



Republic of the Philippines
Department of Finance
PRIVATIZATION AND MANAGEMENT OFFICE

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR
FINANCIAL STATEMENTS**

The management of **Privatization and Management Office** is responsible for all information and representations contained in the accompanying Statement of Financial Position as of **December 31, 2022** and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the International Public Sector Accounting Standards and generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

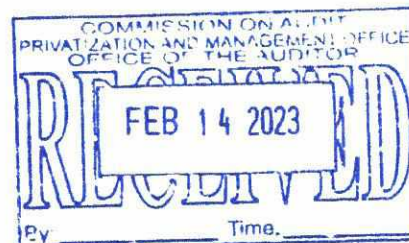

RHODORA B. TORRALBA
Chief Accountant

Date:

2/3/23


MAAN VANESSA L. DOCTOR
Chief Privatization Officer 

Date:



Privatization and Management Office

Statement of Financial Position

(All Funds)

As at December 31, 2022

| | Notes | 2022 | 2021 (Restated) |
|--|-------|----------------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | ₱ 227,536,817.75 | ₱ 285,850,203.86 |
| Investments | 6 | - | 6,380,082.86 |
| Receivables | 7 | 151,658,796.05 | 3,508,232.03 |
| Inventories | 8 | 1,642,443.26 | 3,175,674.31 |
| Other current assets | 11 | 3,074,610.30 | 114,163.75 |
| Total current assets | | 383,912,667.36 | 299,028,356.81 |
| Non-current assets | | | |
| Investments | 6 | 400,404,227.06 | 399,131,456.10 |
| Receivables | 7 | 17,881,246,132.70 | 15,519,670,016.33 |
| Inventories | 8 | - | - |
| Property, plant and equipment | 9 | 60,902,078.05 | 59,776,785.47 |
| Intangible Assets | 10 | 2,002,747.13 | 1,198,281.82 |
| Other non-current assets | 11 | 764,406.16 | 43,351,699.45 |
| Total non-current assets | | 18,345,319,591.10 | 16,023,128,239.17 |
| TOTAL ASSETS | | ₱ 18,729,232,258.46 | ₱ 16,322,156,595.98 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Financial liabilities | 12 | ₱ 16,846,292.07 | ₱ 16,928,956.79 |
| Inter-agency payables | 13 | 1,425,217.61 | 3,785,524.68 |
| Trust liabilities | 14 | 816,733.67 | 1,297,785.00 |
| Total current liabilities | | 19,088,243.35 | 22,012,266.47 |
| Non-current liabilities | | | |
| Inter-agency payables | 13 | 18,206,645,078.38 | 1,996,741.81 |
| Trust liabilities | 14 | 3,727,928.60 | 3,727,928.60 |
| Deferred credits | 15 | 337,939,687.54 | 15,968,817,128.87 |
| Total non-current liabilities | | 18,548,312,694.52 | 15,974,541,799.28 |
| TOTAL LIABILITIES | | ₱ 18,567,400,937.87 | ₱ 15,996,554,065.75 |
| TOTAL ASSETS LESS TOTAL LIABILITIES | | ₱ 161,831,320.59 | ₱ 325,602,530.23 |
| NET ASSETS/EQUITY | | | |
| Accumulated surplus/(deficit) | 16 | 161,831,320.59 | 325,602,530.23 |
| TOTAL NET ASSETS/EQUITY | | ₱ 161,831,320.59 | ₱ 325,602,530.23 |

This statement should be read in conjunction with the accompanying notes.

Privatization and Management Office
Statement of Financial Performance

(All Funds)

For the Year Ended December 31, 2022

| | Notes | 2022 | 2021 (Restated) |
|--|-------|---------------------------|---------------------------|
| Revenue | | | |
| Business income | 17 | ₱ 2,342,909.54 | ₱ 5,962,727.24 |
| Total revenue | | 2,342,909.54 | 5,962,727.24 |
| Less current operating expenses | | | |
| Personnel services | 18 | 76,889,726.62 | 71,050,709.09 |
| Maintenance and other operating expenses | 19 | 67,237,808.30 | 71,239,356.16 |
| Non-cash expenses | 20 | 4,367,038.48 | 2,445,508.19 |
| Current operating expenses | | 148,494,573.40 | 144,735,573.44 |
| Surplus/(deficit) from current operations | | ₱ (146,151,663.86) | ₱ (138,772,846.20) |
| Net financial assistance/subsidy | 21 | 101,515,260.95 | 83,252,182.70 |
| Losses | | - | (189,581.34) |
| Surplus/(deficit) for the period | | ₱ (44,636,402.91) | ₱ (55,710,244.84) |

This statement should be read in conjunction with the accompanying notes.

Privatization and Management Office
Statement of Changes in Net Assets/Equity

(All Funds)

For the Year Ended December 31, 2022

| | Notes | 2022 | 2021 (Restated) |
|---|-----------|-------------------------|-------------------------|
| Balance at January 1 | P | 325,602,530.23 | P 382,024,687.24 |
| Add/(Deduct): | | | |
| Change in accounting policy | | - | (1,537,463.34) |
| Restated balance | | 325,602,530.23 | 380,487,223.90 |
| Add/(Deduct): | | | |
| Changes in Net Assets/Equity for the Calendar Year | | | |
| Surplus/(Deficit) for the period | | (44,636,402.91) | (55,710,244.84) |
| Adjustment of net revenue recognized directly in net assets/equity | | - | (136,280.00) |
| Others | | (119,134,806.73) | 961,831.17 |
| Balance at December 31 | <i>16</i> | P 161,831,320.59 | P 325,602,530.23 |

This statement should be read in conjunction with the accompanying notes.

Privatization and Management Office**Statement of Cash Flows***(All Funds)*

For the Year Ended December 31, 2022

| | Notes | 2022 | 2021 |
|--|-------|-------------------------|-----------------------|
| Cash Flows from Operating Activities | | | |
| Cash Inflows | | | |
| Receipt of Notice of Cash Allocation | P | 103,062,072.19 | P 86,050,944.70 |
| Collection of income/revenues | | 98,527.77 | 15,768,975.45 |
| Collection of receivables | | 126,089,110.77 | 20,000.00 |
| Trust receipts | | 854,580,029.81 | 549,629,464.99 |
| Other receipts | | 35,014,261.64 | 150,712,942.66 |
| Adjustments | | 997,087.95 | 844,666.63 |
| Total Cash Inflows | | 1,119,841,090.13 | 803,026,994.43 |
| Cash Outflows | | | |
| Remittance to national treasury | 24 | 844,068,210.95 | 537,769,638.03 |
| Payment of expenses | | 108,212,300.71 | 100,624,673.12 |
| Purchase of inventory | | 1,127,858.90 | 1,325,428.96 |
| Grant of cash advances | | 1,348,959.82 | 940,668.62 |
| Prepayments | | 7,086,237.90 | 4,645,469.34 |
| Refund of deposits | | 50,605.75 | - |
| Payment of payables | | 8,332,272.51 | 8,562,322.46 |
| Remittance of personnel benefit contributions and mandatory deductions | | 21,582,316.72 | 25,055,724.32 |
| Release of inter-agency fund transfer | | 10,288,665.28 | 690,114.86 |
| Other disbursements | | 172,265,553.56 | 23,096,674.09 |
| Adjustments | | 673,654.19 | 669,396.69 |
| Reversal of unutilized NCA | | 1,546,811.24 | 2,798,762.00 |
| Total Cash Outflows | | 1,176,583,447.53 | 706,178,872.49 |
| Net Cash Provided by (Used in) Operating Activities | 22 | (56,742,357.40) | 96,848,121.94 |
| Cash Flows from Investing Activities | | | |
| Cash Inflows | | | |
| Proceeds from matured/return of investments | | 222,564.05 | 1,226,459.57 |
| Total Cash Inflows | | 222,564.05 | 1,226,459.57 |
| Cash Outflows | | | |
| Purchase of property, plant and equipment | | 94,642.85 | 341,282.13 |
| Purchase of intangible assets | | 1,682,949.91 | 492,759.38 |
| Total Cash Outflows | | 1,793,592.76 | 834,041.51 |
| Net Cash Provided by (Used in) Investing Activities | | (1,571,028.71) | 392,418.06 |
| Increase (Decrease) in Cash and Cash Equivalents | | (58,313,386.11) | 97,240,540.00 |
| Cash and Cash Equivalents, January 1 | | 285,850,203.86 | 188,609,663.86 |
| Cash and Cash Equivalents, December 31 | 5 | 227,536,817.75 | 285,850,203.86 |

This statement should be read in conjunction with the accompanying notes.

Privatization and Management Office**Statement of Comparison of Budget and Actual Amounts***(All Funds)*

For the Year Ended December 31, 2022

| Particulars | Notes | Budgeted Amount | | Actual Amounts on Comparable Basis | Difference Final Budget and Actual |
|---|--------|--------------------------|--------------------------|--|--|
| | | Original | Final | | |
| Receipts | | | | | |
| Services and business income | 23.4.1 | ₱ 72,323,580.60 | ₱ 72,323,580.60 | ₱ 2,105,199.91 | ₱ 70,218,380.69 |
| Total Receipts | | ₱ 72,323,580.60 | ₱ 72,323,580.60 | ₱ 2,105,199.91 | ₱ 70,218,380.69 |
| Payments | | | | | |
| Personnel services | | 76,088,000.00 | 78,225,686.00 | 77,025,533.73 | 1,200,152.27 |
| Maintenance and other operating expenses | 23.4.2 | 87,857,000.00 | 87,857,000.00 | 68,544,418.70 | 19,312,581.30 |
| Capital outlay | 23.4.3 | 6,150,000.00 | 6,150,000.00 | 5,104,495.51 | 1,045,504.49 |
| Total Payments | | 170,095,000.00 | 172,232,686.00 | 150,674,447.94 | 21,558,238.06 |
| Net Receipts/Payments | | ₱ (97,771,419.40) | ₱ (99,909,105.40) | ₱ (148,569,248.03) | ₱ 48,660,142.63 |

This statement should be read in conjunction with the accompanying notes.

Privatization and Management Office

Notes to Financial Statements

(All Funds)

For the Year Ended December 31, 2022

1. General Information/Agency Profile

The financial statements of Privatization and Management Office (PMO) were authorized for issue on February 14, 2023 as shown in the Statement of Management Responsibility for Financial Statements signed by Atty. Maan Vanessa L. Doctor, Chief Privatization Officer of PMO and Ms. Rhodora B. Torralba, Chief Accountant.

The PMO is an attached agency under the Department of Finance (DOF) that serves as (a) the marketing arm of the government with respect to transferred-assets, government corporations and other properties assigned to it by the Privatization Council (PrC) for disposition, pursuant to Executive Order (EO) No. 323, s. 2000, as well as (b) the disposition entity of properties transferred to the Republic under the Philippine Property Act of 1946, Republic Act (RA) No. 8, and EO No. 99, s. 1947, pursuant to EO No. 471, s. 2005.

The PMO's registered office is located at 104 Gamboa St., Legaspi Village, Makati City.

The PrC is the policy making body, also created under EO No. 323, and mandated to oversee the Philippine Government's privatization program. It approves all proposed privatization plans prepared by PMO and provides final approval for the proposed price and buyer for the assets. The PrC is a cabinet-level body composed of the Secretary of Finance as Chairman, with the Secretaries of Budget and Management, Trade and Industry, National Economic and Development Authority and Justice as Members. The National Treasurer and the Chairman of the Philippine Commission on Good Government sit in the PrC as non-voting members.

The PMO is the successor agency of the defunct Asset Privatization Trust (APT) whose term ended on December 31, 2000 pursuant to RA No. 8758 which mandated that upon the expiration of APT's corporate life, all powers, functions, duties and responsibilities, all properties, real or personal assets, equipment and records, as well as obligations and liabilities shall devolve upon the National Government (NG). Thus, EO No. 323 organized the PrC and the PMO to take over the functions of the Committee on Privatization (COP) and APT, respectively.

The assets for privatization include the following:

- a) Transferred assets from Philippine National Bank (PNB), Development Bank of the Philippines (DBP), Philippine Export and Foreign Loan Guarantee Corporation (PhilGuarantee), and National Development Company (NDC), which had been identified for privatization under Proclamation No. 50 (1986);
- b) Assets re-conveyed by the Land Bank of the Philippines (LBP);
- c) Government-Owned and Controlled Corporations (GOCC) and/or their specific/particular assets assigned on various dates to PMO by the PrC for disposition or dissolution; and
- d) Assets which PMO is the designated disposition entity.

APT ending balances as at December 31, 2000 are as follows:

| Particulars | Amount |
|-------------------------------------|----------------------------|
| Total Assets | ₱ 61,419,993,913.00 |
| Total Liabilities | ₱ 61,593,432,610.00 |
| Net Equity | (173,438,697.00) |
| Total Liabilities and Equity | ₱ 61,419,993,913.00 |

The above accounts were forwarded to PMO's books of accounts as beginning balances on January 1, 2001.

Merger with the Board of Liquidators (BOL)

EO No. 471, dated November 17, 2005, directed the merger of the BOL and the PMO, with the PMO as the surviving entity. The functions, rights, personnel, properties, assets, resources, technologies, materials and records, as well as the obligations and the liabilities of the BOL were merged with PMO. The assets and/or rights, which the BOL was mandated to dispose under EO No. 372, were transferred to the NG, which entrusted said assets and/or rights to the PMO for appropriate disposition.

The assets of the various entities absorbed by the defunct BOL include the Abaca Corporation of the Philippines (ABACORP), Land Settlement and Development Corporation (LASEDECO)/National Resettlement and Rehabilitation Administration, Leyte Sab-A Basin Development Authority (LSBDA), National Abaca and Other Fibers Corporation (NAFCO), National Coconut Corporation, National Marketing Corp (NAMARCO), and National Coal Authority (NCA).

The BOL's financial condition as of December 31, 2006, as adjusted based on actual cash balances per passbooks as of December 31, 2006, in accordance with the recommendations in Commission on Audit (COA) Annual Audit Report for 2006, combined with the PMO is presented below:

| Particulars | Amount |
|-------------------------------------|---------------------------|
| Total Assets | ₱ 1,816,987,257.18 |
| Total Liabilities | ₱ 1,787,850,277.81 |
| Net Equity | 29,136,979.37 |
| Total Liabilities and Equity | ₱ 1,816,987,257.18 |

The BOL was a self-sustaining agency without subsidy requirement from the NG since its creation in 1950. Its operational expenses were being funded from the liquidation proceeds of the abolished corporations under its administration as authorized under EO No. 372, s. 1950, and the pertinent EOs abolishing/liquidating the particular corporations.

The BOL assets for disposition turned over to the PMO consisted of landholdings owned by the defunct corporations administered by the BOL.

PMO assets for disposition

Assets for disposition by PMO comprise of real estate, building and improvement, plant, and equipment, financial instruments or other financial interests, equity investments, such as mining claims, and financial form, like loan and other receivables. As of December 31, 2022, total transfer price of these assets amounts to ₱50,434,416,289.23 as shown in the attached *Schedule 1*. This amount is not recorded in the books of the PMO as the Bureau of the Treasury (BTr) is the authorized government agency directed to take up in the books of accounts of the NG all transactions contemplated with the transfer of assets and liabilities to NG, pursuant to Administrative Order Nos. 14, s. 1987 and 64, s. 1988. As of even date, there are:

- a) Seventy-three (72) various entities classified as "Transferred Assets" from PNB and DBP per Deed of Transfer both dated February 27, 1987, from NDC per Deed of Transfer dated November 14, 1988, and from PhilGuarantee per Deed of Transfer dated March 8, 1989;
- b) Thirty-five (35) financial assets re-conveyed by LBP per PrC letter dated October 16, 2009;
- c) Twelve (12) GOCCs per Committee on Privatization/PrC letters dated September 29, 1998, December 10, 1999, and September 25, 2002; and
- d) Other assets which the PMO is the designated disposition entity.

