PHILIPPINE AEROSPACE DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Philippine Aerospace Development Corporation (PADC) was created by virtue of Presidential Decree (PD) No. 286 dated September 5, 1973, as amended by PD Nos. 346 and 696 dated December 14, 1973 and May 9, 1975, respectively. PADC is under the administrative supervision of Department of National Defense.

The Corporation shall undertake all manner of activity, business or development projects for the establishment of a reliable aviation and aerospace industry that shall include, but not limited to:

- The design, assembly, manufacture, and sale of all forms of aircraft and aviation/aerospace devices, equipment or contraptions, and studies or researches for innovation and improvement thereon;

- The development of local capabilities in the maintenance, repair/overhaul and modification of aerospace and associated flight and ground equipment and components thereof in order to provide technical services and overhaul support to government agencies owning aerospace equipment, the Philippine Air Force, the national airline, foreign airline companies, foreign air forces and to the aviation industry in general; and

- The operation and provision of air transport services, whether for cargo or passengers on a scheduled, non-scheduled, or charter basis on domestic and/or international scale.

The Corporation is governed and its activities are directed, controlled and managed by a Board of Directors.

The PADC's registered office address is located in PADC Hangar 2, General Aviation Area, Domestic Road, Pasay City.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Presentation of Financial Statements

The financial statements of the Corporation were prepared using the historical cost basis, unless otherwise stated. The financial statements are presented in Philippine Peso, which is the Corporation's functional and presentation currency. All amounts are rounded off to the nearest peso, except when otherwise indicated.

2.2 Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Corporation were prepared in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities

(PFRS for SMEs). PFRS for SMEs are adopted by the Financial Reporting Standard Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements of PADC were authorized for issue on April 8, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Adoption of New and Amended PFRS

a. Effective in 2021 that are not relevant to the Corporation

The accounting policies adopted are consistent with those of the previous financial year, however, there are no new and amended PFRS relevant to the Corporation effective for annual periods beginning on or after January 1, 2021:

- Amendments to PFRS 16, *Leases*, COVID-19-related Rent Concessions beyond June 30, 2021 – The changes from the amendment from PFRS 16 are to:
    - Permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021);
    - Require a lessee applying the amendment to do so for annual reporting periods beginning on or after April 1, 2021;
    - Require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
    - Specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of PAS 8.
- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, *Insurance Contracts.* It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

b. New and amended PFRS issued but not yet effective

The new and amended PFRS which are not yet effective for the year ended December 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Business Combinations*, Reference to the Conceptual Framework – Reference to the 1989 Framework in paragraph 11 of PFRS 3 Business Combinations was updated to 2018 Framework. Potential conflicts occur as the definition of assets and liabilities in the 2018 Framework differ from those in the 1989 Framework potentially leading to day 2 gains or losses post-acquisition for some balances recognized.

- Amendments to PAS 16, *Property, Plant and Equipment*, Proceeds before Intended Use – This amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* Onerous Contracts - Cost of Fulfilling a Contract – The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, Subsidiary as a first-time adopter – The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.

- Amendments to PFRS 9, *Financial Instruments,* Fees in the '10 per cent' test for derecognition of financial liabilities – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- Amendments to PFRS 16, *Leases*, Lease Incentives –The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the

example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- Amendments to PAS 41, *Agriculture,* Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, Classification of Liabilities as Current or Non-Current – The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. Clarify that the classification of liabilities as current or non-current (i) should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the ”right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of liability, (ii) is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and (iii) settlement refers to the transfer to the counterparty of cash, equity instruments, and other assets or services.

- Amendments to PAS 1*, Presentation of Financial Statements* and PFRS Practice Statement 2*, Making Materiality Judgements,* Disclosure Initiative – Accounting Policies – The amendments aim to help entities provide accounting policy disclosures that are more useful by: (i) replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies; and (ii) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Amendments to PAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors,* Definition of Accounting Estimates– The amendments introduced a definition of accounting estimates are, “monetary amounts in financial statements that are subject to measurement uncertainty” and to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

- Amendments to PAS 12, *Income Taxes,* Deferred Tax related to Assets and Liabilities from a Single Transaction – The main change is an exemption from the initial recognition exemption provided in PAS 12. Accordingly, the initial recognition exemption does not apply to

transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

- Amendments to PFRS 17, *Insurance Contracts* – The main changes resulting from Amendments to PFRS 17 are:

  - Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023 and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.

  - Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

  - Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.

  - Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

  - Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.

  - Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.

  - Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.

  - Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

  - Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

  - Several small amendments regarding minor application issues.

Effective for annual periods beginning on or after January 1, 2025:

- Amendment to PFRS 17, *Insurance Contracts*, Initial Application of PFRS 17 and PFRS 9 – Comparative Information – The amendment adds a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of PFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of PFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of PFRS 9. The overlay can be applied by entities that have already applied PFRS 9 or will apply it when they apply PFRS 17.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures,* Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Corporation.

3.2 Significant Accounting Judgment and Estimates

The preparation of financial statements in accordance with PFRS for SMEs requires the Corporation to make judgments and estimates that affect the reported amounts of assets, liabilities, income, and expenses, and disclosure relating to contingent assets and contingent liabilities. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on expectations of future events that are believed to be reasonable under the circumstances.

a. Judgment

i. Going concern

The Corporation's management has made an assessment of the Corporation's ability to continue as a going concern and is satisfied that the Corporation has the resources to continue in business for the

foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

b. Estimates

i. Impairment of trade and other receivables

The Corporation assesses its trade receivables for impairment at each reporting date. As at December 31, 2021 and 2020, the Corporation determined that there is no objective evidence that the amounts are not recoverable. The carrying amounts of trade and other receivables are disclosed in Note 5.

ii. Impairment of non-financial assets

The Corporation assesses impairment on inventories and property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Corporation considers important which could trigger an impairment review include the following:

- Significant or prolonged decline in fair value of the asset;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

As at December 31, 2021 and 2020, the carrying values of inventories and property and equipment are disclosed in Notes 6 and 11, respectively.

iii. Recognition of deferred tax asset

The Corporation reviews the net carrying amount of deferred tax asset at each reporting date and adjusts it, using valuation allowance, to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank deposits on call and highly liquid investments with an original maturity of three months or less, 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 and short-term deposits as defined above, net of outstanding bank overdrafts.

3.4 Financial Instruments - Initial Recognition and Subsequent Measurement

i. Date of recognition

A financial asset or liability is recognized only when the Corporation becomes a party to a contractual provision of the instrument.

ii. Initial recognition of financial instruments

All financial assets and financial liabilities are initially measured at fair value, which is normally the transaction price. Except for financial assets and financial liabilities at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs. The Corporation classifies its financial assets in the following categories: financial assets at FVPL, financial assets that are debt instruments at amortized cost, financial assets that are unquoted equity instruments at cost less impairment, and loan commitments at cost less impairment. Financial liabilities are classified into the following categories: financial liabilities at FVPL and financial liabilities at amortized cost.

Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

iii. Financial assets that are debt instruments at amortized cost

This category includes receivables and cash in bank. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate (EIR).

iv. Financial liabilities at amortized cost

This category includes trade and accounts payable, which are not designated as at FVPL and where the substance of the contractual arrangement results in the Corporation having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR.

3.5 Derecognition of Financial Assets and Liabilities

i. Financial asset

A financial asset (or, where applicable a part of a financial asset or group of financial assets) is derecognized only when:

1. The contractual rights to the cash flows from the financial asset have expired or are settled;

2. The Corporation transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

3. The Corporation, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Corporation derecognizes the asset, and recognizes separately any rights and obligations retained or created in the transfer.

   If a transfer does not result in derecognition because the Corporation has retained significant risks and rewards of ownership of the transferred asset, the Corporation continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The asset and liability shall not be offset. In subsequent periods, the Corporation recognizes any income on the transferred asset and any expense incurred on the financial liability.

ii. Financial liability

A financial liability (or part of a financial liability) is derecognized only when it is extinguished (i.e., when the obligation specified in the contract is discharged, is cancelled or expires). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3.6 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.7 Impairment of Financial Assets

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows.

