	₱17,374,666.77	₱34,758,612.18

19.11 General Services

Accounts	2018	2017 As Restated
Environment/Sanitary Services	79,975.00	80,000.00
Janitorial Services	3,853,481.74	5,298,134.67
Security Services	15,040.00	-
Other General Services	3,441,198.16	2,256,133.60
Total General Services	₱7,389,694.90	₱7,634,268.27

19.12 Repair and Maintenance

Accounts	2018	2017 As Restated
Repairs and Maintenance-Land Improvements	7,440,882.19	2,931,552.00
Repairs and Maintenance-Infrastructure Assets	11,949,647.13	13,080,559.15
Repairs and Maintenance-Buildings and Other Structures	381,767,721.97	314,068,879.08
Repairs and Maintenance-Machinery and Equipment	252,351,856.54	301,089,185.93
Repairs and Maintenance-Transportation Equipment	247,884,959.04	247,082,555.68
Repairs and Maintenance-Furniture and Fixtures	2,773,583.15	2,932,654.00
Repairs and Maintenance-Semi-Expendable Machinery and Equipment	3,790,063.89	2,316,826.00

Accounts	2018	2017 As Restated
Repairs and Maintenance- Semi-Expendable Furniture and Fixtures	586,186.00	48,000.00
Repairs and Maintenance- Other Property, Plant and Equipment	14,218.00	72,239.00
Total Repairs and Maintenance Expenses	₱908,559,117.91	₱883,622,450.84

19.13 Taxes, Insurance Premiums and Other Fees

Accounts	2018	2017 As Restated
Taxes, Duties and Licenses	553,448,014.48	267,248,169.94
Fidelity Bond Premiums	9,216,749.96	8,536,909.39
Insurance Expenses	21,722,829.23	18,845,731.33
Total Taxes, Insurance Premiums and Other Fees	₱584,387,593.67	₱294,630,810.66

19.13.1 The increase in Taxes, Duties and Licenses was brought about by the registration of the unregistered motor vehicles with the Land Transportation Office (LTO).

19.14 Labor and Wages

Accounts	2018	2017 As Restated
Labor and Wages	₱72,810,550.23	₱65,876,195.05

19.15 Other Maintenance and Operating Expenses

Accounts	2018	2017 As Restated
Advertising Expenses	580,577.60	401,131.80
Printing and Publication Expenses	17,874,556.72	13,284,061.56
Representation Expenses	368,458,031.77	318,966,300.38
Transportation and Delivery Expenses	19,746,577.32	29,653,805.41
Rent/Lease Expenses	15,572,347.22	13,942,001.08
Membership Dues and Contributions to Organizations	67,340.00	179,656.00
Subscription Expenses	2,405,831.39	2,036,668.40
Donations	50,000.00	50,000.00

Accounts	2018	2017 As Restated
Other Maintenance and Operating Expenses	4,404,834.89	11,712,219.64
Total Other Maintenance and Operating Expenses	₱429,160,096.91	₱390,225,844.27

19.16 These accounts were restated in 2017 FS due to set up of payable accounts for prior year expenses recorded in 2018 but incurred in 2017.

19.17 The Semi-Expendable Machinery and Equipment Expenses were restated in 2017 FS due to issuance of semi-expendable items to end-users evidenced by Inventory Custodian Slip (ICS) recorded in 2018 but issued in 2017.

20. Non-Cash Expenses

Particulars	2018	2017 As Restated
Depreciation/Impairment Loss		
Depreciation- Other Land Improvements	₱ 35,893,546.40	₱ 36,499,694.04
Depreciation-Infrastructure Assets	4,380,909.57	5,040,266.70
Depreciation-Buildings and Other Structures	260,267,764.79	295,767,773.02
Depreciation-Machinery and Equipment	796,332,710.56	809,958,700.35
Depreciation-Transportation Equipment	240,469,106.61	214,967,484.30
Depreciation-Furniture, Fixtures and Books	800,751.62	1,954,207.18
Depreciation-Other Property, Plant Equipment	3,640,715.63	2,291,972.75
Impairment Loss	23,250,987.38	10,374,901.82
Total Non-Cash Expenses	₱1,365,036,492.56	₱1,376,855,000.16

21. Net Financial Assistance/Subsidy

Particulars	2018	2017 As Restated
NCA received from DBM and GHQ		
Regular Agency	83,813,512,655.68	57,713,359,192.00
BCDA	176,421,434.00	219,315,788.00
Trust and Other Receipts	13,363,595.45	52,481,985.54
Total	84,003,297,685.13	57,985,156,965.54

Particulars	2018	2017 As Restated
Add: Tax Remittance Advice		
Regular Agency	2,639,433,823.02	2,622,738,288.32
BCDA	-	-
Total Subsidy from National Government	86,642,731,508.15	60,607,895,253.86
Less: Reversion of Unutilized NCA		
Regular Agency	9,227,828.03	3,511,499.81
BCDA	240,277.51	151,395.85
Trust and Other Receipts	3,149,931.50	0.00
Total Reversion	12,618,037.04	3,662,895.66
Sub-total	86,630,113,471.11	60,604,232,358.20
Adjustments	388,175,561.94	50,472,093.13
Net Subsidy from National Government	87,018,289,033.05	60,654,704,451.33
Subsidy from Central Office	485,791,288.79	373,249,368.69
Subsidy to NGAs	(5,217,558.98)	
Subsidy to Operating Units	(1,086,725,820.68)	(435,024,303.27)
Subsidies-Others	(1,091,987,394.40)	(620,884,940.00)
Total Financial Assistance/Subsidy	₱85,320,149,547.78	₱59,972,044,576.75