In addition, assets for disposition include BOL assets turned over to the PMO under EO No. 471 amounting to ₱27,345,128,764.00, as recorded in the books of the BTr based on PMO Asset Register Information System (ARIS) as of December 31, 2021, which consist of:

1) ABACORP Accounts

| Description | Propety Number TCT : TD | Area (Sq. M.) |
|--|---|------------------|
| Portion of Lot No. 2, Plan Psu - 46225 Brgy. Poblacion, Municipality of Tigaon Camarines Sur (residential) | TCT No. T-1080 Abaca Producer's Cooperative Association NAFCO-ABACORP | 6,633 |
| Lot No. 6154, Cad 370, Iriga Cadastre Brgy. San Agustin, Iriga City Camarines Sur (resd'l/commercial) | TD No. 014-0656 and TD No. 014-1705 ABACORP | 2,300 |
| Parcel of land covered by Plan Psu 69478 San Juan, Municipality of Iriga Camaines Sur (agricultural) | TCT No. 9679 ABACORP | 68,544 |
| Lot Nos. 1091, 313 & 325 pt., Cad 308-D located in Brgy. Balud, Gubat Sorsogon (residential) | T-1619 | 3,992 |
| Tract of agricultural land situated in Sitio Toctocan, Del Pilar, Municipality of Caramoan, Camarines Sur | TCT No. 9678 ABACORP | 239,624 |
| Total | | 321,093 |

2) LASEDECO Accounts

| Location | Home Lots | Total Land Area (sq. m.) | Class Farm Lots | Total Land Area (sq. m.) |
|-------------------------------|---------------|--------------------------------|-----------------|-----------------------------|
| I. General Santos City | | | | |
| GSC | 1,756 | 965,181.46 | 136 | 5,063,440.00 |
| Polomolok | 1,663 | 2,275,993.00 | 331 | 10,746,477.00 |
| Tupi | 1,474 | 1,824,125.51 | 672 | 50,529,242.00 |
| Total | 4,893 | 5,065,299.97 | 1,139 | 66,339,159.00 |
| II. Koronadal | | | | |
| Koronadal City | 1,556 | 1,916,960.44 | 182 | 2,953,956.10 |
| Banga | 4,343 | 5,390,213.55 | 45 | 2,203,539.00 |
| Surallah | 1,998 | 2,223,988.58 | 104 | 3,160,405.00 |
| Sto. Niño | 1,411 | 1,562,197.06 | 71 | 2,426,580.00 |
| Tampakan | 730 | 1,006,902.57 | 90 | 2,156,089.00 |
| Total | 10,038 | 12,100,262.20 | 492 | 12,900,569.10 |
| III. Isulan | | | | |
| Norala | 1,781 | 2,329,389.14 | 170 | 7,895,854.00 |
| Isulan | 1,398 | 1,523,821.18 | - | - |
| Cabanatuan City | 1 | 438.00 | - | - |
| Total | 3,180 | 3,853,648.32 | 170 | 7,895,854.00 |
| Grand Total | 18,111 | 21,019,210.49 | 1,801 | 87,135,582.10 |

3) NAFCO/Alien Properties (formerly enemy-owned corporations and associations)

| Accounts/Location | No. of Plantation | No of Lots Undisposed | Area to be Disposed (sqm) |
|-------------------|----------------------|--------------------------|---------------------------------|
| Davao Provinces | 22 | 1,113 | 20,798,588 |
| Davao City | 47 | 1,507 | 15,045,167 |
| Cebu City | 1 | 58 | 7,358 |
| Quezon | 1 | 227 | 185,724 |
| Tarlac | 1 | 49 | 119,024 |
| Zamboanga | 1 | 6 | 104,891 |
| Jose Abad Santos | 1 | 31 | 191,308 |
| Negros Occidental | 2 | 3 | 142,925 |
| Maguindanao | 1 | 1 | 40,971 |
| Total | 77 | 2,995 | 36,635,956 |

4) NAMARCO Accounts

| Description | Property Number TCT : TD | Area (Sq. M.) |
|--|--|------------------|
| Lot 1-A-2, Psd-03-107804 (AR) with an area of 103,585 sq. m. and Lot 1-B-2, Psd-03-107804 (AR) with an area of 38,442 sq. m. located in Licab, Nueva Ecija less 11,881 sq.m. disposed lots | TCT No. NT-18442 Register of Deeds of Cabanatuan City | 130,146 |
| Lots Nos. 1672-A, Psd-123572 (AR) with an area of 18,525 sq. m. and Lot 1672-D, Psd-123572 (AR) with an area of 8,754 sq. m. located in Guinayangan, Quezon | TCT No. T-49644 (now TCT No. T-374588 RP-DAR)TD No. 12-0390185 | 27,279 |
| Total | | 157,425 |

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

The accompanying financial statements have been prepared in accordance with the Government Accounting Manual and the Revised Chart of Accounts per Commission on Audit (COA) Circular 2020-001 dated January 8, 2020 and complies with the Philippine Public Sector Accounting Standards (PPSASs) per COA Resolution No. 2014-003 dated January 24, 2014, renamed to International Public Sector Accounting Standards (IPSASs) under COA Resolution 2020-001 dated January 9, 2020.

The 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 financial statements are prepared on an accrual basis in accordance with the IPSAS.

3.2 Fair Value of Transferred Assets

The PMO does not regularly procure appraisal of transferred assets on a yearly basis to minimize expenses on appraisal fees. Appraisal of transferred asset shall be procured only once it is scheduled for disposition.

3.3 Financial Instruments – Financial Risk Management

The nature of PMO operations inevitably involves financial risks that must be measured, monitored, and managed by an effective risk management system. Effective risk management ensures that financial risks taken are properly identified, assessed, measured, and managed. The diligent monitoring and management of financial risks require the development of a risk-conscious culture that will influence daily business activities and decision-making.

PMO develops risk management policies and procedures that address specific financial risks and monitors strict compliance thereto.

PMO has significant exposures to the following financial risk from its use of financial instruments:

- Credit risk
- Foreign currency risk

The management is responsible for the overall risks management approach and approving the risk strategies and principles.

Credit risk

Credit risk is the risk of financial loss arising from the counterparties' inability or unwillingness to settle their financial obligation to the PMO as expected or originally contracted.

PMO requires the submission of the following in the process of disposition of assets worth at least ₱50 million:

1. General requirements – Security and Exchange Commission registration, Department of Trade and Industry registration, Articles of Incorporation and By-laws or its equivalent; Business Structure and General Information Sheet or equivalent information if individual or partnership;
2. Technical requirements – track record as reputable proprietor/ institution/ corporation; and
3. Financial requirements – latest audited financial statements.

The table below shows the PMO maximum credit risk exposure which is equivalent to the total carrying amount of the financial assets.

| Accounts | Amount | Past Due |
|---------------------------------------|--------------------------|--------------------------|
| Loans Receivables-Others | 190,121,802.29 | 190,121,802.29 |
| Operating Lease Receivable | 38,390,968.38 | 26,469,450.87 |
| Finance Lease Receivable | 17,130,849,705.13 | 16,790,044,482.86 |
| Due from National Government Agencies | 341,639,301.32 | 3,900,827.61 |
| Due from GOCCs | 218,047,165.85 | 13,952,883.09 |
| Other Receivables | 13,319,875.87 | 12,635,363.51 |
| Totals | 17,932,368,818.84 | 17,037,124,810.23 |

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The PMO has transactional currency exposures. Any increase or decrease of the foreign currencies against the peso posts significant foreign exchange gains or losses relating to receivables.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, net of outstanding bank overdrafts.

3.5 Inventories

Inventories are measured at cost upon initial recognition. After initial recognition, inventories are measured using the weighted average method.

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

3.6 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:

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

An item of PPE is recognized as an asset if:

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

Measurement at Recognition

An item recognized as PPE is measured at cost.

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

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

Cost includes the following:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement after Recognition

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

When significant parts of PPE are required to be replaced at intervals, the PMO recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

Depreciation

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

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

Initial Recognition of Depreciation

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

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

Depreciation Method

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

Estimated Useful Life

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

The PMO uses a residual value equivalent to 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 PMO derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.7 Intangible Assets

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

Intangible assets life is amortized over its useful life:

| | |
|-------------------|--------------|
| Computer software | 1 to 5 years |
|-------------------|--------------|

The straight-line method is adopted in the amortization of intangible assets.

Intangible assets are assessed for impairment whenever there is an indication that the asset may be impaired. Gains or losses arising from 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.

3.8 Contingent liabilities

The PMO does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

3.9 Litigation/Acquired assets expenses

Expenses incurred by the PMO in connection with litigation proceedings and registration/consolidation of ownership of acquired assets as well as those incurred in their preservation/maintenance and disposal are charged to Litigation/Acquired Assets Expenses account.

3.10 Change in accounting policies and estimates

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

The PMO recognizes the effect of changes in accounting estimate prospectively by including in surplus or deficit.

The PMO corrects 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.

3.11 Foreign currency transactions

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the currency and the foreign currency at the date of transaction.

At each reporting date, foreign currency monetary items are translated using the closing rate.

3.12 Revenue from exchange transactions

As provided in EO No. 323, PMO is allowed to retain commissions, due diligence fees and proceeds from the sale of Asset Bidding Rules, information memoranda and similar documents, as well as a portion or percentage of proceeds from disposition efforts, not to exceed ten percent (10%), to be approved by the PrC, to maintain a revolving fund to be utilized for the payment of fees and reimbursable expenses and of the cost and expenses incurred in the conservation and disposition of the assets held or in the performance of its other responsibilities under EO 323. The amount retained is measured at fair value and recognized upon remittance of trust receipts to the BTr.

3.13 Budget information

The annual budget is prepared on cash basis and is published in the PMO and Department of Budget and Management (DBM) websites.

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.

3.14 Employee benefits

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

The PMO recognizes expenses for accumulating compensated absences when these are paid (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.

3.15 Measurement uncertainty

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

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. Actual results could differ from these estimates.

4. Change in Accounting Policy

On September 1, 2022, in compliance with COA Circular No. 2022-004 dated May 31, 2022, the PMO changed its capitalization threshold from ₱15,000.00 to ₱50,000.00. This capitalization threshold represents the minimum cost of an individual asset recognized as a PPE on the Statement of Financial Position.

The effect of this change in the financial statements is summarized below:

| | Effect on 2022 |
|---|-----------------------|
| Statement of Financial Position | |
| Decrease in Property, Plant and Equipment | ₱ 1,086,854.60 |
| Decrease in Net Assets/Equity | ₱ 1,086,854.60 |
| | Effect on 2021 |
| Statement of Financial Performance | |
| Decrease in Revenue | ₱ 492,475.48 |
| Decrease in Suplus | 492,475.48 |
| Statement of Financial Position | |
| Decrease in Property, Plant and Equipment | 1,044,987.86 |
| Decrease in Net Assets/Equity | ₱ 1,537,463.34 |

5. Cash and Cash Equivalents

| Accounts | 2022 | 2021 |
|--|-------------------------|-------------------------|
| Cash on Hand | | |
| Cash - Collecting Officer | ₱ 50.00 | ₱ 147,340,611.47 |
| Petty Cash | 72,640.94 | 50,547.31 |
| Total Cash on Hand | 72,690.94 | 147,391,158.78 |
| Cash in Bank - Local Currency | | |
| Cash in Bank Local Currency, Current Account - LBP | 227,464,126.81 | 138,459,045.08 |
| Total Cash in Bank - Local Currency | 227,464,126.81 | 138,459,045.08 |
| Total Cash and Cash Equivalent | ₱ 227,536,817.75 | ₱ 285,850,203.86 |

The LBP Interest Bearing Current Account maintained for the Retention Fund of the PMO is authorized under EO No. 323.

6. Investments

| Financial Assets - Others | | | | |
|--|--------------------------|-------------------------|----------------------|-------------------------|
| As at December 31, 2022 | | | | |
| | Investments in Stocks | Investments in Bonds | Other Investments | TOTAL |
| Balance as at January 1, 2022 | ₱ 396,162,423.94 | ₱ 2,969,032.16 | ₱ 6,380,082.86 | ₱ 405,511,538.96 |
| Addition/Receipt of transfer/Interest | | 1,869,322.98 | | 1,869,322.98 |
| Less Investments collected | | (596,552.02) | | (596,552.02) |
| Adjustments | | | (6,380,082.86) | (6,380,082.86) |
| Balance as at December 31, 2022 | ₱ 396,162,423.94 | ₱ 4,241,803.12 | ₱ - | ₱ 400,404,227.06 |
| Current Investments | ₱ - | ₱ - | ₱ - | ₱ - |
| Non-Current Investments | 396,162,423.94 | 4,241,803.12 | - | 400,404,227.06 |
| Total Investments | ₱ 396,162,423.94 | ₱ 4,241,803.12 | ₱ - | ₱ 400,404,227.06 |

Financial Assets - Others

As at December 31, 2021

| | Investments in Stocks | Investments in Bonds | Other Investments | TOTAL |
|--|--------------------------|-------------------------|-----------------------|-------------------------|
| Balance as at January 1, 2021 | ₱ 396,162,423.94 | ₱ 3,189,241.58 | ₱ 6,324,553.97 | ₱ 405,676,219.49 |
| Addition/Receipt of transfer/Interest | - | 987,764.42 | 55,528.89 | 1,043,293.31 |
| Less Investments collected | - | (1,207,973.86) | - | (1,207,973.86) |
| Adjustments | - | 0.02 | - | 0.02 |
| Balance as at December 31, 2021 | ₱ 396,162,423.94 | ₱ 2,969,032.16 | ₱ 6,380,082.86 | ₱ 405,511,538.96 |
| Current Investments | - | - | ₱ 6,380,082.86 | ₱ 6,380,082.86 |
| Non-Current Investments | 396,162,423.94 | 2,969,032.16 | - | 399,131,456.10 |
| Total Investments | ₱ 396,162,423.94 | ₱ 2,969,032.16 | ₱ 6,380,082.86 | ₱ 405,511,538.96 |

6.1 Investments in stocks:

Investments in stocks represent shares of stocks of Semirara Mining and Power Corporation (SMPC) amounting to ₱396,162,423.94.

The NDC, a GOCC created and existing by virtue of Presidential Decree No. 1648, owns 34,093,974 shares in SMPC, a corporation registered under Philippine laws and listed in the Philippine Stock Exchange.

Republic Act No. 7656 and the concomitant Implementing Rules and Guidelines mandated GOCCs to remit to the National Government (NG) a portion of its net earnings in the form of cash dividends, stock dividends or property dividends. NDC has dividends payable to NG, pertaining to years 1996 to 2014 in the total amount of ₱2,014,935,463.50. In addition, NDC has other outstanding obligations to the NG as follows:

| | |
|---|---------------------------|
| 1. NG Advances relating to payment of NDC loan to the GFIs on account of First Centennial Clark Corporation | |
| a. Principal | ₱ 1,500,000,000.00 |
| b. Interest as of 30 September 2015 | 366,198,750.00 |
| Total | <u>1,866,198,750.00</u> |
| 2. Payable to the BTr relating to National Steel Corporation | 35,928,529.50 |
| 3. Guarantee Fees due to the BTr | 39,891,508.62 |
| Total | ₱ 1,942,018,788.12 |

Likewise, NDC has existing outstanding obligations with the PMO amounting to ₱396,162,423.94. Details of which is as follows:

| | |
|---|-------------------------|
| 1. Payable to PMO (DBP) relating to Eliscon Assets | ₱ 325,899,477.94 |
| 2. Payable to PMO (DBP) relating to NCS-Pasig Steel | 70,262,946.00 |
| Total | ₱ 396,162,423.94 |

On December 18, 2015, a Memorandum of Agreement (MOA) was executed by the Republic of the Philippines, the PMO, the Bureau of the Treasury (BTr) and the NDC wherein NDC agreed that it shall transfer and cede its SMPC shares to NG and PMO to settle its NG and PMO outstanding obligations as described above. All SMPC shares, including shares applicable to NDC's obligation to NG, were transferred to, and held-in-trust by the PMO. For obligation-settlement purposes, the total value of SMPC shares transferred as of December 31, 2015 amounts to ₱4,326,525,300.60 computed by multiplying the total number of shares at the closing rate of ₱135.00 per share less six percent (6%) discount or ₱126.90 per share. The value of shares applicable to NDC's obligation to NG is recorded in the books of the BTr.

On February 23, 2017, the Board of Directors of SMPC approved the issuance of three hundred percent (300%) stock dividends to stockholders of record as of September 15, 2017. As of December 31, 2022, the number of shares totaled 136,375,896 with a closing rate of ₱34.50 per share or a total value of ₱4,704,968,412.00.

6.2 Investment in bonds

Investment in bonds represents partial settlement of the DBP of its obligation which was due to the discrepancy in the transfer price of Northern Cement Corporation account under the Deed of Transfer dated February 27, 1987 as reconciled through DBP letter dated August 31, 1999.

6.3 Other Investments

Other investments representing Fixed Term Deposit with the BTr amounting to ₱6,380,082.86 was reclassified to “Due from National Government Agencies” account.