For instruments measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original EIR. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR determined under the contract.

For instruments measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Corporation would receive for the asset if it were to be sold at the reporting date.

If in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the 'Reversal of allowance for impairment losses' in the statement of comprehensive income.

3.8 Inventories

Inventories are stated at the lower of cost and its net realizable value (NRV). Costs of inventories include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition are accounted for, as follows:

i. Raw materials: purchase cost using the weighted average cost method; and

ii. Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

   Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for inventories represent the related replacement costs. Any decrease in inventories arising from impairment is recognized in profit or loss in the statement of comprehensive income.

Impairment of Inventories

At each reporting date, inventories are assessed for impairment, i.e., the amount is not fully recoverable because of damage, obsolescence or declining selling prices. The Corporation measures impairment loss by comparing the carrying amount of each item of inventory with its selling price less cost to sell. If an item of inventory is impaired, its carrying amount is reduced to selling price less cost to sell and an impairment loss is recognized immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of inventories is increased to the revised estimate or its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

3.9 Investment Property

Investment properties are properties held either to earn income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment property are measure initially at cost, including transactions costs. The carrying amount includes the replacement cost of components of an existing investment property at the time the cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives.

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use or no future economic benefit or service potential is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in the use.

The Corporation uses the cost model for the measurement of investment property after initial recognition.

3.10 Prepayments

Prepayments represent expenses not yet incurred but are already paid in cash. These are measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

3.11 Property and Equipment

a. Recognition

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

The characteristics of PE are as follows:

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

An item of PE is recognized as an asset if:

i. It is probable that future economic benefits or service potential associated with the item will flow to the entity;
ii. The cost or fair value of the item can be measured reliably; and
iii. The cost is at least P15,000.

b. Measurement at recognition

An item recognized as PE is measured at cost.

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

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

Cost includes the following:

i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
ii. Expenditures that is directly attributable to the acquisition of the items; and
iii. Initial estimates 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 particular period for purposes other than to produce inventories during that period.

c. Measurement after recognition

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

When significant parts of PE are required to be replaced at intervals, the Corporation 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 PE as a replacement if the recognition criteria are satisfied.

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 recognized in the statement of comprehensive income in the year the asset is derecognized. All other repair and maintenance costs are recognized in the statement of comprehensive income.

d. Depreciation

Each part of an item of PE 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.

i. 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 shall be for one month if the PE is available for use on or before the 15th of the month. However, if the PE is available for use after the 15th of the month, depreciation is for the succeeding month.

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for the Corporation operation.

iii. Estimated useful life

The Corporation uses the life span of PE prescribed by COA in determining the specific estimated useful life for each asset based on its experience.

iv. Residual value

The Corporation uses residual value equivalent to at least five per cent (5%) of the cost of the PE.

3.12 Trade and Other Payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. These are recognized in the period in which the related money, goods, or services are received or when a legally enforceable claim against the Corporation is established or when the corresponding assets or expenses are recognized.

3.13 Capital Stock

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Deficit

Deficit represents the cumulative balance of periodic net income or loss and dividend declarations, if any.

3.14 Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and sales tax. The Corporation is acting as a principal in all its arrangement transactions.

i. Rendering of services

The Corporation recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

ii. Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Corporation.

iii. Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

iv. Dividends

Dividends or similar distributions are recognized when the Corporation's right to receive payment is established.

v. Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and included in revenue.

3.15 Cost and Expense Recognition

Costs and expenses are recognized in the statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the statement of comprehensive income:

i. on the basis of a direct association between the costs incurred and the earning of specific items of income;

ii. on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

iii. Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statements of financial position as an asset.

3.16 Employee Benefits

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

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

3.17 Income Taxes

i. Current Tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

ii. Deferred Tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO). Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustment is recognized in the statement of comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (loss) of the periods in which it expects the deferred tax assets to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period. A valuation allowance is provided, on the basis of past years and future expectations, when it is not probable that taxable profits will be available against which the future income tax deductions can be utilized.