22. Other Non-Operating Income

Particulars	2018	2017 As Restated
Sale of Unserviceable Property		
53 rd EBde	₱ -	₱21,600.00
HPA and Post Units	2,736,000.00	116,270.00
Miscellaneous Income		
Proceeds from Insurance/Indemnities	1,678,909.13	0.00
Miscellaneous Income	16,328,468.11	21,550,261.19
TOTAL	₱20,743,377.24	₱21,688,131.19

23. Gains

PA Unit	2018	2017 As Restated
5 th ID	₱16.08	₱5.12
7 th ID	72,380.28	4,656,070.11
MID/TRADOC	190.89	
HPA and Post Units	30,400.67	178,623.63
Total	₱102,987.92	₱4,834,698.86

24. Adjustments on Accumulated Surplus

	Debit	Credit	Balance
a. Prior Period Errors	₱542,677,898.41	₱ -	₱(542,677,898.41)
b. Other Adjustments		8,798,267.00	8,798,267.00
c. Adjustment of Net Revenue recognized Directly in Net Assets/Equity			
Closing of Treasury/Deposit Accounts	73,075,257.28		(73,075,257.28)
Adjustments of Property, Plant, and Equipment	935,944,300.03		(935,944,300.03)
Other Adjustments		54,770,873.89	54,770,873.89
Total	1,009,019,557.31	54,770,873.89	(954,248,683.42)
Surplus/(Deficit) for the Period		₱5,580,411,983.39	₱5,580,411,983.39
d. Others			
Unrecorded collection		4,973,575.95	4,973,575.95
Adjustments of Property, Plant, and Equipment		18,631,084.82	18,631,084.82
Set up of Receivable Account		493,465.67	493,465.67
Transfer of collections to units		1,393,742.21	1,393,742.21
Receipt of collections from units	167,384.99		(167,384.99)
Various Adjustments		1,216,906,144.97	1,216,906,144.97
Total	167,384.99	1,242,398,013.62	1,242,230,628.63

25. Revaluation Surplus

Particulars	2018	2017 As Restated
Forwarded Balance	-	₱54,973,926,671.82
Recognition of 321.0997 hectares of land		
Recognition of 321.0997 hectares of land		
Add/(Deduct): Adjustments		(53,796,738,200.00)
Total	-	₱1,177,188,471.82

26. Adjustments on Cash Flows consist of the following:

Particulars	2018	2017 As Restated
Adjustment on Cash Inflows		
Restoration of Cash for Unreleased Checks	₱273,939.27	-
Restoration of Cash for Cancelled/Lost/Stale Checks/ADA	16,086,530.02	12,186,591.91
Reversal of Unused NCA for Special Account and Trust Receipts Fund	3,529,533.77	-
Other adjustments-Inflow	17,232,514,120.52	13,413,248,751.62
Total Adjustments on Cash Inflows	₱17,252,404,123.58	₱13,425,435,343.53
Adjustment on Cash Outflows		
Reversing entry for unreleased checks in previous year	-	314,132.45
Closing of Cash-Treasury/Agency Deposit Regular	73,075,257.28	414,623,564.02
Reversion/Return of unused NTA	9,325,080.01	
Other adjustments-Outflow	17,240,297,348.10	13,197,559,245.48
Total Adjustments on Cash Outflows	₱17,322,697,685.39	₱13,612,496,941.95

26.1 The Other adjustments – inflow and outflow pertain to Receipt of Notice of Transfer of Cash Allocation (NTCAs) by the different Army Field Accounting Units, Issuance of Notice of Transfer of Allocation (NTAs) to the different Field Accounting Units and adjustments on the erroneous usage of Cash Accounts.

27. Status of Allotments, Obligations and Balances

Expense Class	Allotment Received	Obligation	Unobligated Balances
Regular Fund			
Personnel Services	₱ 52,125,237,000.00	₱52,125,237,000.00	₱ -
Maintenance and Other Operating Expenses	11,092,493,000.00	9,735,387,563.95	1,357,105,436.05
Capital Outlay	780,402,000.00	297,569,421.75	482,832,578.25
Total Regular Fund	63,998,132,000.00	62,158,193,985.70	1,839,938,014.30
Automatic Appropriation			
RLIP (PS)	35,288,000.00	35,288,000.00	-
Customs, Duties and Taxes (MOOE)	543,081,915.00	543,081,915.00	-
Total Automatic Appropriation	578,369,915.00	578,369,915.00	-
Special Purpose Fund			
Misc. Personnel Benefit Fund	19,519,990,386.00	19,519,990,386.00	-
Pension and Gratuity Fund	2,494,404,625.00	2,494,404,625.00	-
Contingent Fund	2,636,304,268.00	2,142,037,293.52	494,266,974.48
Calamity Fund	51,375,500.00	8,619,091.15	42,756,408.85
Total Special Purpose Fund	24,702,074,779.00	24,165,051,395.67	537,023,383.33
Total BCDA Fund	183,628,563.00	4,038,046.44	179,590,516.56
Grand Total	₱89,462,205,257.00	₱86,905,653,342.81	₱2,556,551,914.19