7. Receivables

| Accounts | 2022 | | | 2021 | | |
|--------------------------|-------------------------|----------------------------|----------------------------|-----------------------|----------------------------|----------------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Loans and Receivables | ₱ 736,639.08 | ₱ 190,121,802.29 | ₱ 190,858,441.37 | - | ₱ 194,381,654.24 | ₱ 194,381,654.24 |
| Lease Receivables | 142,907,346.11 | 17,130,849,705.13 | 17,273,757,051.24 | - | 15,302,097,894.86 | 15,302,097,894.86 |
| Inter-Agency Receivables | 4,748,598.42 | 554,937,868.75 | 559,686,467.17 | 9,727.56 | 17,853,710.70 | 17,863,438.26 |
| Other Receivables | 3,266,212.44 | 5,336,756.53 | 8,602,968.97 | 3,498,504.47 | 5,336,756.53 | 8,835,261.00 |
| Total Receivables | ₱ 151,658,796.05 | ₱ 17,881,246,132.70 | ₱ 18,032,904,928.75 | ₱ 3,508,232.03 | ₱ 15,519,670,016.33 | ₱ 15,523,178,248.36 |

7.1 Loans and Receivables

| Accounts | 2022 | | | 2021 | | |
|--|---------------------|-------------------------|-------------------------|----------|-------------------------|-------------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Interest Receivable | ₱ 736,639.08 | - | ₱ 736,639.08 | - | ₱ 4,259,851.95 | ₱ 4,259,851.95 |
| Loans Receivable - Others | - | 190,121,802.29 | 190,121,802.29 | - | 190,121,802.29 | 190,121,802.29 |
| Total Loans and Receivable Accounts | ₱ 736,639.08 | ₱ 190,121,802.29 | ₱ 190,858,441.37 | - | ₱ 194,381,654.24 | ₱ 194,381,654.24 |

7.1.1 *Interest Receivable* amounting to ₱736,639.08 represents: (1) ₱701,369.86 – accrued interest as of December 31, 2022 on 1st installment due on December 15, 2023 from the Local Government of Tacloban City on the sale of Leyte Park Hotel; and (2) ₱35,269.22 – accrued penalty for non-payment of monthly lease rental of Unimasters Conglomeration, Inc. on the lease of same property.

7.1.2 *Loans Receivable – Others* include:

Pamplona Redwood and Veneer Corporation (PARVI), P190,121,802.29 – outstanding balance of obligation under APT’s Direct Debt Buy-Out (DDBO) scheme.

PARVI is a domestic corporation formerly engaged in the business of logging, sawmilling and wood processing. It obtained several loans from the PNB and the National Investment and Development Corporation (NIDC). To secure the said loans, PARVI mortgaged its properties in favor of PNB.

On February 27, 1987, a Deed of Transfer was executed by and between the PNB and the NG wherein the former’s financial claim against PARVI was transferred to the latter with a total transfer price of ₱190,879,910.00, which the latter subsequently assigned to APT for disposition through Trust Agreement executed on same date.

One of the modes of disposition adopted by APT in disposing transferred assets was the Direct Debt Buy-Out (DDBO) scheme. Under the said scheme, owners of assets in financial form, such as PARVI, may settle their account through: (1) DDBO based on Transfer Price; or (2) DDBO based on the average of two highest

appraisal values of asset.

PARVI submitted several proposals to settle their loan obligations under the DDBO scheme which the APT and the COP approved. However, these DDBOs were subsequently cancelled due to PARVI's failure to settle its obligation despite a number of extensions granted by APT on PARVI's requests.

On August 9, 1990, another proposal was approved by the COP on PARVI's account for a DDBO settlement price of ₱419,620,991.11.

As of April 23, 1992, the Statement of Account of PARVI amounts to ₱190,121,802.29. The amount is exclusive of advances on insurance premium and interest on advances amounting to ₱2,052,183.00 and ₱804,914.23 respectively. Summary of the account is as follows:

| Particulars | Amount |
|--|-----------------------|
| DDBO approved Price | 419,620,991.11 |
| Less: Payment from Escrow Account - | |
| Total Cash released by PNB | 101,745,116.21 |
| Payment from Escrow Account - | |
| Purchase of Marc Rich Papers | 52,514,503.55 |
| Total cash payment by PARVI | 9,520,380.24 |
| Total cash payment by Fuga Island Holdings, Inc. | 135,442,677.28 |
| | 299,222,677.28 |
| Balance | 120,398,313.83 |
| Add Interest from 09/14/90 to 9/30/91 | 69,723,488.46 |
| DDBO balance, 4/23/92 | 190,121,802.29 |

In 1997 & 1998, two of the real properties securing PARVI's loan were sold in public auction by the Bureau of Internal Revenue – Revenue District Office No. 3 of Tuguegarao, Cagayan and by the Sandiganbayan through Tax Delinquency Sale.

The APT Board of Trustees, during its meeting on February 10, 1999, approved the foreclosure of PARVI's remaining mortgaged properties. The said board decision was issued despite the new proposal of PARVI for the release of PARVI's properties so that it can offer the same for sale with the intention to pay the balance of its obligation out of the proceeds thereof.

The APT did not enforce the foreclosure proceeding of PARVI's remaining properties until the expiration of its corporate term on December 31, 2000. In accordance with RA No. 7181, as amended by RA Nos. 7661, 7886, and 8758, the claim reverted to the National Government (NG), which assigned the same for disposition to the PMO.

A discussion on the settlement of the obligations of PARVI with the NG temporarily shelved the plans of the PMO to foreclose the mortgaged properties. In a letter dated December 6, 2005, a proposal was made by Ms. Ruthie Lim-Santiago, administratrix of the estate of Alfonso D. Lim, Sr., and her lawyers, to settle the obligation of PARVI by way of dacion en pago of the mortgaged properties in favor of the NG. In reply thereto, the PMO made its counterproposal in its letter dated January 16, 2006. Due to the failure of Ms. Lim-Santiago to respond to PMO's counter proposal, a demand letter was sent to her to submit her proposal within (15) days upon receipt. After several demand letters sent by PMO to make comments on its counter proposal, the estate, through the letter dated May 16, 2006 of its lawyer, Atty. Reynald R. Suarez, reiterated its previous proposal without conveying its acquiescence or denial on PMO's counter-proposal.

The PMO is currently reviewing the Office of the Solicitor General's (OSG) draft petition for extra-judicial foreclosure of real estate mortgage.

7.2 Lease Receivable

| Accounts | 2022 | | | 2021 | | |
|--------------------------------|-------------------------|----------------------------|----------------------------|-------------------|----------------------------|----------------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Operating Lease Receivables | ₱ 38,390,968.38 | ₱ - | ₱ 38,390,968.38 | ₱ 29,250,000.00 | ₱ - | ₱ 29,250,000.00 |
| Finance Lease Receivables | 104,516,377.73 | 17,130,849,705.13 | 17,235,366,082.86 | 15,272,847,894.86 | 15,272,847,894.86 | 15,272,847,894.86 |
| Total Lease Receivables | ₱ 142,907,346.11 | ₱ 17,130,849,705.13 | ₱ 17,273,757,051.24 | ₱ - | ₱ 15,302,097,894.86 | ₱ 15,302,097,894.86 |

7.2.1 *Operating Lease Receivables* include the following accounts:

- a. Unimasters Conglomeration, Inc. (UCI), ₱26,451,916.09 – Balance of the unpaid rental for the lease of Leyte Park Hotel (LPH), computed based on the Decision of the RTC Branch 9, Tacloban City dated April 27, 2020 and Writ of Execution by the same Court dated September 30, 2021.

LPH is a transferred asset from DBP, conveyed by NG to APT now PMO through Deed of Transfer dated February 27, 1987, located at Magsaysay Boulevard, Tacloban City. It is owned by: (1) APT, which holds 34% of the shares of the property; (2) the Philippine Tourism Authority, which holds 40%; and, (3) the remaining 26% is owned by the Province of Leyte.

On September 15, 1994, APT entered into a Contract of Lease with UCI wherein the latter will lease LPH for twelve (12) years at a monthly fee of ₱300,000.00 during the entire lease period, payable on or before the 16th calendar day of each month commencing on October 16, 1994. In case of non-payment by UCI of the monthly rental, a penalty of three percent (3%) per month shall be imposed of the unpaid amount and shall accrue from the date of nonpayment. Real property taxes shall be for the account of the APT. Any payment of real property taxes by UCI shall be credited against any amount due from UCI to APT.

During the efficacy of the contract, UCI defaulted on its obligation to pay the monthly rentals which prompted PMO to send several demand letters to but no payment was made. On September 7, 2006, PMO wrote UCI a letter notifying the same that its obligation remained unsettled; informing further that the contract will expire on September 15, 2006 and will not be renewed; and requiring UCI to surrender and return the leased property to PMO.

Previously, in 2004, the COA issued Audit Observation Memorandum No. 007 recommending PMO to record in its books the unpaid rental due from UCI amounting to ₱15,059,851.95, including interest as of December 31, 2003. PMO complied with the recommendation and recorded an accrued monthly rental of ₱300,000.00. Total unpaid rental and total interest as at date amount to ₱29,250,000.00 and ₱4,259,851.95 respectively.

On September 13, 2006, UCI filed a complaint for specific performance, injunction and damages with urgent prayer for issuance of a temporary restraining order and/or writ of preliminary injunction before the Regional Trial Court, Makati City, docketed as Civil Case No. 06-781. The complaint seeks to, among others, enjoin PMO from taking over the property; declare the termination of the contract as null and void; declare the contract renewed for another twelve (12) years; and direct the conduct of an accounting to determine the true and correct amount of lease rentals to be paid by UCI.

On March 10, 2010, an Ejectment Case against UCI was filed by PMO with the Municipal Trial Court in Cities, Tacloban City docketed as Civil Case no. 2010-03-CV-2 for non-payment of monthly rentals.

The Makati Regional Trial Court issued its decision on October 14, 2014 ordering UCI to pay PMO, PTA and the Province of Leyte the accrued rentals from years 2001 to 2013 and the additional monthly rentals until September 15, 2018. Further, the trial court reduced the monthly rental during the period that UCI was allegedly not issued a business permit; did not impose the 3% default penalty against UCI in accordance with the provision of the Contract of Lease; considered as the Contract renewed; and

ordering PMO, PTA and the Province of Leyte to pay the City Government of Tacloban the accrued real property taxes on the LPH.

PMO filed a petition with the Court of Appeals (CA) docketed as CA-G.R. No. CV-104905 with the prayer that the Decision dated October 14, 2014 and the Order dated April 21, 2015 of the Regional Trial Court, Makati City be reversed and set aside and a new decision be rendered. In a Resolution dated May 28, 2019, the CA partially granted PMO's appeal, affirming and modifying the RTC's Decision and stating that accrued rentals are due from UCI and that from September 16, 2018 until UCI returns the possession of LPH to the PMO, Tourism Infrastructure and Enterprise Zone Authority (TIEZA), and the Province of Leyte, UCI shall be liable to pay for monthly rent of ₱363,000.00.

In a letter dated December 8, 2016, UCI, through its president Wilson L. Chan, submitted a proposal for the settlement of its obligation. On January 18, 2018, PMO transmitted a letter to Mr. Chan rejecting the latter's offer, stating that the amount was way below the fair market value of LPH.

On October 1, 2019, PMO through the OSG filed a comment on the Motion for Reconsideration filed by UCI on the CA Resolution dated August 19, 2019. In a Resolution dated December 01, 2020, the CA reaffirmed its Resolution dated May 28, 2019.

A Writ of Execution dated September 30, 2021 was issued by the RTC Branch 9, Tacloban City in PMO vs. UCI. On October 13, 2021 the Sheriff issued the Notice of Writ of Execution directing UCI to vacate the LPH and comply within 30 days upon receipt of such notice, which was received by Mr. Wilson Chan on October 27, 2021.

UCI requested the Sheriff for an extension and upon Sheriff's approval on the extension, the UCI finally vacated the LPH property on December 12, 2021.

On July 25, 2022, PMO received from UCI an offer for the settlement of its outstanding unpaid rentals. In response, PMO reiterated that the settlement of the cases involving PMO and UCI still requires the concurrence of the Province of Leyte and TIEZA. In addition, terms and conditions on the proposed settlement shall be subject to the concurrence of the OSG, as the PMO's statutory counsel, and that the signing and execution of any document reflecting the amicable settlement and withdrawal of all pending cases shall only be made upon UCI's full compliance with the PMO's terms and conditions.

- b. Various Lessees, ₱11,939,052.29 – represents unpaid lease rental from various lessees based on Statement of Accounts as of December 31, 2022:

| Assets | Lessees | Amount |
|-----------------------------------|---|------------------------|
| Elorde Sports Tourism Development | Arsenio Soriano | ₱ 8,000.00 |
| | Jeffrey Soriano | (0.80) |
| | Maximo Llantos | 12,000.00 |
| | Melencio Basco | 168,000.00 |
| | Nelson Mendoza | 151,260.64 |
| | Rotillo Atok | 144,812.50 |
| Leyte Park Hotel | Globe Telecom, Incorporated | 8,899.90 |
| | Manila Broadcasting Company | 12,439.54 |
| National Housing Authority | Asia Wood International Corporation | 213,678.08 |
| | Chonta Industrial Packaging | 811,795.60 |
| | G4MANNA Import-Export Marketing, Inc. | 9,592.00 |
| | Global Energy Technicians, Incorporated | 9,504.00 |
| | Innovative and Creative Products, Incorporated | 5,002.00 |
| | LBP Resources and Development Corporation | 1,600,000.00 |
| | Magnificat Niches, Incorporated | 6,336.00 |
| | White Eagle International Trading, Incorporated | 33,528.00 |
| Philippine International Center | Star Parks Corporation | 8,744,204.83 |
| Total | | ₱ 11,939,052.29 |

- c. Other Operating Lease Receivables which are unrecorded in PMO books:

1. Sunvar Realty Corporation – ₱2,141,246,848.93

On January 29, 2003 the PrC designated PMO as disposition entity of a NG/National Power Corporation-Makati Property consisting of parcels of land located between Pasong Tamo and Vito Cruz Extension, Makati City, which was subject of a lease agreement for twenty five (25) years from January 1, 1978 to December 31, 2002 subject for renewal for another 25 years upon mutual agreement between National Government/National Power Corporation (NG/NPC) and Technology Resources Center Foundation, Inc. (TRCFI), whose functions were later assumed by Philippine Development Alternatives Foundation (PhilDAF) in February 17, 1987 following the reorganization of the government. Under the lease contract, TRCFI/PhilDAF has the right to sublease the leased land which it did in favor of Sunvar Realty Corporation (“Sunvar”) commencing on different dates and ending on December 31, 2002. On June 3, 2002, NG/NPC notified PhilDAF of its decision not to renew the lease contract. The OSG wrote on February 22, 2008 to Sunvar to completely vacate the leased land and on January 26, 2009, a Final Notice to Vacate. Subsequently, the OSG filed for unlawful Detainer Case at the Metropolitan Trial Court (MTC), Makati City on July 23, 2009. On June 10, 2015 the MTC issued a decision ordering Sunvar to vacate the premises they occupy and surrender possession; and pay NG/NPC/PMO back rentals of Four Hundred Seventy Eight Million Two Hundred Thousand and Six Hundred Pesos (₱478,200,600.00) as at May 2015 with monthly rental of Three Million Two Hundred Nine thousand Four Hundred Pesos (₱3,209,400.00) beginning June 2015 up to and until Sunvar shall have finally vacated the premises as reasonable compensation for the use and occupancy of the premises.

As a result of the 14 August 2015 Resolution of the CA, Sheriff Robert T. Bautista of the Regional Trial Court Branch 141 of Makati issued a Notice to Vacate, on 15 August 2017 until 22 August 2017, ordering the surrender of the properties within three (3) days from receipt of the notice.

A Sheriff's Return on Writ of Execution dated 14 August 2017 was issued on 22 August 2017, placing PMO in possession of the premises. On even date, PMO acknowledged the turnover of the properties subject of the writ.

The RTC Branch 141 of Makati City affirmed the MTC decision, with modification, ordering Sunvar to pay NG/NPC/PMO as reasonable compensation for its occupation of the property the amount of Six Hundred Thirty Million One Hundred Twenty Three Thousand Seven Hundred Pesos (₱630,123,700.00) from January 1, 2003 to March 31, 2009, and the amount of Ten Million Three Hundred Sixty Four Thousand Pesos (₱10,364,000.00) per month from April 1, 2009 increasing gradually by Ten (10) percent per year until July 31, 2017 considering that Sunvar and all persons claiming rights under it have vacated the premises in August 2017.

Sunvar filed an Omnibus Motion challenging the execution of the MTC Decision. On June 19, 2019, the PMO received a copy of RTC Order dated June 11, 2019, denying the Omnibus Motion by Sunvar for lack of merit.