3.18 Provisions

Provisions are recognized when: (a) the Corporation has an obligation at the reporting date as a result of a past event; (b) it is probable (i.e., more likely than not) that the entity will be required to transfer economic benefits in settlement; (c) and the amount of the obligation can be estimated reliably. Where the Corporation expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

3.19 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

3.20 Events after the Reporting Period

Post year-end events that provide additional information about the Corporation's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements, when material.

4. CASH

This account consists of the following:

	2021	2020
Petty Cash	**27,682**	20,729
Cash in Bank – Local Currency, Current Account	**86,974,040**	57,480,071
Cash in Bank – Foreign Currency, Savings Account	**1,326,467**	1,346,879
	88,328,189	58,847,679

The Bangko Sentral ng Pilipinas guiding foreign exchange rate as of reporting date was adopted to convert the US dollar deposits at month end. Conversion rates as of December 31, 2021 and December 29, 2020 are P50.999 and P48.023, respectively.

5. RECEIVABLES

This account is composed of:

	2021	2020 (As restated)
Accounts Receivables	**32,422,001**	32,433,128
Operating Lease Receivables	**12,821,403**	29,130,009
Other Receivables	**1,584,035**	1,616,363
	46,827,439	63,179,500
Allowance for Impairment	**(5,487,079)**	(5,487,079)
	41,340,360	57,692,421
Due from Officers and Employees	**1,945,443**	2,017,942
Receivables - Disallowances	**2,328,383**	2,667,551
	45,614,186	62,377,914

Accounts Receivables represents accounts arising from service parts, labor and over-the-counter sales due from various customers.

Operating Lease Receivables consists of rental of office spaces and hangarage.

Other Receivables consists of share in water and electricity bills of various tenants of the Corporation.

Due from Officers and Employees consists mainly of unliquidated cash advances.

Receivables - Disallowances represents the Notices of Disallowance (ND) with Notices of Finality of Decision (NFD) and COA Orders of Execution (COE) implemented in March 2018.

6. INVENTORIES

This account consists of the following:

	2021	2020
Merchandise Inventory	**68,546,335**	68,793,045
Allowance for Obsolescence	**(23,563,740)**	(23,563,740)
Net Value	**44,982,595**	45,229,305
Other Supplies and Materials Inventory	**45,125**	120,665
	45,027,720	45,349,970

Merchandise Inventory consists of aircraft parts and its components from manufacturers such as Allison, Bendix, BO-105, BNI, C-130, Cessna, Continental, Foker, Hartzell, Lycoming, McCauley, Universal, Woodward and SF 600 Canguro.

The reconciliation of inventory balances is still on-going.

7. OTHER CURRENT ASSETS

This account consists of the following:

	2021	2020
Withholding Tax at Source	**1,134,915**	2,840,619
Other Prepayments	**2,226,673**	2,244,201
	3,361,588	5,084,820

Other Prepayments consists of advances to various suppliers and input tax.

8. INVESTMENT IN ASSOCIATE

This account pertains to the Corporation's investment *in Airbus Helicopters Phils. Inc. (AHPI)* consisting of 11,700 shares, representing 30 per cent (30%) equity. AHPI has declared and remitted dividends for 2021 and 2020 amounting to P2.340 million and P5.620 million, respectively.

The carrying amount of the investment was reassessed in CY 2017 in the light of AHPI's improved situation. It was established that the recoverable amount exceeded the carrying amount, necessitating the reversal of the Allowance for Impairment amounting to P6.901 million.

9. OTHER INVESTMENTS

	2021	2020
Philippine Long Distance Telephone Company	**55,300**	55,300
Manila Electric Company	**5,870**	5,870
	61,170	61,170

10. INVESTMENT PROPERTY

This account consists of:

2021	**Hangar 1**	**Hangar 2**	**Hangar 3**	**Total**
Cost				
Balance at beginning of year	10,524,887	2,095,069	1,229,934	13,849,890
Additions/ deductions	0	0	0	0
Balance at the end of the year	**10,524,887**	**2,095,069**	**1,229,934**	**13,849,890**
Accumulated Depreciation				
Balance at beginning of year	9,903,073	1,989,877	1,138,683	13,031,633
Depreciation	226,114	26,424	45,010	297,548
Balance at end of year	**10,129,187**	**2,016,301**	**1,183,693**	**13,329,181**
Carrying amount as of Dec. 2021	**395,700**	**78,768**	**46,241**	**520,709**

2020	**Hangar 1**	**Hangar 2**	**Hangar 3**	**Total**
Cost				
Balance at beginning of year	10,524,887	2,095,069	1,229,934	13,849,890
Additions/ deductions	0	0	0	0
Balance at the end of the year	**10,524,887**	**2,095,069**	**1,229,934**	**13,849,890**
Accumulated Depreciation				
Balance at beginning of year	9,676,959	1,963,453	1,093,673	12,734,085
Depreciation	226,114	26,424	45,010	297,548
Balance at end of year	**9,903,073**	**1,989,877**	**1,138,683**	**13,031,633**
Carrying amount as of Dec. 2020	**621,814**	**105,192**	**91,251**	**818,257**

This account pertains to three (3) hangars owned by PADC which are being leased to private entities. The total rental/lease income from the Corporation's investment property amounted to P50.963 million and P51.080 million in 2021 and 2020, respectively (Note 23.1).

11. PROPERTY AND EQUIPMENT

This account consists of the following:

2021

	Buildings	Office Equipment	Info and Comm Tech. Equip't	Comm Equip't	Other Mach & Equip't.	Motor Vehicles	Acft.& Grd. Equip't	Furn. and Fixtures	Library Books	TOTAL
Cost										
Balance at beginning of year	13,747,370	12,499,586	828,713	494,747	41,893,690	8,334,904	8,640,880	56,000	112,382	86,608,272
Additions		58,036	39,286	0	0	0	0	0	0	97,322
Adjustments	0	(115,057)	(9,821)	0	(22,176)	0	0	0	0	(147,054)
Balance at end of year	13,747,370	12,442,565	858,178	494,747	41,871,514	8,334,904	8,640,880	56,000	112,382	86,558,540
Accumulated Depreciation										
Balance at beginning of year	12,984,578	10,834,007	603,582	445,273	36,710,958	5,441,010	7,776,792	0	101,411	74,897,611
Depreciation	295,346	55,587	84,557	0	230,589	494,582	0	0	0	1,160,661
Adjustments	0	(97,201)	(9,820)	0	(22,176)	0	0	0	0	(129,197)
Balance at end of year	13,279,924	10,792,393	678,319	445,273	36,919,371	5,935,592	7,776,792	0	101,411	75,929,075
Carrying amount as of Dec. 2021	**467,446**	**1,650,171**	**179,859**	**49,474**	**4,952,144**	**2,399,312**	**864,088**	**56,000**	**10,971**	**10,629,465**

2020

	Buildings	Office Equipment	Info and Comm Tech. Equip't	Comm Equip't	Other Mach & Equip't.	Motor Vehicles	Acft.& Grd. Equip't	Furn. and Fixtures	Library Books	TOTAL
Cost										
Balance at beginning of year	13,747,370	12,499,586	828,713	494,747	41,893,690	5,587,224	8,640,880	56,000	112,382	83,860,592
Additions/ deductions	0	0	0	0	0	2,747,680	0	0	0	2,747,680
Balance at end of year	13,747,370	12,499,586	828,713	494,747	41,893,690	8,334,904	8,640,880	56,000	112,382	86,608,272
Accumulated Depreciation										
Balance at beginning of year	12,689,232	10,776,413	515,003	445,273	36,478,373	5,028,858	7,776,792	0	101,411	73,811,355
Depreciation	295,346	57,594	88,579	0	232,585	412,152	0	0	0	1,086,256
Balance at end of year	12,984,578	10,834,007	603,582	445,273	36,710,958	5,441,010	7,776,792	0	101,411	74,897,611
Carrying amount as of Dec. 2020	**762,792**	**1,665,579**	**225,131**	**49,474**	**5,182,732**	**2,893,894**	**864,088**	**56,000**	**10,971**	**11,710,661**

12. DEFERRED TAX ASSETS

This account pertains to temporary differences arising from bad debts expense recognized in prior years and unrealized foreign exchange loss.