7.2.2 *Finance Lease Receivables* consist of the following:

| Accounts | Current | Non-Current | Total |
|--|-------------------------|----------------------------|----------------------------|
| G. Holdings, Inc. | ₱ - | ₱ 241,702,122.86 | ₱ 241,702,122.86 |
| Provincial Government of Abra | 71,200,000.00 | - | 71,200,000.00 |
| Philnico Industrial Corporation | - | 16,477,142,360.00 | 16,477,142,360.00 |
| Social Housing Finance Corporation | - | 45,321,600.00 | 45,321,600.00 |
| Local Government of Tacloban City | 33,316,377.73 | 366,683,622.27 | 400,000,000.00 |
| Total Finance Lease Receivables | ₱ 104,516,377.73 | ₱ 17,130,849,705.13 | ₱ 17,235,366,082.86 |

- a) G. Holdings, Inc. (GHI), ₱241,702,122.86 – representing unpaid balance of the purchase price of 4,500,000 shares of stock and company notes of Maricalum Mining Corporation (MMC) sold by APT to GHI.

On October 2, 1992, a Purchase and Sale Agreement was entered into by and between the Republic of the Philippines through the APT and the GHI, a Stock Corporation registered with the SEC, for the disposition of MMC which is a transferred asset from the DBP and PNB.

Under the Agreement, APT undertook to sell and deliver the following to GHI in consideration of the total purchase price of ₱673,161,280.00:

- 1) 90% of the entire issued and outstanding shares of MMC with a par value of ₱4,500,000.00; and,
- 2) Company Notes amounting to ₱3,258,771,000.00.

The Agreement also provided for a down payment of ₱98,704,000.00 which was settled by GHI under APT Official Receipt Nos. 14445 and 16618 dated August 18, 1992 and October 22, 1992 respectively, with the balance of ₱574,457,280.00 divided into four tranches payable in installment over a period of ten (10) years.

On April 6, 1993, GHI complied with the payment of 1st installment amounting to ₱2,467,600.00 which reduced the account to ₱571,989,680.00.

GHI filed a case for specific performance and damages with the Regional Trial Court (RTC) Manila due to conflicting interpretations of the reckoning date of payment of the balance of the purchase price. The Republic claimed that it should be on the seventh month from the signing of the agreement while GHI insisted that it should begin seven (7) months after the fulfillment of the closing conditions. The RTC Decision dated June 11, 1996 ordered the APT to execute the corresponding document of transfer and cause the actual delivery of subject shares and notes to GHI within a period of thirty (30) days from receipt of the Decision after the GHI shall have paid in full the entire balance at its present value of ₱241,702,122.86, computed pursuant to the prepayment provisions of the Agreement. GHI shall pay

the balance simultaneously with the delivery of the Deed of Transfer and actual delivery of the shares and notes.

The RTC's decision was affirmed by the Supreme Court (SC) in its Notice of Judgment dated November 22, 2005. Consequently, the account balance was adjusted to ₱241,702,122.86.

In a Decision dated July 19, 2010, the RTC issued a Decision mandating both APT and GHI to appoint their respective representatives to meet, confer, and discuss, any and all pending matters, issues, and items of the transaction for the finalization and execution of the pertinent closing documents. However, despite PMO's earnest efforts to locate GHI and/or its officers, the latter cannot be located.

The OSG in its legal opinion dated August 11, 2021 stated that for its failure to execute the RTC and SC decisions for a period of more than 10 years, GHI's rights had already prescribed and is now barred by laches. It appears that GHI never pursued an action to enforce the judgment in its favor and is therefore, deemed to have abandoned it. Given the application of both prescription and laches, PMO is not bound to accept any payment from GHI assuming an offer is made on the prescribed claim.

The MMC Mining claims may still be disposed by the PMO, in accordance with the well-enshrined Regalian doctrine provided in Article XII (National Economy and Patrimony) of the 1987 Constitution, further embodied in Sec. 7 of EO No. 79, s. 2012 (*"Institutionalizing and Implementing Reforms in the Philippine Mining Sector Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources"*), which provides that abandoned ores and mine wastes and/or mill tailings generated by previous and now defunct mining operations belong to the State and shall be developed and utilized through competitive public bidding in accordance with pertinent provisions of law.

- b) Provincial Government of Abra (PGA), ₱71,200,000.00 – represents balance of the ₱100,200,000.00 purchase price of Celophil Resources Corporation (CRC) sold by PMO to the PGA.

On January 27, 2004, PMO entered into a Deed of Conditional Sale with PGA wherein all the remaining assets of CRC, a transferred asset by NG to APT pursuant to Trust Agreement dated February 27, 1987, consisting of lands, buildings and other improvements, machinery and equipment were conditionally sold by PMO to PGA for the purchase price of ₱100,200,000.00 with the following payment terms:

| Particulars | Amount |
|---|------------------------|
| Purchase Price | ₱ 100,200,000.00 |
| Down Payment | |
| PGA's allotment from Tobacco Excise Tax (R.A. 7171) which will be assigned to PMO | ₱ 33,700,000.00 |
| Off-setting of PGA's tax claims/receivables against PMO/CRC | 30,000,000.00 |
| Balance | ₱ 36,500,000.00 |

Balance shall be paid as follows:

| Particulars | Amount |
|---------------|------------------------|
| December 2004 | ₱ 12,166,666.67 |
| December 2005 | 12,166,666.67 |
| December 2006 | 12,166,666.66 |
| Total | ₱ 36,500,000.00 |

A Deed of Assignment was executed by and between PMO and PGA on January 28, 2004 whereby PGA assigned, transferred and conveyed its unremitted share from NG of the proceeds of the Tobacco Excise Tax in the amount of ₱33,700,000.00 and its tax claims against PMO amounting to ₱30,000,000.00 as down payment of the purchase price. Furthermore, an addendum to the Deed of Conditional Sale was signed on January 30, 2004 stating that PGA shall cause the dismissal of all tax

claims filed against PMO/CRC and shall assume responsibility as to the outcome of all the cases filed for and against PMO/CRC.

On April 12, 2004, the DBM clarified that the release of PGA's share from RA 7171 to the PMO contravenes the provision of Memorandum Circular No. 61-A dated November 28, 1993 and the shares from RA 7171 shall be released directly to the local government units concerned.

PGA has made total payments of ₱29,000,000.00 from 2005 to 2007. Balance of PGA's obligation in PMO books amounts to ₱71,200,000.00 (purchase price of ₱100,200,000.00 less total payments of ₱29,000,000.00). This amount is still inclusive of ₱30,000,000.00 to be paid through offsetting the tax claim which will be adjusted upon receipt of documents from PGA relative to the dropping of the case.

On January 20, 2017, a collection/demand letter was sent by PMO to PGA. In a letter to Sec. Carlos Dominguez of the DOF dated August 6, 2019, the PGA signified the intention to pay and offered to settle the outstanding amount in 36 monthly amortizations.

The PMO in a letter dated February 11, 2021 had submitted its recommendations to the PrC on PGA's proposal to settle. The PGA submitted another letter dated November 10, 2022 with a proposal on their target settlement period.

The PMO endorsed to the PrC on December 12, 2022 for its approval of PGA's proposal on the settlement of its outstanding obligations.

- c) Philnico Industrial Corporation (Philnico), ₱16,477,142,360.00 - represents peso equivalent of the unpaid balance of US\$263,762,000.00 purchase price of 22,500,000 shares of stock, representing 90% ownership, in Nonoc Mining and Industrial Corporation (NMIC Shares), which were sold by APT to Philnico in 1996.

Nonoc Mining and Industrial Corporation (NMIC) was incorporated by the PNB and DBP as the assignee of all the foreclosed mining assets (i.e., Nickel Refinery Plant, buildings and equipment, and mining rights over the Nonoc Mining Area) of Marinduque Mining and Industrial Corporation (MMIC). In 1986, pursuant to Proclamation No. 50 issued by President Corazon C. Aquino, PNB and DBP transferred all its shares in NMIC to the APT for privatization and disposition.

APT Disposition of Shares in NMIC

In 1989, APT sought to privatize the NMIC Shares through a sale by public bidding which failed. Thereafter, APT sought proposals for the outright purchase and/or lease with option to purchase the mining rights for the Nonoc Mining Area. In 1990, APT entered into a Definitive Agreement with Philnico for the sale of the NMIC Shares, subject to the condition that a Mineral Production and Sharing Agreement (MPSA) be issued to NMIC for the Nonoc Mining Area.

Philnico failed to comply with the conditions of the Definitive Agreement despite several extensions due to its failure to obtain the financing needed to bring the nickel refinery back in operation. In 1995, Philnico sold all its shares in Philnico to Pacific Nickel Holdings Limited (PNHL).

In 1996, Philnico/PNHL negotiated with APT for the restructuring of the payment terms for the purchase of the NMIC Shares. Thus, the Amended and Restated Definitive Agreement (ARDA) was entered into on May 10, 1996 between APT and Philnico.

The ARDA provides the amortization schedule for payment of the purchase price for the NMIC Shares. On September 27, 1999, the terms of payment were amended through an Amendment Agreement such that: (a) the purchase price of USD 260 million was payable in 23 semi-annual installments over a period of 15 years from 1999 (inclusive of a 3-1/2 year grace period), with Philnico being obliged to pay only 50% of each principal installment if the average LME price of nickel during the six-month period ending one-month prior to such installment payment date is not higher than the Company's cash break-even

price for such period; (b) the purchase price of US\$ 3.762 million was payable in 171 monthly installments from 1996 to 2010; and (c) the advances made by APT to settle labor claims amounting to ₱74,501,000.00, and to settle the receivables of Marc Rich and Phillip Brothers Oceanic, Inc. amounting to US\$ 29.77 million, were payable in semi-annual installments from 2003 to 2014. Five years into the payment schedule, Philnico failed to pay the monthly amortizations for its purchase of the NMIC Shares.

Issuance and Assignment of the MPSA

In 1991, in compliance with the Definitive Agreement, NMIC applied for an MPSA with the Department of Environment and Natural Resources (DENR). On September 2, 1996, President Fidel V. Ramos, after initial grant and revocation of MPSA, which both occurred in 1995, through the Executive Secretary, approved the reinstatement of the MPSA in the name of Philnico. Thus, in 1997, APT and Philnico entered into a Supplemental Agreement allowing the assignment by Philnico of the MPSA to its subsidiary, Pacific Nickel Philippines, Inc. (PNPI). Furthermore, a Pledge Agreement was entered into whereby Philnico pledged in favor of the Government the: (a) NMIC Shares; and (b) 250,000 shares of stock it owned in PNPI (PNPI Shares), as security for the payment of the Purchase Price. On August 7, 1997, the DENR approved the Amendment to Philnico's MPSA, the Deed of Assignment of MPSA by Philnico to PNPI, and the Mineral Processing Permit of NMIC.

Transfer of Claim to PMO

Upon the expiration of APT's corporate term on December 31, 2000, in accordance with Republic Act (RA) No. 7181, as amended by RA Nos. 7661, 7886, and 8758, the claim reverted to the National Government, which assigned the same for disposition to the PMO.

On September 14, 2016, the Regional Trial Court of Makati issued an Order in relation to the complaint filed by Philnico for Prohibition against Reversion of Shares with Prayer for Writ of Preliminary Injunction and/or Temporary Restraining Order, Suspension of Payment and Fixing of Period of Payment, against PMO, Philnico Processing Corp. (PPC) and the Corporate Secretary of PPC docketed as Civil Case No. 03-114, which granted the motion for summary judgment. Philnico was directed to commence installment payments to PMO under the ARDA not later than December 31, 2021 or after the first of the two nickel processing plant is placed under commercial operations in accordance with the pertinent provisions of the ARDA, whichever comes earlier, and covering the following installment payments:

- 1) Resumption of the installment payments on the "smaller portion" of the purchase price under the ARDA; and
- 2) Commencement of the installment payments on the (i) "bigger portion" of the purchase price under the ARDA in the amount of \$260 Million; (ii) \$29.77 Million; and (iii) the ₱74.501 Million portions.

On October 11, 2016, PMO, through the OSG, filed a notice of appeal assailing the Order, which was denied per Notice of Judgement and Decision dated February 27, 2019. Subsequently, PMO filed an Entry of Appearance and Motion for Reconsideration on March 28, 2019, which was again denied per CA Resolution dated November 07, 2019. On 20 January 2020, PMO filed a Petition for Certiorari, assailing the CA Decision dated 27 February 2019 and CA Resolution dated 07 November 2019. The case was docketed as GR No. 251138.

On December 17, 2021, the PMO received the SC First Division's Resolution dated September 14, 2021, denying the PMO's Motion for Reconsideration with finality.

In a letter dated December 14, 2021, Philnico signified its intention to comply with the Order dated September 14, 2016, for the resumption of the monthly payments by Philnico to the PMO under the ARDA, which payment shall commence not later than December 31, 2021. Accordingly, on December 28, 2021, Philnico requested PMO to issue an Order Payment covering installment payments totaling \$2,892,400.00.

However, in a reply letter of even date, the PMO stated that the installment payments based on Philnico's letter dated December 28, 2021 did not conform to the Order, and provided the total amount due in accordance with the ARDA dated May 10, 1996.

On December 29, 2021, despite the letter of the PMO which provided the amounts in accordance with the Order, Philnico delivered its payment based on its own computation as stated in its letter dated December 28, 2021. Since the amount of the Manager's Checks did not conform to the amounts quoted by the PMO based on the Order, the PMO issued an Official Receipt indicating that the Manager's Checks received were only in "partial payment" of the obligation under the Order and the ARDA.

The PMO submitted a report on the disputed payment to the PrC which instructed the PMO to explore other options with regard to Philnico's checks including the placement of the checks in escrow or return the same to Philnico. In either case, the PMO should protest the incorrect payment by Philnico and qualify that whichever action taken by PMO would not foreclose PMO's rights to protect its interest and that of the NG.

The PrC approved in its meeting on November 28, 2022 the actions to be taken in reference to the SC Resolution. The PMO was authorized to file a Motion for Execution of the RTC Order dated September 14, 2016 as affirmed by the SC, and was asked to prepare a legal opinion on whether applying the payments under escrow will amount to a waiver of PMO's rights under the SC Decision.

The PMO submitted to the PrC the requested legal opinion on December 7, 2022 in a Memorandum dated December 2, 2022.

As of December 31, 2022, the Statement of Account of Philnico amounts to ₱16,477,142,360.00, details follow:

| Particulars | Due Date | In US Dollar | Peso Equivalent |
|------------------------------------|---------------------------------|-----------------|----------------------------|
| Purchase Price | | | |
| Shares of Common Stocks (Note 1) | Due from Aug. 1996 to Sep. 2010 | \$ 3,762,000.00 | |
| Shares of Common Stocks (Note 2) | Due from Sep. 2003 to Sep. 2014 | 260,000,000.00 | \$ 263,762,000.00 |
| Less Total Payments | | | 1,254,000.00 |
| Balance | | | 262,508,000.00 |
| Add Repayment of Advances (Note 3) | Due from Sep. 2003 to Sep. 2014 | | 29,770,000.00 |
| Total | | 292,278,000.00 | ₱ 16,402,641,360.00 |
| Add Advances (Note 4) | Due from Sep. 2003 to Sep. 2014 | | 74,501,000.00 |
| TOTAL | | | ₱ 16,477,142,360.00 |

Note: US dollar was converted using BSP Average Rate of US\$ 1.00: ₱ 56.120 as at Dec. 29, 2022

Note 1 - Represents sales price of the 22,500,000 shares of Common Stock of NMIC, payable in 171 monthly installments. The 1st installment to begin 9 months from the date of the Final notice as defined in the ARDA (i.e., Nov. 29, 1995) or on August 29, 1996.

Note 2 - Represents sales price of the 22,500,000 shares of Common Stock of NMIC (in addition to Note 1), payable in 23 successive semi-annual installments to begin 3 1/2 years from the date of Amendment Agreement (AA) (i.e., September 27, 1999) or on September 27, 2003 as per Annex B of the AA.

Note 3 - Represents advances made by APT for the settlement of the receivables of Marc Rich and Philip Brother Oceanic, Inc. from NMIC, payable in 23 successive semi-annual installment to begin 3 1/2 years from the date of AA (i.e., September 27, 1999), or on September 27, 2003 as per Annex C of the AA.

Note 4 - Represents advances made by APT for the settlement of labor claims against NMIC's assets, payable in 23 successive semi-annual installments to begin 3 1/2 years from the date of AA (i.e., September 27, 1999) or on September 27, 2003 as per Annex D of the AA.

- d) Social Housing Finance Corporation (SHFC), ₱45,321,600.00 – represents balance of the ₱56,652,000.00 purchase price of parcels of land sold by PMO to SHFC.

On July 11, 2016, PMO entered into a Deed of Absolute Sale with SHFC wherein five (5) parcels of land, formerly owned by the National Coconut Corporation (NACOCO), entrusted by the NG to PMO for administration and disposition pursuant to EO No. 471 dated November 17, 2005, with a total area of 2,360.50 sq. m. were sold to SHFC for a total consideration of ₱56,652,000.00. The amount of ₱11,330,400.00 was paid by SHFC to PMO in August 2016 representing twenty percent (20%) of the purchase price. The balance of ₱45,321,600.00 shall be paid upon cancellation of the encumbrance annotated on the titles and the submission of the original owner's duplicate copies of titles, free from liens and encumbrances.