13. OTHER NON-CURRENT ASSETS

This account consists of:

	2021	2020
Accounts Receivables	**35,568,891**	35,568,891
Miscellaneous Receivables	**8,513,714**	8,513,714
	44,082,605	44,082,605
Allowance for Impairment	**(44,082,605)**	(44,082,605)
	0	0
Traded-in Spare Parts and Accessories	**11,270,950**	11,270,950
Flight Equipment-Rotable Parts	**1,610,445**	1,610,445
	12,881,395	12,881,395
Allowance for Impairment	**(12,881,395)**	(12,881,395)
	0	0
Deposits	**2,118,605**	2,118,605
	2,118,605	2,118,605

Because of doubtful of collectability and utilization, the receivable and inventory accounts, together with their provisions, were reclassified under the Other Assets account by virtue of Board Resolution No. 12 series of 1991. An additional allowance for bad debts amounting to P16.244 million was set up in CY 2011 upon the approval of the Board of Directors.

Miscellaneous receivables includes the claim of P2.184 million against a former PADC Treasurer who entrusted to an intermediary PNB employee the amount for the purchase of dollars in the black market. The estafa case against the former PADC Treasurer, which was filed on April 22, 1986 by the Office of the Government Corporate Counsel with the Office of the Provincial Fiscal of Rizal, is still pending.

14. FINANCIAL LIABILITIES

This account consists of:

	2021	2020 (As restated)
Accounts Payable – Trade	**1,932,056**	3,181,260
Due to Officers and Employees	**1,876,906**	1,991,850
	3,808,962	5,173,110

Accounts Payable - Trade consists mainly of unpaid utilities expenses and security services.

Due to Officers and Employees represents the unpaid benefits and allowances to officers and employees of PADC.

15. INTER-AGENCY PAYABLES

This account is composed of:

	2021	2020
Due to Treasurer of the Philippines	**49,718,190**	46,667,785
Value Added Tax Payable	**3,276,711**	419,990
Income Tax Payable	**2,477,122**	2,926,891
Due to GSIS	**324,720**	193,536
Due to BIR	**57,988**	101,554
Due to Pag-IBIG	**21,240**	69,659
Due to PhilHealth	**18,567**	19,311
	55,894,538	50,398,726

Due to Treasurer of the Philippines pertains to cost of audit of P47.335 million and due to Office of the Government Corporate Counsel (OGCC) of P2.384 million representing unsettled assessments for legal fees.

16. UNEARNED INCOME

This account represents the down payment made by a customer for the purchase of aircraft parts, unearned rental, and other deferred credits.

17. OTHER PAYABLES

This account consists of:

	2021	2020 (As restated)
Dividends Payable	**31,704,557**	38,132,089
Other Payables	**3,645,906**	5,469,020
	35,350,463	43,601,109

PADC, in its letter to the Department of Finance (DOF), requested dividend exemption based on the Revised Implementing Rules and Regulations of RA No. 7656 which stipulates that GOCCs with net income but have negative retained earnings may be exempt from declaring and remitting dividends upon proper request to the Secretary of the DOF for exemption.

DOF, in its letter dated September 2, 2020, informed PADC that they cannot grant PADC's request for dividend exemption. Instead, they recommended the settlement of the outstanding dividend under a staggered payment plan of P15.94 million a year for two years with due dates on or before December 31, 2021 and December 31, 2022.

They added that while PADC has negative earnings, the transfer of PADC under the supervision of the Department of National Defense (DND) provided avenues for workable options to boost its financial operations.

On August 9, 2021, PADC has requested for temporary reprieve from the scheduled staggered payment plan provided by DOF on their letter dated September 2, 2020.

PADC has remitted the amount of P6.359 million as partial compliance while the request for reprieve is being evaluated by DOF.

18. TRUST LIABILITIES

This account consists of payables to the following:

	2021	2020
Cebu Pacific Airways	**2,935,906**	2,935,906
Various Customers	**2,994,593**	2,994,593
Various Officers and Employees	**960,774**	960,774
	6,891,273	6,891,273

Payable to Cebu Pacific Airways and *Various Customers* pertains to one-month rental deposits.

Payable to Various Officers and Employees represents withheld salaries and wages, representation and transportation allowances of employees and officers of PADC with COA Order of Execution (COE).

19. PROVISIONS

This account represents the money value of the earned vacation and sick leave credits of employees.

	2021	2020
Leave Benefits Payable, January 1	**6,050,781**	4,668,804
Terminal leave benefits during the year	**1,343,268**	1,664,253
Monetization of leave credits	**(2,096,572)**	(282,276)
Leave Benefits Payable, December 31	**5,297,477**	6,050,781

20. DEFERRED TAX LIABILITIES

This account pertains to temporary differences arising from unrealized gain from foreign transactions.

21. CAPITAL STOCK

This account pertains to the subscribed and paid shares, as follows:

	Subscribed Shares	Par Value/ Stated Value	Property Contribution	Cash Contribution	Total
National Government	2,000,000	40	151,967,400	65,700,000	217,667,400
	917,783	150			
GSIS	500,000	40	0	20,000,000	20,000,000
DBP	500,000	40	0	20,000,000	20,000,000
	3,917,783		151,967,400	105,700,000	257,667,400

Under Presidential Decree (PD) No. 286, the initial authorized capital of the Corporation is P50 million, divided into five hundred thousand shares, at P100 par value. PD No. 346 increased the authorized capital stock into three million shares, no par value. PD No. 696 further increased the capital stock into five million shares, no par value.

The two million shares of stock subscribed and paid for by the National Government (NG) had an initial stated value of P40 per share. The five hundred thousand shares of stock each for the Development Bank of the Philippines (DBP) and the Government Service Insurance System (GSIS) were also issued at P40 per share.

However, in its letter dated June 11, 2013, DBP informed PADC, that it ceased to be an ex-officio member of the PADC Board, citing that "on December 8, 1986, President Corazon C. Aquino issued Proclamation No. 50, mandating GOCCs and GFIs to transfer non-performing accounts to the NG through the Asset Privatization Trust (APT), now known as Privatization and Management Office. PADC was among the assets transferred by DBP to the NG on February 27, 1987." Wherefore, the 500,000 shares totaling P20 million were delegated to the NG. PADC Management is awaiting approval/confirmation from PADC Board/NG.

The property contribution of the NG consisted of four C-130 aircrafts which were subsequently sold to a private foreign individual and to DND.

22. CONTINGENT LIABILITIES

PADC is contingently liable for claims filed by Alert Security and Investigation Agency. This case involves collection of sums of money as unpaid obligation.

In its motion, PADC mainly avers that its remaining unpaid obligation should only be P415,831.75. On March 8, 2022, PADC received from the Court of Appeals a resolution on the said case CA-G.R. CV. No. 109249. The dispositive portion of the said resolution reads as follows:

"WHEREFORE, defendant-appellant Motion for Partial Reconsideration is DENIED and this Court's decision dated January 20, 2021 remains unconsidered."

The resolution is now forwarded to OGCC for legal action.

23. SERVICE AND BUSINESS INCOME

These accounts represent the following:

	2021	2020
Rental Income	**50,962,987**	51,080,056
Dividend Income	**2,340,000**	5,620,200
Sales Revenue	**484,170**	3,275,104
Interest Income	**431**	365,791
Other Business Income	**420,953**	202,538
	54,208,541	60,543,689

23.1 Rental Income

	2021	2020
Hangarage fees	**50,930,017**	50,717,386
Office Rental	**32,970**	362,670
	50,962,987	51,080,056

Hangarage fees represents income from clients who place their aircrafts inside Hangar 3 while waiting for the aircraft parts to be used for repair and overhaul and also from clients who store their aircraft parts, tools and equipment at Hangar 3.