On September 30, 2019, the PMO through the OSG filed a Petition for cancellation of Annotation of Encumbrances of Transfer Certificates of Title. On September 1, 2020, an Amended Petition was filed by PMO through OSG in compliance with the court order to state the exact address of the subject property.

PMO received an Order dated August 2, 2021 which ordered the Summons and Notice of Hearing served thru publication. In compliance with the RTC Order, PMO served thru publication, once a week for two (2) consecutive weeks in a newspaper of general circulation, the Notice of Hearing dated August 2, 2021 and the Summons dated October 4, 2021.

The scheduled jurisdictional hearing for the years 2021 to 2022 were cancelled due to the surge of Covid-19 cases.

On November 17, 2022, PMO, thru OSG, filed a motion to set the case for jurisdictional hearing, for the court's resolution.

- e) Local Government of Tacloban City (LGTC), ₱400,000,000.00 – represents balance of the purchase price of LPH sold by PMO to the LGTC.

A Deed of Conditional Sale dated December 1, 2022 was executed between PMO and LGTC on the sale of properties including land, buildings and other improvements located in Tacloban City collectively known as the LPH, with a total purchase price of ₱500,000,000.00, with the following terms: (1) 20% upfront payment; and (2) remaining balance spread out in equal installments within the 10 year period with interest rate of four percent (4%) per annum.

7.3 Inter-Agency Receivables

| Accounts | 2022 | | | 2021 | | |
|--|-----------------------|-------------------------|-------------------------|-------------------|------------------------|----------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Due from National Government Agencies ₱ | 4,748,598.42 ₱ | 336,890,702.90 ₱ | 341,639,301.32 ₱ | 9,727.56 ₱ | 3,900,827.61 ₱ | 3,910,555.17 |
| Due from Government-Owned or Controlled Corporations | - | 218,047,165.85 | 218,047,165.85 | - | 13,952,883.09 | 13,952,883.09 |
| Total Inter-Agency Receivables ₱ | 4,748,598.42 ₱ | 554,937,868.75 ₱ | 559,686,467.17 ₱ | 9,727.56 ₱ | 17,853,710.70 ₱ | 17,863,438.26 |

7.3.1 Due from National Government Agencies

This account comprises:

| NGAs | Particulars | Amount |
|--|--|-------------------------|
| DBM Procurement Service | Advances made for purchase of office supplies and computer software licenses. | ₱ 650.30 |
| Presidential Commission on Good Government (PCGG) | Expenses incurred by APT in the disposition of sequestered assets of the PCGG. | 3,900,827.61 |
| Bureau of the Treasury | Fixed Term Deposit | 6,528,107.04 |
| Bureau of the Treasury | Retention from disposition for PrC approval | 4,711,568.92 |
| Bureau of the Treasury | Escrow Deposit of Philnico Payments | 326,461,768.25 |
| Bureau of the Treasury | Over Remittance | 36,379.20 |
| Total Due from National Government Agencies | | ₱ 341,639,301.32 |

Bureau of the Treasury – Escrow Deposit of Philnico Payments – ₱326,461,768.25 – represents escrow deposit with the BTr as of December 31, 2022 in connection with the sale of ninety percent (90%) of the shares in Nonoc Mining and Industrial Corporation and the Supreme Court Resolution in G. R. No. 251138 entitled PMO vs. Philnico Industrial Court and the Honorable Court of Appeals. (Please see Note 7.2.2.c, Finance Lease Receivable – Philnico Industrial Corporation).

7.3.2 Due from Government-Owned or Controlled Corporations

This account includes the following items:

| GOCCs | Particulars | Amount |
|---|--|-------------------------|
| Development Bank of the Philippines | Consultancy fees and other expenses | ₱ 4,995,782.47 |
| Development Bank of the Philippines | Discrepancy in transfer price of Norther Cement Corp | 204,094,282.76 |
| Government Service Insurance System | Reimbursement of expenses for the repair of 3rd party car, Honda Civic UBK-564, damaged by Mitsubishi Pajero assigned to CPO RSC; Repair of Suzuki Vitara; Repair of Nissan Cefiro | 79,629.60 |
| North Davao Mining Corporation | COA adjustments | 8,877,471.02 |
| Total Due from Government-Owned or Controlled Corporations | | ₱ 218,047,165.85 |

7.4 Other Receivables

| Accounts | 2022 | | | 2021 | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Receivables - Disallowances/Charges | ₱ 2,564,580.84 | ₱ - | ₱ 2,564,580.84 | ₱ 2,584,580.84 | ₱ - | ₱ 2,584,580.84 |
| Due from Officers and Employees | 17,119.24 | - | 17,119.24 | - | - | - |
| Other Receivables | 684,512.36 | 12,635,363.51 | 13,319,875.87 | 913,923.63 | 12,635,363.51 | 13,549,287.14 |
| Allowance for Impairment - Other Receivables | - | (7,298,606.98) | (7,298,606.98) | - | (7,298,606.98) | (7,298,606.98) |
| Total Other Receivables | ₱ 3,266,212.44 | ₱ 5,336,756.53 | ₱ 8,602,968.97 | ₱ 3,498,504.47 | ₱ 5,336,756.53 | ₱ 8,835,261.00 |

7.4.1 Receivables – disallowances/charges

Receivables – disallowances/charges amounting to ₱2,564,580.84 includes: a) PMO disallowances amounting to ₱1,894,555.64 representing disallowances for unauthorized foreign travel expenses, excessive remittance of

employer's share on the mandatory Pag-IBIG contribution, excessive claim of representation allowance, and unauthorized charging of transferred asset expenses against PMO revolving fund; and b) BOL disallowances amounting to ₱670,025.20.

APT disallowances amounting to ₱22,646,642.95 – only ₱7,381,103.05 of this amount has supporting documents from COA. PMO has not likewise found any supporting Notice of Disallowance (ND) for the remaining ₱15,265,539.90. COA has noted that there is likewise an unaccounted difference for verification of ₱9,142,143.88 per letter dated August 15, 2012.

7.4.2 Due from Officers and Employees

This account represents receivable from officers and employees amounting to ₱17,119.24 due to: (1) adjustment in withholding taxes from compensation; and (2) remittances of employee's share in Philhealth premium contribution and payment of GSIS salary loan which will be deducted from the employee's last pay.

7.4.3 Other Receivables

This account includes the following items:

| Name / Corporation | Particulars | Amount |
|--|---|------------------------|
| Mile Long Complex | Operational expenses incurred for Mile Long Complex, reimbursed to PMO from rental collections on a monthly basis | ₱ 684,512.36 |
| Calinog- Lambunao Sugar Mill | COA adjustments – APT's receivable on approved sales for the month of September to October 1990. | 162,709.38 |
| Marinduque Mining and Industrial Corp. | 50 per cent share of APT on budget for arbitration expenses | 500,000.00 |
| Pantranco North Express, Inc. (PNEI) | Advances to PNEI Management Committee for salaries | 3,897,941.48 |
| Emerald Plaza | Telephone/water/electric bill | 356,484.37 |
| Locator Marketing Corp. | Share in common expenses in the building i.e. garbage dues, water and electric bill | 191,960.69 |
| Inland Property Ventures | Share in common expenses in the building i.e garbage dues, water and electric bill | 128,129.46 |
| Villapando, Carlito | Share in common expenses in the building i.e. garbage dues, water and electric bill | 99,531.15 |
| Emergency Employment Administration | Undetermined | 3,850,478.75 |
| CALO-Cash Disbursing Officers | Undetermined | 2,654,391.19 |
| National Tobacco Corp. | Undetermined | 407,104.96 |
| Price Stabilization Corp. | Undetermined | 181,056.83 |
| National Marketing Corp. | Undetermined | 175,940.25 |
| Carmelita Damasco | Undetermined | 29,606.25 |
| LoidaDayot | Undetermined | 28.75 |
| Total Other Receivables | | ₱ 13,319,875.87 |

- Mile Long Complex (MLC), ₱684,512.36 – Represents advances made by PMO for the management, conservation, and maintenance of MLC. This amount is to be reimbursed from the proceeds of lease rental from MLC.
- Calinog-Lambunao Sugar Mill, ₱162,709.38 – COA adjustment. PMO filed a request for dropping of these accounts with COA on July 21, 2005.
- Marinduque Mining and Industrial Corporation (MMIC), ₱500,000.00 – 50% share of APT on budget for arbitration expenses per BR#95-53 dated February 28, 1993. This account has been dormant for more than 20 years. Moreover, MMIC is no longer operational and its corporate term had expired on October 4, 1999. A request for write-off of the account was filed with COA on June 23, 2017, which was denied per COA NGS

Cluster 2 Decision No. 2018-09 dated February 26, 2018. An appeal was filed by PMO that was denied per COA Decision No. 2018-004 dated June 6, 2018.

- d. Various accounts from the former BOL, ₱7,298,606.98 – represent receivables from the defunct government corporations. These accounts include receivables of the defunct Congressional Accounts Liquidation Office (CALO) totaling ₱7,224,779.34 with no supporting documents showing details of the receivables. Requests for write-off of these accounts were filed with COA on September 1, 2016. The request was partially approved per COA NGS Decision No. 2018-001 dated April 16, 2018. Of the requested amount, ₱2,654,391.19 was denied for write-off. A request for reconsideration dated March 6, 2019 was filed to the Commission Proper docketed as COA CP Case No. 2019-228. In an undated letter, the Office of the Assistant Commissioner of the National Government Sector interposed no objection on PMO's appeal. To date however, COA has not issued its final decision.

A one hundred percent (100%) allowance for impairment was provided for various dormant receivables from the former BOL.

7.5 Receivables written-off

The following receivables were written-off by PMO:

| Account | Particulars | Reason for Write-off | Authority | No. of years uncollected | Amount |
|----------------------------|--|--|---|--------------------------|----------------|
| Operating Lease Receivable | Unpaid lease rental - Menzi Development Corporation (MENDECO) | MENDECO no longer existing; No supporting documents to validate the account; No documented Contract of Lease | COA Decision No. 2017-006 dated December 24, 2017 | More than 10 years | ₱ 8,000,000.00 |
| Other Receivables | Unliquidated Cash Advances - Former employees of the defunct APT | Lack of supporting documents and unknown whereabouts | COA NGS Cluster 2 Decision No. 2017-23 dated October 20, 2017 | More than 10 years | 221,840.33 |
| | CALO - Accounts Receivable | No supporting evidence, records or documents showing the details of account | NGS Decision No. 2018-001 dated April 16, 2018 | More than 10 years | 4,266,086.83 |
| | CALO - Due from National Treasury | No supporting evidence, records or documents showing the details of account | NGS Cluster 2 Decision No. 2018-21 | More than 10 years | (314,671.92) |
| | CALO - Due from NGAs | No supporting evidence, records or documents showing the details of account | NGS Cluster 2 Decision No. 2018-21 | More than 10 years | 471,196.34 |
| | CALO - Due from GOCCs | No supporting evidence, records or documents showing the details of account | NGS Cluster 2 Decision No. 2018-21 | More than 10 years | 147,776.90 |
| | Abaca Corporation of the Philippines | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, 2021 | More than 20 years | 93,397.21 |
| | Land Settlement Development Corporation (LASEDECO) | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, 2021 | More than 20 years | 87,672.89 |
| | BOL - Due from LGUs | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, 2021 | More than 20 years | 600.28 |

| Account | Particulars | Reason for Write-off | Authority | No. of years uncollected | Amount |
|--------------|--|---|--------------------------------------|--------------------------|------------------------|
| | LASEDECO - Cotabato | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, | More than 20 years | ₱ 23,671.21 |
| | LASEDECO - Manila | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, | More than 20 years | 92,814.43 |
| | East Visayas Agricultural Projects, Inc. | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, | More than 20 years | 79,013.33 |
| | East Visayas Resources Trading Corp. | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, | More than 20 years | 18,750.00 |
| | Leyte Sab-A Basin Development Authority | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, | More than 20 years | 32,550.00 |
| | Philippine Pigment and Resin Corp. | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, | More than 20 years | 11,545.88 |
| | Sta. Clara Lumber Co., Inc. | No supporting evidence, records or documents showing the details of account | COA Decision No. 2021 dated June 30, | More than 20 years | 5,759.40 |
| TOTAL | | | | | ₱ 13,238,003.11 |

8. Inventories

| Particulars | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Carrying Amount, January 1 | ₱ 3,175,674.31 | ₱ 2,674,015.13 |
| Purchases during the year | 1,393,902.50 | 1,955,782.60 |
| Expensed during the year except write-down | (1,612,391.01) | (1,429,823.42) |
| Adjustments/Write-down during the year | (1,314,742.54) | (24,300.00) |
| Carrying Amount, December 31 | ₱ 1,642,443.26 | ₱ 3,175,674.31 |

Inventory includes:

| Account | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Office Supplies Inventory | ₱ 825,036.29 | ₱ 1,619,794.34 |
| Non-Accountable Forms Inventory | 25,653.36 | 30,313.78 |
| Other Supplies and Materials Inventory | 791,753.61 | 1,525,566.19 |
| Carrying Amount, December 31 | ₱ 1,642,443.26 | ₱ 3,175,674.31 |

9. Property, Plant and Equipment

Movements in the balances of property, plant, and equipment are as follows:

| 2022 | | | | | | | |
|---|------------------------------|------------------------|--------------------------|-----------------------------|------------------------|--------------------------|------------------------|
| | Buildings & Other Structures | Machinery & Equipment | Transportation Equipment | Furniture, Fixtures & Books | Others | Construction in Progress | Total |
| Carrying Amount, January 1, 2022 | ₱ 22,314,245.26 | ₱ 21,212,996.13 | ₱ 969,545.04 | ₱ 4,450,974.96 | ₱ 9,109,296.82 | ₱ 1,719,727.26 | ₱ 59,776,785.47 |
| Additions | - | 286,490.00 | - | - | - | - | 286,490.00 |
| Total | 22,314,245.26 | 21,499,486.13 | 969,545.04 | 4,450,974.96 | 9,109,296.82 | 1,719,727.26 | 60,063,275.47 |
| Disposals | - | - | - | - | - | - | - |
| Transfers/adjustments | (1,324,508.08) | - | - | - | 3,276,222.48 | - | 1,951,714.40 |
| Depreciation | - | (475,516.34) | (486,216.00) | (13,136.16) | (118,721.16) | - | (1,093,589.66) |
| Impairment Loss | (19,322.16) | - | - | - | - | - | (19,322.16) |
| Carrying Amount, December 31, 2022 | ₱ 20,970,415.02 | ₱ 21,023,969.79 | ₱ 483,329.04 | ₱ 4,437,838.80 | ₱ 12,266,798.14 | ₱ 1,719,727.26 | ₱ 60,902,078.05 |
| Gross Cost | ₱ 22,689,342.78 | ₱ 25,223,332.00 | ₱ 3,582,645.00 | ₱ 4,518,497.58 | ₱ 12,772,183.13 | ₱ 1,719,727.26 | ₱ 70,505,727.75 |
| Less: Accumulated Depreciation | (1,699,605.60) | (4,199,362.21) | (3,099,315.96) | (80,658.78) | (505,384.99) | - | (9,584,327.54) |
| Allowance for Impairment | (19,322.16) | - | - | - | - | - | (19,322.16) |
| Carrying Amount, December 31, 2022 | ₱ 20,970,415.02 | ₱ 21,023,969.79 | ₱ 483,329.04 | ₱ 4,437,838.80 | ₱ 12,266,798.14 | ₱ 1,719,727.26 | ₱ 60,902,078.05 |

| 2021 | | | | | | | |
|---|------------------------------|------------------------|--------------------------|-----------------------------|-----------------------|--------------------------|------------------------|
| | Buildings & Other Structures | Machinery & Equipment | Transportation Equipment | Furniture, Fixtures & Books | Others | Construction in Progress | Total |
| Carrying Amount, January 1, 2021 | ₱ 22,314,245.26 | ₱ 23,259,115.98 | ₱ 1,576,129.12 | ₱ 4,599,205.32 | ₱ 9,258,104.31 | ₱ 1,719,727.26 | ₱ 62,726,527.25 |
| Additions | - | 206,000.00 | - | - | - | - | 206,000.00 |
| Total | 22,314,245.26 | 23,465,115.98 | 1,576,129.12 | 4,599,205.32 | 9,258,104.31 | 1,719,727.26 | 62,932,527.25 |
| Disposals | - | (205,493.26) | (120,368.08) | - | - | - | (325,861.34) |
| Transfers/adjustments | - | (1,214,396.43) | - | (135,094.20) | (30,086.33) | - | (1,379,576.96) |
| Depreciation | - | (832,230.16) | (486,216.00) | (13,136.16) | (118,721.16) | - | (1,450,303.48) |
| Impairment Loss | - | - | - | - | - | - | - |
| Carrying Amount, December 31, 2021 | ₱ 22,314,245.26 | ₱ 21,212,996.13 | ₱ 969,545.04 | ₱ 4,450,974.96 | ₱ 9,109,296.82 | ₱ 1,719,727.26 | ₱ 59,776,785.47 |
| Gross Cost | ₱ 22,689,342.78 | ₱ 24,936,842.00 | ₱ 3,582,645.00 | ₱ 4,518,497.58 | ₱ 9,495,960.65 | ₱ 1,719,727.26 | ₱ 66,943,015.27 |
| Less: Accumulated Depreciation | (375,097.52) | (3,723,845.87) | (2,613,099.96) | (67,522.62) | (386,663.83) | - | (7,166,229.80) |
| Allowance for Impairment | - | - | - | - | - | - | - |
| Carrying Amount, December 31, 2021 | ₱ 22,314,245.26 | ₱ 21,212,996.13 | ₱ 969,545.04 | ₱ 4,450,974.96 | ₱ 9,109,296.82 | ₱ 1,719,727.26 | ₱ 59,776,785.47 |

9.1 Building and Other Structures account includes office building of the defunct Leyte Sab-A Basin Development Authority (LSBDA), one of the abolished corporations under the administration of the former BOL amounting to ₱1,534,643.22.

Based on the ocular inspection conducted on February 21, 2022, the property is a one-floor structure with an estimated floor area of 57.41 sq.m on a flat, low-lying ground with no perimeter wall or gate located in Simangan Relocation Site, Isabel, Leyte. It is a modest, shabby building with evident degradation, dilapidation, and decay of ceiling/roofing.

Being in battered state and in very poor physical condition, an allowance for impairment was provided using the Depreciated Replacement Cost Approach to reflect the building's appropriate carrying amount.

9.2 Property, plant, and equipment (PPE) account also includes book balances of PPEs of abolished corporations under the former BOL amounting to ₱58,330,347.49. These PPEs are not documented and had no actual turn-over from BOL to PMO. Below are the sub-major account group of these PPEs:

| PPE Account | Building & Other Structures | Machineries & Equipment | Furniture, Fixtures & Books | Others | Construction in Progress | Total |
|------------------------------------|-----------------------------|-------------------------|-----------------------------|------------------------|--------------------------|------------------------|
| Other Structures | ₱ 21,154,699.56 | | | | | ₱ 21,154,699.56 |
| Office Equipment | | ₱ 19,553,210.96 | | | | 19,553,210.96 |
| Furniture & Fixtures | | | ₱ 4,380,222.58 | | | 4,380,222.58 |
| Other PPEs | | | | ₱ 11,522,487.13 | | 11,522,487.13 |
| CIP - Buildings & Other Structures | | | | | ₱ 1,719,727.26 | 1,719,727.26 |
| Totals | ₱ 21,154,699.56 | ₱ 19,553,210.96 | ₱ 4,380,222.58 | ₱ 11,522,487.13 | ₱ 1,719,727.26 | ₱ 58,330,347.49 |

These book balances include PPEs of CALO which comprise of Other PPEs amounting to ₱3,276,222.48, and Other Structures, Office Equipment and Construction in Progress – Agency Assets totaling ₱30,553,973.29. A request for dropping of these accounts was filed with COA on September 1, 2016. The request was denied per COA NGS Decision No. 2018-001 dated April 16, 2019.

On September 28, 2022, a request for derecognition of all non-existing PPEs of BOL amounting to ₱58,330,347.49 was filed with COA pursuant to COA Circular No. 2020-006 dated January 31, 2020.

9.3 Regular maintenance, repairs and minor replacements are charged against Maintenance and Other Operating Expenses as these were incurred.

10. Intangible Assets

This account is composed of computer software:

| Particulars | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Carrying Amount, January 1 | ₱ 1,198,281.82 | ₱ 1,188,661.74 |
| Acquired thru Exchange or Non-exchange Transactions | 6,420,465.92 | 1,146,708.74 |
| Total | 7,618,747.74 | 2,335,370.48 |
| Adjustments | (2,361,873.95) | 183,040.97 |
| Amortization Recognized | (3,254,126.66) | (1,320,129.63) |
| Carrying Amount, December 31 | ₱ 2,002,747.13 | ₱ 1,198,281.82 |
| Gross Cost | 4,183,935.39 | 3,608,497.55 |
| Less: Accumulated Amortization | (2,181,188.26) | (2,410,215.73) |
| Carrying Amount, December 31 | ₱ 2,002,747.13 | ₱ 1,198,281.82 |

Computer Software includes Human Resource Management System, Supplies Inventory Monitoring System, Microsoft Windows Server, Microsoft System Center, Project Professional, and SharePoint Server Development.

11. Other Assets

11.1 Current and Non-Current Other Assets

| Accounts | 2022 | | | 2021 | | |
|---------------------------|-----------------------|---------------------|-----------------------|---------------------|------------------------|------------------------|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Advances | ₱ 44,741.40 | ₱ - | ₱ 44,741.40 | ₱ - | ₱ - | ₱ - |
| Prepayments | 2,925,614.62 | - | 2,925,614.62 | 9,909.47 | 21,724,600.84 | 21,734,510.31 |
| Deposits | 104,254.28 | 764,406.16 | 868,660.44 | 104,254.28 | 764,406.16 | 868,660.44 |
| Other Assets | - | - | - | - | 20,862,692.45 | 20,862,692.45 |
| Total Other Assets | ₱ 3,074,610.30 | ₱ 764,406.16 | ₱ 3,839,016.46 | ₱ 114,163.75 | ₱ 43,351,699.45 | ₱ 43,465,863.20 |

11.1.1 Advances consist of:

| Account | 2022 | 2021 |
|------------------------------------|--------------------|------------|
| Advances to Officers and Employees | ₱ 44,741.40 | ₱ - |
| Total Advances | ₱ 44,741.40 | ₱ - |

Advances were liquidated in January 2023. These represent local travel in December 2022 and advances for verification of assets.

Advances written-off

In accordance with the COA National Government Sector Cluster 2 Decision No. 2017-23 dated October 20, 2017, the PMO has written-off dormant unliquidated cash advances for travel of former officers/employees of BOL who are no longer connected with the office amounting to ₱109,673.52.

11.1.2 Prepayments

| Account | 2022 | 2021 |
|--------------------------|-----------------------|------------------------|
| Prepaid Insurance | ₱ 3,477.31 | ₱ 9,909.47 |
| Prepaid Subscription | 2,922,137.31 | - |
| Other Prepayments | - | 21,724,600.84 |
| Total Prepayments | ₱ 2,925,614.62 | ₱ 21,734,510.31 |

Other prepaid expenses amounting to ₱21,724,600.84 represents net book balances of abolished corporations under the former BOL of which ₱16,942,698.19 pertains to prepaid expense account of CALO which was included in the request for dropping of account filed with COA on September 1, 2016. The request was denied per COA Decision No. 2017-007 dated November 28, 2017. A Request for Reconsideration/Appeal was filed by PMO with the COA Commission Proper on February 23, 2018.

The account was fully amortized in 2022 as no future economic benefit or service potential is expected to flow to the PMO.

11.1.3 Deposits

| Account | 2022 | 2021 |
|-----------------------|---------------------|---------------------|
| Guaranty Deposits | ₱ 868,660.44 | ₱ 868,660.44 |
| Total Deposits | ₱ 868,660.44 | ₱ 868,660.44 |

Part of this account amounting to ₱764,406.16 represents net book balances of abolished corporations under the former BOL. A request for the dropping of the amount of ₱219,909.11 pertaining to guaranty deposit account of CALO was submitted to COA on September 1, 2016. The request was denied per COA NGS

Decision No. 2018-001 dated April 16, 2018.

11.1.4 Other Assets

| Account | 2022 | | 2021 | |
|-----------------------|----------|----------|----------|----------------------|
| Acquired Assets | ₱ | - | ₱ | 17,586,469.97 |
| Other Assets | | - | | 3,276,222.48 |
| Total Deposits | ₱ | - | ₱ | 20,862,692.45 |

Acquired assets account represents landholdings of LSBDA, a BOL abolished corporation, which details of account cannot be established as there were no documents given to BOL upon turn-over. The account was derecognized in 2022 as the BTr is the authorized government agency to take up in the books of accounts of NG, assets for disposition transferred by BOL to PMO thru EO No. 471.

Other Assets account represents book balance of Items in Transit of CALO, an abolished corporation under the former BOL. A request for dropping of this account was filed with COA on September 1, 2016. The request was denied per COA NGS Decision No. 2018-001 dated April 16, 2018. In 2022, the account was reclassified to Other Property, Plant, and Equipment account and was included in the request for derecognition of all non-existing PPEs of BOL filed with COA on September 28, 2022 pursuant to COA Circular No. 2020-006 dated January 31, 2020.

12. Financial Liabilities

| Particulars | 2022 | | 2021 | |
|---|------------------------|-------------|------------------------|-------------|
| | Current | Non-Current | Current | Non-Current |
| Accounts Payable (<i>Schedule 2</i>) | ₱ 16,841,167.41 | ₱ - | ₱ 16,925,907.59 | ₱ - |
| Due to Officers and Employees (<i>Schedule 3</i>) | 5,000.04 | - | - | - |
| Tax Refund Payable | 124.62 | - | 3,049.20 | - |
| Total Financial Liabilities | ₱ 16,846,292.07 | ₱ - | ₱ 16,928,956.79 | ₱ - |

Accounts Payable account includes obligations for security services, payroll of contract of services, job orders and caretakers, consulting services, utilities, and other operational expenses.

Due to Officers and Employees represents appraisers' honoraria for appraisal services rendered by PMO to other government agency.

13. Inter-Agency Payables

| Particulars | 2022 | | 2021 | |
|------------------------------------|-----------------------|----------------------------|-----------------------|-----------------------|
| | Current | Non-Current | Current | Non-Current |
| Due to BIR | ₱ 1,413,720.61 | ₱ - | ₱ 1,270,842.22 | ₱ - |
| Due to GSIS | 6,697.00 | - | 801,803.14 | - |
| Due to Pag-IBIG | 4,800.00 | - | 6,287.74 | - |
| Due to PhilHealth | - | - | 1,766.27 | - |
| Due to NGAs (<i>Schedule 4</i>) | - | 18,204,648,336.57 | 1,704,825.31 | - |
| Due to GOCCs (<i>Schedule 5</i>) | - | 1,996,741.81 | - | 1,996,741.81 |
| Total Inter-Agency Payables | ₱ 1,425,217.61 | ₱ 18,206,645,078.38 | ₱ 3,785,524.68 | ₱ 1,996,741.81 |

The outstanding amount due to BIR was remitted on January 9, 2023.

Due to NGAs account includes contra account in recording: (1) receivables arising from the installment sale of PMO's transferred assets; (2) receivable arising from unpaid lease rental of transferred assets and other properties assigned to PMO; and (3) other receivables recognized in relation to the disposition of PMO assets.

Due to GOCCs amounting to ₱1,996,741.81 were liabilities from APT which are dormant for over 10 years.

14. Trust Liabilities

| Particulars | 2022 | | 2021 | |
|---|---------------------|-----------------------|-----------------------|-----------------------|
| | Current | Non-Current | Current | Non-Current |
| Trust Liabilities | ₱ - | ₱ - | ₱ 319,119.56 | ₱ - |
| Guaranty/Security Deposits Payable | 779,033.67 | - | 950,965.44 | - |
| Customers' Deposits Payable (<i>Schedule 6</i>) | 37,700.00 | 3,727,928.60 | 27,700.00 | 3,727,928.60 |
| Total Trust Liabilities | ₱ 816,733.67 | ₱ 3,727,928.60 | ₱ 1,297,785.00 | ₱ 3,727,928.60 |

15. Deferred Credits

| Particulars | 2022 | | 2021 | |
|--|------------|-------------------------|------------|----------------------------|
| | Current | Non-Current | Current | Non-Current |
| Other Deferred Credits (<i>Schedule 7</i>) | ₱ - | ₱ 337,939,687.54 | ₱ - | ₱ 15,968,817,128.87 |
| Total Deferred Credits | ₱ - | ₱ 337,939,687.54 | ₱ - | ₱ 15,968,817,128.87 |

This account includes, among others: (1) contra account of Due from National Government Agencies – Bureau of the Treasury – Escrow Deposit of Philnico Payments plus interest amounting to ₱326,461,768.25 (*note 7.3.1*); and (2) amount deposited by PMO to BTr totaling ₱4,711,568.92 representing retention from disposition of assets for PrC approval.

16. Accumulated Surplus/(Deficit)

This account includes ₱8,000,000.00 Contributed Capital from APT since PMO took up all ending balance of APT accounts as of December 31, 2000. Said amount which was previously recorded as Paid in Capital in APT books are now reclassified as "Accumulated Surplus/(Deficit)" in PMO's books.

17. Business Income

| Particulars | 2022 | 2021 |
|------------------------------|-----------------------|-----------------------|
| Interest Income | ₱ 226,986.63 | ₱ 189,161.47 |
| Other Business Income | 2,115,922.91 | 5,773,565.77 |
| Total Business Income | ₱ 2,342,909.54 | ₱ 5,962,727.24 |

Other Business Income includes ₱2,105,199.91 retained from the sales proceeds as authorized under Section 6, Article III of EO No. 323, and other income remitted to the BTr. For the year 2022, PMO recognized only retention from dispositions duly approved by the PrC.

18. Personnel Services

| Particulars | 2022 | 2021 |
|---------------------------------|------------------------|------------------------|
| Salaries and Wages | ₱ 49,321,434.65 | ₱ 47,455,139.33 |
| Other Compensation | 14,916,884.53 | 15,144,243.73 |
| Personnel Benefit Contributions | 7,471,780.76 | 5,892,438.78 |
| Other Personnel Benefits | 5,179,626.68 | 2,558,887.25 |
| Total Personnel Services | ₱ 76,889,726.62 | ₱ 71,050,709.09 |

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

The PMO recognizes expenses for accumulating compensated absences when these are paid (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.

18.1 Salaries and Wages

| Particulars | | 2022 | | 2021 |
|---------------------------------|----------|----------------------|----------|----------------------|
| Salaries and Wages - Regular | ₱ | 49,321,434.65 | ₱ | 47,455,139.33 |
| Total Salaries and Wages | ₱ | 49,321,434.65 | ₱ | 47,455,139.33 |

18.2 Other Compensation

| Particulars | | 2022 | | 2021 |
|---|----------|----------------------|----------|----------------------|
| Personal Economic Relief Allowance (PERA) | ₱ | 1,603,409.08 | ₱ | 1,636,454.56 |
| Representation Allowance (RA) | | 1,060,750.00 | | 1,008,250.00 |
| Transportation Allowance (TA) | | 820,750.00 | | 768,250.00 |
| Clothing/Uniform Allowance | | 408,000.00 | | 414,000.00 |
| Hazard Pay | | - | | 658,100.00 |
| Honoraria | | 3,800.00 | | - |
| Year End Bonus | | 4,053,496.00 | | 4,082,172.50 |
| Cash Gift | | 330,000.00 | | 353,500.00 |
| Mid-Year Bonus | | 4,178,994.00 | | 3,799,299.00 |
| Other Bonuses and Allowances | | 2,457,685.45 | | 2,424,217.67 |
| Total Other Compensation | ₱ | 14,916,884.53 | ₱ | 15,144,243.73 |

18.3 Personnel Benefit Contributions

| Particulars | | 2022 | | 2021 |
|--|----------|---------------------|----------|---------------------|
| Retirement and Life Insurance Premiums | ₱ | 6,444,337.88 | ₱ | 5,191,449.01 |
| Pag-IBIG Contributions | | 80,400.00 | | 82,000.00 |
| PhilHealth Contributions | | 859,242.88 | | 543,289.77 |
| Employees Compensation Insurance Premiums | | 87,800.00 | | 75,700.00 |
| Total Personnel Benefit Contributions | ₱ | 7,471,780.76 | ₱ | 5,892,438.78 |

The PMO and its employees contribute to the GSIS in accordance with Commonwealth Act No. 186 (1936) as amended by RA No. 8921 dated June 24, 1997. The GSIS administers the plan including payment of pension benefits to employees. The GSIS pension plan is a defined contribution plan that provides life and retirement insurance coverage. The employer's contribution to the defined contribution plan amounted to ₱6,444,337.88 as shown in the above table.

18.4 Other Personnel Benefits

| Particulars | | 2022 | | 2021 |
|---------------------------------------|----------|---------------------|----------|---------------------|
| Terminal Leave Benefits | ₱ | 1,421,262.41 | ₱ | 794,924.76 |
| Other Personnel Benefits | | 3,758,364.27 | | 1,763,962.49 |
| Total Other Personnel Benefits | ₱ | 5,179,626.68 | ₱ | 2,558,887.25 |

The increase in Other Personnel Benefits was due to the monetization of unused leave credits of the PMO personnel during the year and payment of Service Recognition Incentive for CY 2022.

19. Maintenance and Other Operating Expenses

| Particulars | 2022 | 2021 |
|---|------------------------|------------------------|
| Traveling Expenses | ₱ 51,807.54 | ₱ 52,894.09 |
| Training and Scholarship Expenses | 242,603.14 | 300,138.58 |
| Supplies and Materials Expenses | 4,039,082.67 | 3,817,913.07 |
| Utility Expenses | 3,328,994.58 | 2,370,398.31 |
| Communication Expenses | 1,670,509.75 | 1,562,722.40 |
| Extraordinary and Miscellaneous Expenses | 765,443.18 | 685,500.00 |
| Professional Services | 12,345,924.72 | 20,627,820.21 |
| General Services | 9,808,447.03 | 8,185,831.61 |
| Repairs and Maintenance | 487,335.08 | 489,862.34 |
| Taxes, Insurance Premiums and Other Fees | 40,389.28 | 53,989.46 |
| Other Maintenance and Operating Expenses | 34,457,271.33 | 33,092,286.09 |
| Total Maintenance and Other Operating Expenses | ₱ 67,237,808.30 | ₱ 71,239,356.16 |

19.1 Traveling Expenses

| Particulars | 2022 | 2021 |
|---------------------------------|--------------------|--------------------|
| Traveling Expenses - Local | ₱ 51,807.54 | ₱ 52,894.09 |
| Total Traveling Expenses | ₱ 51,807.54 | ₱ 52,894.09 |

19.2 Training and Scholarship Expenses

| Particulars | 2022 | 2021 |
|--|---------------------|---------------------|
| Training and Scholarship Expenses | ₱ 242,603.14 | ₱ 300,138.58 |
| Total Training and Scholarship Expenses | ₱ 242,603.14 | ₱ 300,138.58 |

19.3 Supplies and Materials Expenses

| Particulars | 2022 | 2021 |
|--|-----------------------|-----------------------|
| Office Supplies Expenses | ₱ 854,839.15 | ₱ 686,845.93 |
| Accountable Forms Expenses | 2,500.00 | - |
| Non-Accountable Forms Expenses | 4,660.42 | 4,745.56 |
| Fuel, Oil and Lubricants Expenses | 324,234.83 | 297,225.70 |
| Semi-Expendable Machinery and Equipment Expenses | 2,093,658.37 | 475,988.95 |
| Semi-Expendable Furniture, Fixtures & Books Expenses | 5,879.64 | 1,248,700.00 |
| Other Supplies and Materials Expenses | 753,310.26 | 1,104,406.93 |
| Total Supplies and Materials Expenses | ₱ 4,039,082.67 | ₱ 3,817,913.07 |

19.4 Utility Expenses

| Particulars | 2022 | 2021 |
|-------------------------------|-----------------------|-----------------------|
| Water Expenses | ₱ 1,069,606.08 | ₱ 823,069.68 |
| Electricity Expenses | 2,259,388.50 | 1,547,328.63 |
| Total Utility Expenses | ₱ 3,328,994.58 | ₱ 2,370,398.31 |

19.5 Communication Expenses

| Particulars | 2022 | 2021 |
|-------------------------------------|-----------------------|-----------------------|
| Postage and Courier Services | ₱ 40,108.00 | ₱ 34,470.00 |
| Telephone Expenses | 1,030,413.27 | 978,262.96 |
| Internet Subscription Expenses | 599,988.48 | 549,989.44 |
| Total Communication Expenses | ₱ 1,670,509.75 | ₱ 1,562,722.40 |

19.6 Confidential, Intelligence, and Extraordinary Expenses

| Particulars | 2022 | 2021 |
|---|---------------------|---------------------|
| Extraordinary and Miscellaneous Expenses | ₱ 765,443.18 | ₱ 685,500.00 |
| Total Confidential, Intelligence, and Extraordinary Expenses | ₱ 765,443.18 | ₱ 685,500.00 |

19.7 Professional Services

| Particulars | 2022 | 2021 |
|------------------------------------|------------------------|------------------------|
| Consultancy Services | ₱ 12,105,924.72 | ₱ 20,377,592.97 |
| Other Professional Services | 240,000.00 | 250,227.24 |
| Total Professional Services | ₱ 12,345,924.72 | ₱ 20,627,820.21 |

There is a significant decrease in Consultancy Services because there was no procurement of institutional consultancy in relation to transferred assets in CY 2022.

19.8 General Services

| Particulars | 2022 | 2021 |
|-------------------------------|-----------------------|-----------------------|
| Environment/Sanitary Services | ₱ 75,310.56 | ₱ 69,310.56 |
| Janitorial Services | 1,686,404.91 | 1,356,790.27 |
| Security Services | 4,954,240.12 | 4,695,797.35 |
| Other General Services | 3,092,491.44 | 2,063,933.43 |
| Total General Services | ₱ 9,808,447.03 | ₱ 8,185,831.61 |

The increase represents general services for 2021 which were billed and paid in 2022 and increase in wage rates for janitorial and security services.

19.9 Repairs and Maintenance

| Particulars | 2022 | 2021 |
|---|---------------------|---------------------|
| Repairs and Maintenance - Building and Other Structures | ₱ 263,830.81 | ₱ 275,111.00 |
| Repairs and Maintenance - Machinery and Equipment | 108,350.00 | 99,429.00 |
| Repairs and Maintenance - Transportation Equipment | 95,824.90 | 115,322.34 |
| Repairs and Maintenance - Other PPE | 19,329.37 | - |
| Total Repairs and Maintenance | ₱ 487,335.08 | ₱ 489,862.34 |

19.10 Taxes, Insurance Premiums and Other Fees

| Particulars | 2022 | 2021 |
|---|--------------------|--------------------|
| Taxes, Duties and Licenses | ₱ 9,530.00 | ₱ 7,602.75 |
| Fidelity Bonds Premiums | 10,455.45 | 14,908.50 |
| Insurance Expenses | 20,403.83 | 31,478.21 |
| Total Taxes, Insurance Premiums and Other Fees | ₱ 40,389.28 | ₱ 53,989.46 |

19.11 Other Maintenance and Operating Expenses

| Particulars | 2022 | 2021 |
|---|------------------------|------------------------|
| Representation Expenses | ₱ 286,513.16 | ₱ 416,231.01 |
| Rent/Lease Expenses | 126,923.91 | 170,198.27 |
| Membership Dues and Contributions to Organization | 33,110.71 | 31,079.71 |
| Subscription Expenses | 46,247.59 | - |
| Litigation/Acquired Assets Expenses | 32,577,861.11 | 31,031,585.75 |
| Bank Transaction Fee | 9,300.00 | 9,250.00 |
| Other Maintenance and Operating Expenses | 1,377,314.85 | 1,433,941.35 |
| Total Other Maintenance and Operating Expenses | ₱ 34,457,271.33 | ₱ 33,092,286.09 |

Litigation/Acquired Assets Expenses represent expenses incurred in connection with litigation proceedings and registration/consolidation of ownership of acquired assets, as well as expenses incurred in the conservation, repairs and maintenance, and disposal of assets/properties. Acquired assets are real and financial assets transferred to the NG pursuant to Proclamation No. 50 and other laws.

For the year ended December 31, 2022, Litigation/Acquired Assets Expenses account consists of the following:

| Accounts | Amount |
|---|------------------------|
| Traveling Expenses - Local | ₱ 705,991.09 |
| Water Expenses | 17,034.48 |
| Electricity Expenses | 1,789,082.23 |
| Consultancy Services | 813,036.67 |
| Legal Services | 1,054,239.02 |
| Taxes | 11,500.00 |
| Security Services | 15,440,708.55 |
| Other General Services | 6,125,199.12 |
| Repairs and Maintenance | 1,543,382.68 |
| Insurance Expenses | 2,985,371.20 |
| Advertising, Promotional and Marketing Expenses | 37,800.00 |
| Rent/Lease Expenses | 405,942.00 |
| Membership Dues and Contributions to Organization | 1,386,757.78 |
| Other Maintenance and Operating Expenses | 261,816.29 |
| Total Litigation/Acquired Assets Expenses | ₱ 32,577,861.11 |

20. Non-Cash Expenses

| Particulars | 2022 | 2021 |
|--------------------------------|-----------------------|-----------------------|
| Depreciation | ₱ 1,093,589.66 | ₱ 1,125,378.56 |
| Amortization | 3,254,126.66 | 1,320,129.63 |
| Total Non-Cash Expenses | ₱ 4,347,716.32 | ₱ 2,445,508.19 |

20.1 Depreciation

| Particulars | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Depreciation - Machinery and Equipment | P 475,516.34 | P 507,305.24 |
| Depreciation - Transportation Equipment | 486,216.00 | 486,216.00 |
| Depreciation - Furniture, Fixtures and Books | 13,136.16 | 13,136.16 |
| Depreciation - Other Property, Plant & Equip't. | 118,721.16 | 118,721.16 |
| Total Depreciation | P 1,093,589.66 | P 1,125,378.56 |

20.2 Amortization

| Particulars | 2022 | 2021 |
|----------------------------------|-----------------------|-----------------------|
| Amortization - Intangible Assets | P 3,254,126.66 | P 1,320,129.63 |
| Total Amortization | P 3,254,126.66 | P 1,320,129.63 |

20.3 Impairment Loss

| Particulars | 2022 | 2021 |
|---|--------------------|----------|
| Impairment Loss - Property, Plant and Equipment | P 19,322.16 | - |
| Total Impairment Loss | P 19,322.16 | - |

21. Net Financial Assistance/Subsidy

| Particulars | Amount |
|--|-------------------------|
| Notice of Cash Allocation (NCA) received from DBM for payment of agency's personnel services, MOOE, and Capital Outlay | P 94,091,099.00 |
| Tax Remittance Advice (TRA) issued to BIR | 8,970,973.19 |
| Total | 103,062,072.19 |
| Less Reversion of unused NCA | 1,546,811.24 |
| Net Financial Assistance/Subsidy | P 101,515,260.95 |

22. Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

| | 2022 | 2021 |
|---|----------------------------|------------------------|
| Surplus/(deficit) | ₱ (44,636,402.91) ₱ | (56,160,853.58) |
| Non-cash movements | | |
| Depreciation and Amortization | 4,347,716.32 | 2,949,316.93 |
| Non-cash expenses | 616,130.00 | - |
| Impairment Loss | 19,322.16 | - |
| Loss on sale of Property, Plant and Equipment | - | 189,581.34 |
| Accumulated surplus/(deficit) | (100,223,828.68) | 642,510.20 |
| (Increase)Decrease in Other Investments | 6,380,082.86 | (55,528.89) |
| (Increase)Decrease in Interest Receivable | 3,523,212.87 | - |
| (Increase)Decrease in Operating Lease Receivable | (9,140,968.38) | - |
| (Increase)Decrease in Finance Lease Receivable | (1,962,518,188.00) | (786,211,154.40) |
| (Increase)Decrease in Due from NGAs | (341,045,019.16) | (583,524.36) |
| (Increase)Decrease in Due from GOCCs | (204,094,282.76) | - |
| (Increase)Decrease in Receivables-Disallowances/Charges | 20,000.00 | 20,000.00 |
| (Increase)Decrease in Due from Officers and Employees | (17,119.24) | 90.01 |
| (Increase)Decrease in Other Receivable | 245,411.27 | 5,888,790.14 |
| (Increase)Decrease in Allowance for Impairment - Other R'bles | - | (428,469.35) |
| (Increase)Decrease in Office Supplies Inventory | 794,758.05 | (208,848.28) |
| (Increase)Decrease in Non-Accountable Forms Inventory | 4,660.42 | 49,949.01 |
| (Increase)Decrease in Other Supplies and Materials Inventory | 733,812.58 | (355,771.11) |
| (Increase)Decrease in Semi-Expendable ICT Equipment | - | 511.20 |
| (Increase)Decrease in Semi-Expendable Furniture and Fixtures | - | 12,500.00 |
| (Increase)Decrease in Advances to Special Disbursing Officer | - | 1,000.00 |
| (Increase)Decrease in Advances to Officers and Employees | (44,741.40) | 5,600.00 |
| (Increase)Decrease in Prepaid Insurance | 6,432.16 | 5,951.93 |
| (Increase)Decrease in Prepaid Subscription | (2,671,929.69) | - |
| (Increase)Decrease in Other Prepayments | 21,724,600.84 | - |
| (Increase)Decrease in Guaranty Deposit | - | 44,426.96 |
| Increase(Decrease) in Accounts Payable | (84,740.18) | 3,892,246.05 |
| Increase(Decrease) in Due to Officers and Employees | 1,950.84 | - |
| Increase(Decrease) in Tax Refund Payable | 124.62 | - |
| Increase(Decrease) in Due to BIR | 25,324.57 | (57,993.80) |
| Increase(Decrease) in Due to GSIS | (795,106.14) | 778,112.71 |
| Increase(Decrease) in Due to Pag-IBIG | (1,487.74) | (2,562.26) |
| Increase(Decrease) in Due to PHILHEALTH | (1,766.27) | 1,306.26 |
| Increase(Decrease) in Due to NGAs | 18,202,943,511.26 | (549,384.00) |
| Increase(Decrease) in Trust Liabilities | (541,683.61) | (7,778,446.30) |
| Increase(Decrease) in Guaranty/Security Deposits Payable | (171,931.77) | 232,151.77 |
| Increase(Decrease) in Customers' Deposit Payable | 10,000.00 | (21,100.00) |
| Increase(Decrease) in Other Deferred Credits | (15,632,150,212.29) | 934,547,713.76 |
| Net cash flows from operating activities | ₱ (56,742,357.40) ₱ | 96,848,121.94 |

23. Notes to the Statement of Comparison of Budget and Actual Amounts

23.1 PMO's budget is prepared on cash basis and covers the same period as the date of financial statements.

23.2 PMO's budget for the year 2022 was passed through legislative action and approved by the President of the Republic of the Philippines under the General Appropriations Act for FY2022 (RA No. 11639) dated December 30, 2021. PMO's total approved budget for Personnel Services (PS), Maintenance and Other Expenses (MOOE), and Capital Outlay (CO) amounts to ₱100,095,000.00. The PMO also received Special Allotment Release Order (SARO) amounting to ₱2,137,686.00 for the Performance-Based Bonus FY 2020.

23.3 In addition, the Chief Privatization Officer approved budget for MOOE and CO amounting to ₱70,000,000.00 sourced

from the revolving fund maintained by PMO, as authorized under Section 6, Article III of EO No. 323 and Section 3 of EO No. 471.

Section 6, Article III of EO No. 323, s. 2000:

“The Office shall be allowed to retain commissions, due diligence fees and proceeds from the sale of Asset Bidding Rules, information memoranda and similar documents, as well as a portion or percentage of proceeds from disposition efforts, not to exceed ten percent (10%), to be approved by the Council to maintain a revolving fund to be utilized for the payment of fees and reimbursable expenses and of the costs and expenses incurred by the Office in the conservation and disposition of the assets held by it or in the performance of its other responsibilities under this Executive Order.”

Section 3 of EO 471(2005):

“The PMO shall be allowed to retain a portion not exceeding ten percent (10%) of the proceeds from the disposition of BOL properties, which shall serve as the revolving fund for the payment of costs and expenses incurred by the PMO in the conservation and disposition of government assets.”

23.4 Material differences of budget and actual amounts:

- 23.4.1 Services and Business Income – The PMO successfully disposed the instalment sale of LPH in the latter part of the year. However, full retention from the proceeds of the sale had not yet been realized, pending the full collection of the account. In addition, collections have been made for the account of PIC and is awaiting final resolution from the PrC on PMO’s retention fees.
- 23.4.2 Personnel Services - Underspending was due to unfilled positions from the beginning until the latter part of the year. The PMO solicited job applications through posting of vacancy in PMO and other employment websites to attract job seekers from which a pool of qualified candidates for all vacant positions were shortlisted.
- 23.4.3 Maintenance and Other Operating Expenses – Unutilized budget represents: (a) unimplemented major asset renovations; (b) savings from insurance expenses; (c) deferment of predisposition activities like travel, appraisal, and advertising; (d) over budgeted amount for professional services; and (e) cost-saving strategies on other expenses adopted by PMO.
- 23.4.4 Capital Outlay – The difference is due to savings generated from the procurement of ICT hardware and software, and deferment of the procurement of security devices and ICT equipment intended for maintenance of assets and predisposition activities.

24. Remittance to the National Treasury

For the year ended December 31, 2022, PMO’s total remittance to the National Treasury amounts to ₱844,068,210.95. This amount includes:

| | Amount |
|-------------------------------|-------------------------|
| Remittances from collections: | |
| Sales | ₱ 251,332.20 |
| Leases | 108,668,508.71 |
| Others | 735,148,370.04 |
| Total Remittances | ₱ 844,068,210.95 |

In addition, the amount of ₱718,801.81 was directly remitted to the BTr through Credit Memo Advice as payment scheme to the Department of Agrarian Reform under the Comprehensive Agrarian Reform Program pursuant to EO No. 407, s. 1990.

Total cash and direct remittances to the BTr amount to ₱844,787,012.76.

25. Key Management Personnel

The key management personnel of the PMO are the Chief Privatization Officer and four (4) Deputy Privatization Officers. The senior officers group consists of the agency's Division Chiefs.

For the quarter ended December 31, 2022, the aggregate remuneration of the top five (5) officers of PMO on a fulltime equivalent basis receiving remuneration within this category, are:

| Particulars | Aggregate Remuneration |
|---------------------------------|-----------------------------------|
| Salaries and Wages | ₱ 9,856,149.19 |
| Other Compensation | 2,936,192.64 |
| Personnel Benefit Contributions | 1,284,870.42 |
| Other Personnel Benefits | 516,523.00 |
| Total | ₱ 14,593,735.25 |

The Secretary of the Department of Finance which has supervision over the PMO is not remunerated by the Agency.



PRIVATIZATION AND MANAGEMENT OFFICE

104 Gamboa St., Legaspi Village, Makati City

Main Office

Pre-Closing Trial Balance

As of December 31, 2022

| Account Title | Account Code | Debit | Credit |
|---|--------------|-------------------|-------------------|
| Cash - Collecting Officers | 10101010 | 50.00 | |
| Petty Cash | 10101020 | 72,640.94 | |
| Cash in Bank - Local Currency, Current Account | 10102020 | 227,464,126.81 | |
| Investments in Stocks | 10203010 | 396,162,423.94 | |
| Investments in Bonds | 10203020 | 4,241,803.12 | |
| Interests Receivable | 10301050 | 736,639.08 | |
| Loans Receivable - Others | 10301990 | 190,121,802.29 | |
| Operating Lease Receivable | 10302010 | 38,390,968.38 | |
| Finance Lease Receivable | 10302020 | 17,235,366,082.86 | |
| Due from National Government Agencies | 10303010 | 341,639,301.32 | |
| Due from Government-Owned and/or Controlled Corporations | 10303020 | 218,047,165.85 | |
| Receivables- Disallowances/Charges | 10399010 | 2,564,580.84 | |
| Due from Officers and Employees | 10399020 | 17,119.24 | |
| Other Receivables | 10399990 | 13,319,875.87 | |
| Allowance for Impairment - Other Receivables | 10399992 | | 7,298,606.98 |
| Office Supplies Inventory | 10404010 | 825,036.29 | |
| Non-Accountable Forms Inventory | 10404030 | 25,653.36 | |
| Other Supplies and Materials Inventory | 10404990 | 791,753.61 | |
| Buildings | 10604010 | 1,534,643.22 | |
| Accumulated Depreciation - Buildings | 10604011 | | 1,457,911.06 |
| Accumulated Impairment Losses - Buildings | 10604012 | | 19,322.16 |
| Other Structures | 10604990 | 21,154,699.56 | |
| Accumulated Depreciation - Other Structures | 10604991 | | 241,694.54 |
| Office Equipment | 10605020 | 20,375,317.00 | |
| Accumulated Depreciation - Office Equipment | 10605021 | | 781,862.57 |
| Information and Communication Technology Equipment | 10605030 | 4,266,815.00 | |
| Accumulated Depreciation - Information and Communication Technology Equipment | 10605031 | | 3,150,520.05 |
| Other Equipment | 10605990 | 581,200.00 | |
| Accumulated Depreciation - Other Equipment | 10605991 | | 266,979.59 |
| Motor Vehicles | 10606010 | 3,582,645.00 | |
| Accumulated Depreciation - Motor Vehicles | 10606011 | | 3,099,315.96 |
| Furniture and Fixtures | 10607010 | 4,518,497.58 | |
| Accumulated Depreciation - Furniture and Fixtures | 10607011 | | 80,658.78 |
| Construction in Progress - Buildings and Other Structures | 10698030 | 1,719,727.26 | |
| Other Property, Plant and Equipment | 10699990 | 12,772,183.13 | |
| Accumulated Depreciation - Other Property, Plant and Equipment | 10699991 | | 505,384.99 |
| Computer Software | 10801020 | 4,183,935.39 | |
| Accumulated Amortization - Computer Software | 10801021 | | 2,181,188.26 |
| Advances to Officers and Employees | 19901040 | 44,741.40 | |
| Prepaid Insurance | 19902050 | 3,477.31 | |
| Prepaid Subscription | 19902100 | 2,922,137.31 | |
| Guaranty Deposits | 19903020 | 868,660.44 | |
| Accounts Payable | 20101010 | | 16,841,167.41 |
| Due to Officers and Employees | 20101020 | | 5,000.04 |
| Tax Refunds Payable | 20103010 | | 124.62 |
| Due to BIR | 20201010 | | 1,413,720.61 |
| Due to GSIS | 20201020 | | 6,697.00 |
| Due to Pag-IBIG | 20201030 | | 4,800.00 |
| Due to NGAs | 20201050 | | 18,204,648,336.57 |
| Due to GOCCs | 20201060 | | 1,996,741.81 |
| Guaranty/Security Deposits Payable | 20401040 | | 779,033.67 |
| Customers' Deposits Payable | 20401050 | | 3,765,628.60 |
| Other Deferred Credits | 20501990 | | 337,939,687.54 |
| Accumulated Surplus/(Deficit) | 30101010 | | 206,467,723.50 |
| Interest Income | 40202210 | | 226,986.63 |
| Other Business Income | 40202990 | | 2,115,922.91 |
| Subsidy from National Government | 40301010 | | 101,515,260.95 |
| Salaries and Wages - Regular | 50101010 | 49,321,434.65 | |
| Personal Economic Relief Allowance (PERA) | 50102010 | 1,603,409.08 | |
| Representation Allowance (RA) | 50102020 | 1,060,750.00 | |



PRIVATIZATION AND MANAGEMENT OFFICE

104 Gamboa St., Legaspi Village, Makati City

Main Office

Pre-Closing Trial Balance

As of December 31, 2022

| Account Title | Account Code | Debit | Credit |
|---|--------------|---------------|--------|
| Transportation Allowance (TA) | 50102030 | 820,750.00 | |
| Clothing/Uniform Allowance | 50102040 | 408,000.00 | |
| Honoraria | 50102100 | 3,800.00 | |
| Year End Bonus | 50102140 | 4,053,496.00 | |
| Cash Gift | 50102150 | 330,000.00 | |
| Mid-Year Bonus | 50102160 | 4,178,994.00 | |
| Other Bonuses and Allowances | 50102990 | 2,457,685.45 | |
| Retirement and Life Insurance Premiums | 50103010 | 6,444,337.88 | |
| Pag-IBIG Contributions | 50103020 | 80,400.00 | |
| PhilHealth Contributions | 50103030 | 859,242.88 | |
| Employees Compensation Insurance Premiums | 50103040 | 87,800.00 | |
| Terminal Leave Benefits | 50104030 | 1,421,262.41 | |
| Other Personnel Benefits | 50104990 | 3,758,364.27 | |
| Traveling Expenses - Local | 50201010 | 51,807.54 | |
| Training Expenses | 50202010 | 242,603.14 | |
| Office Supplies Expenses | 50203010 | 854,839.15 | |
| Accountable Forms Expenses | 50203020 | 2,500.00 | |
| Non-Accountable Forms Expenses | 50203030 | 4,660.42 | |
| Fuel, Oil and Lubricants Expenses | 50203090 | 324,234.83 | |
| Semi-Expendable Machinery and Equipment Expenses | 50203210 | 2,093,658.37 | |
| Semi-Expendable Furniture, Fixtures and Books Expenses | 50203220 | 5,879.64 | |
| Other Supplies and Materials Expenses | 50203990 | 753,310.26 | |
| Water Expenses | 50204010 | 1,069,606.08 | |
| Electricity Expenses | 50204020 | 2,259,388.50 | |
| Postage and Courier Services | 50205010 | 40,108.00 | |
| Telephone Expenses | 50205020 | 1,030,413.27 | |
| Internet Subscription Expenses | 50205030 | 599,988.48 | |
| Extraordinary and Miscellaneous Expenses | 50210030 | 765,443.18 | |
| Consultancy Services | 50211030 | 12,105,924.72 | |
| Other Professional Services | 50211990 | 240,000.00 | |
| Environment/Sanitary Services | 50212010 | 75,310.56 | |
| Janitorial Services | 50212020 | 1,686,404.91 | |
| Security Services | 50212030 | 4,954,240.12 | |
| Other General Services | 50212990 | 3,092,491.44 | |
| Repairs and Maintenance - Buildings and Other Structures | 50213040 | 263,830.81 | |
| Repairs and Maintenance - Machinery and Equipment | 50213050 | 108,350.00 | |
| Repairs and Maintenance - Transportation Equipment | 50213060 | 95,824.90 | |
| Repairs and Maintenance - Other Property, Plant and Equipment | 50213990 | 19,329.37 | |
| Taxes, Duties and Licenses | 50215010 | 9,530.00 | |
| Fidelity Bond Premiums | 50215020 | 10,455.45 | |
| Insurance Expenses | 50215030 | 20,403.83 | |
| Representation Expenses | 50299030 | 286,513.16 | |
| Rent/Lease Expenses | 50299050 | 126,923.91 | |
| Membership Dues and Contributions to Organizations | 50299060 | 33,110.71 | |
| Subscription Expenses | 50299070 | 46,247.59 | |
| Litigation/Acquired Assets Expenses | 50299090 | 32,577,861.11 | |
| Bank Transaction Fee | 50299220 | 9,300.00 | |
| Other Maintenance and Operating Expenses | 50299990 | 1,377,314.85 | |
| Depreciation - Machinery and Equipment | 50501050 | 475,516.34 | |
| Depreciation - Transportation Equipment | 50501060 | 486,216.00 | |
| Depreciation - Furniture, Fixtures and Books | 50501070 | 13,136.16 | |
| Depreciation - Other Property, Plant and Equipment | 50501990 | 118,721.16 | |
| Amortization - Intangible Assets | 50502010 | 3,254,126.66 | |
| Impairment Loss - Property, Plant and Equipment | 50503090 | 19,322.16 | |



PRIVATIZATION AND MANAGEMENT OFFICE

104 Gamboa St., Legaspi Village, Makati City

Main Office

Pre-Closing Trial Balance

As of December 31, 2022

| Account Title | Account Code | Debit | Credit |
|---------------|--------------|--------------------------|--------------------------|
| TOTAL | | 18,896,810,276.80 | 18,896,810,276.80 |

GENERAL FUND - NEW GENERAL APPROPRIATIONS - SPECIFIC BUDGETS OF
NATIONAL GOVERNMENT AGENCIES
OFF-BUDGETARY FUNDS - REVOLVING FUNDS - PRIVATIZATION AND MANAGEMENT
OFFICE REVOLVING FUND - INCOME FOR CONSERVATION AND DISPOSITION OF
TRANSFERRED ASSETS - E.O. 323

Certified Correct :


RHODORA B. TORRALBA
Chief Accountant

Financial Management Division (FMD)



PRIVATIZATION AND MANAGEMENT OFFICE

104 Gamboa St., Legaspi Village, Makati City

Main Office

Post-Closing Trial Balance

As of December 31, 2022

| Account Title | Account Code | Debit | Credit |
|---|--------------|-------------------|-------------------|
| Cash - Collecting Officers | 10101010 | 50.00 | |
| Petty Cash | 10101020 | 72,640.94 | |
| Cash in Bank - Local Currency, Current Account | 10102020 | 227,464,126.81 | |
| Investments in Stocks | 10203010 | 396,162,423.94 | |
| Investments in Bonds | 10203020 | 4,241,803.12 | |
| Interests Receivable | 10301050 | 736,639.08 | |
| Loans Receivable - Others | 10301990 | 190,121,802.29 | |
| Operating Lease Receivable | 10302010 | 38,390,968.38 | |
| Finance Lease Receivable | 10302020 | 17,235,366,082.86 | |
| Due from National Government Agencies | 10303010 | 341,639,301.32 | |
| Due from Government-Owned and/or Controlled Corporations | 10303020 | 218,047,165.85 | |
| Receivables- Disallowances/Charges | 10399010 | 2,564,580.84 | |
| Due from Officers and Employees | 10399020 | 17,119.24 | |
| Other Receivables | 10399990 | 13,319,875.87 | |
| Allowance for Impairment - Other Receivables | 10399992 | | 7,298,606.98 |
| Office Supplies Inventory | 10404010 | 825,036.29 | |
| Non-Accountable Forms Inventory | 10404030 | 25,653.36 | |
| Other Supplies and Materials Inventory | 10404990 | 791,753.61 | |
| Buildings | 10604010 | 1,534,643.22 | |
| Accumulated Depreciation - Buildings | 10604011 | | 1,457,911.06 |
| Accumulated Impairment Losses - Buildings | 10604012 | | 19,322.16 |
| Other Structures | 10604990 | 21,154,699.56 | |
| Accumulated Depreciation - Other Structures | 10604991 | | 241,694.54 |
| Office Equipment | 10605020 | 20,375,317.00 | |
| Accumulated Depreciation - Office Equipment | 10605021 | | 781,862.57 |
| Information and Communication Technology Equipment | 10605030 | 4,266,815.00 | |
| Accumulated Depreciation - Information and Communication Technology Equipment | 10605031 | | 3,150,520.05 |
| Other Equipment | 10605990 | 581,200.00 | |
| Accumulated Depreciation - Other Equipment | 10605991 | | 266,979.59 |
| Motor Vehicles | 10606010 | 3,582,645.00 | |
| Accumulated Depreciation - Motor Vehicles | 10606011 | | 3,099,315.96 |
| Furniture and Fixtures | 10607010 | 4,518,497.58 | |
| Accumulated Depreciation - Furniture and Fixtures | 10607011 | | 80,658.78 |
| Construction in Progress - Buildings and Other Structures | 10698030 | 1,719,727.26 | |
| Other Property, Plant and Equipment | 10699990 | 12,772,183.13 | |
| Accumulated Depreciation - Other Property, Plant and Equipment | 10699991 | | 505,384.99 |
| Computer Software | 10801020 | 4,183,935.39 | |
| Accumulated Amortization - Computer Software | 10801021 | | 2,181,188.26 |
| Advances to Officers and Employees | 19901040 | 44,741.40 | |
| Prepaid Insurance | 19902050 | 3,477.31 | |
| Prepaid Subscription | 19902100 | 2,922,137.31 | |
| Guaranty Deposits | 19903020 | 868,660.44 | |
| Accounts Payable | 20101010 | | 16,841,167.41 |
| Due to Officers and Employees | 20101020 | | 5,000.04 |
| Tax Refunds Payable | 20103010 | | 124.62 |
| Due to BIR | 20201010 | | 1,413,720.61 |
| Due to GSIS | 20201020 | | 6,697.00 |
| Due to Pag-IBIG | 20201030 | | 4,800.00 |
| Due to NGAs | 20201050 | | 18,204,648,336.57 |
| Due to GOCCs | 20201060 | | 1,996,741.81 |
| Guaranty/Security Deposits Payable | 20401040 | | 779,033.67 |
| Customers' Deposits Payable | 20401050 | | 3,765,628.60 |
| Other Deferred Credits | 20501990 | | 337,939,687.54 |
| Accumulated Surplus/(Deficit) | 30101010 | | 161,831,320.59 |



PRIVATIZATION AND MANAGEMENT OFFICE

104 Gamboa St., Legaspi Village, Makati City

Main Office


Post-Closing Trial Balance

As of December 31, 2022

| Account Title | Account Code | Debit | Credit |
|---------------|--------------|-------------------|-------------------|
| TOTAL | | 18,748,315,703.40 | 18,748,315,703.40 |

GENERAL FUND - NEW GENERAL APPROPRIATIONS - SPECIFIC BUDGETS OF
NATIONAL GOVERNMENT AGENCIES
OFF-BUDGETARY FUNDS - REVOLVING FUNDS - PRIVATIZATION AND MANAGEMENT
OFFICE REVOLVING FUND - INCOME FOR CONSERVATION AND DISPOSITION OF
TRANSFERRED ASSETS - E.O. 323

Certified Correct :


RHODORA B. TORRALBA
Chief Accountant
Financial Management Division (FMD)