24. PERSONNEL SERVICES

24.1 Salaries and Wages

	2021	2020
Salaries and Wages – Regular	**16,503,852**	17,480,579

24.2 Other Compensation

	2021	2020
Year-End Bonus	**2,771,262**	2,891,903
Personnel Economic Relief Allowance	**924,000**	1,004,545
Representation Allowance	**619,250**	868,625
Transportation Allowance	**614,502**	849,136
Clothing/uniform Allowance	**228,000**	246,000
Cash Gift	**192,500**	213,000
Productivity Incentive Allowance	**190,000**	205,000

	2021	2020
Hazard Pay	**104,000**	109,000
Other Bonuses and Allowances	**394,026**	427,515
	6,037,540	6,814,724

24.3 Personnel Benefit Compensation

	2021	2020
Retirement and Life Insurance Premiums	**2,070,279**	1,984,013
PhilHealth Contributions	**46,200**	238,193
Employees Compensation Insurance Premiums	**226,988**	50,200
Pag-IBIG Contributions	**49,000**	49,300
	2,392,467	2,321,706

24.4 Other Personnel Benefits

	2021	2020
Terminal Leave Benefits	**1,343,358**	1,664,253

25. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of:

	2021	2020
Professional Services	**3,571,746**	3,891,923
Security Services	**2,736,995**	2,570,097
Taxes, Insurance Premiums and Other Fees	**1,286,791**	1,415,059
Utility Expenses	**1,209,650**	1,299,595
Supplies and Materials Expenses	**430,422**	254,285
Communication Expenses	**248,464**	236,029
Repairs and Maintenance	**124,458**	17,439
Confidential, Intelligence, and Extraordinary Expenses	**112,157**	37,710
Travelling Expenses - Local/Foreign	**52,672**	68,972
Training Expenses	**30,429**	0
Other Maintenance and Operating Expenses	**310,177**	227,169
	10,113,961	10,018,278

25.1 Professional Services

	2021	2020
Auditing Services	**3,320,876**	3,590,218
Other Professional Services	**250,870**	301,705
	3,571,746	3,891,923

26. FINANCE EXPENSES

This account consists of:

	2021	2020
Bank Charges	**4,645**	36,648
Other Financial Charges	**0**	773,159
	4,645	809,807

The other financial charges pertain to the liquidated damages charged by Philippine Army to PADC.

27. NON-CASH EXPENSES

This account represents depreciation of:

	2021	2020
Transportation Equipment	**494,582**	412,152
Machinery and Equipment	**370,733**	378,758
Investment Property	**297,548**	297,548
Buildings and Structures	**295,346**	295,346
Loss on Foreign Exchange	**0**	79,054
	1,458,209	1,462,858

28. RESTATEMENT OF ACCOUNTS

The 2021 financial statements were restated to reflect the following adjustments:

Prior years' errors discovered in CY 2021

	December 31, 2019 (As previously reported)	**Restatement/ Adjustment**	**January 1, 2020 (As restated)**
STATEMENT OF FINANCIAL POSITION			
Receivables, net	**42,142,800**	**1,736,361**	**43,879,161**
Recording of NFDs for various NDs		1,736,361	
Other Current Assets	**17,729,748**	**(9,022)**	**17,720,726**
Adjustment on recorded rent		(9,022)	

	December 31, 2019 (As previously reported)	Restatement/ Adjustment	January 1, 2020 (As restated)
Investment Property, net	**0**	**1,115,806**	**1,115,806**
Reclassification of Building being leased to private entities to Investment Property		13,849,890	
Accumulated depreciation adjustments		(12,734,084)	
Property and Equipment, net	**11,193,685**	**1,144,448**	**10,049,237**
Correction of prior years' error (accumulated depreciation adjustments)		(28,642)	
Reclassification of Building being leased to private entities to Investment Property		(13,849,890)	
Accumulated depreciation adjustments		12,734,084	
Financial Liabilities	**4,184,924**	**26,067**	**4,210,991**
Under accrual of expenses		26,710	
Stale checks		(643)	
Other Payables	**28,782,110**	**7,200,511**	**35,982,621**
Dividends for DY 2019		7,200,511	
STATEMENT OF CHANGES IN EQUITY			
Retained Earnings	**(177,053,646)**	**(5,527,881)**	**(182,581,527)**
Dividends for DY 2019		(7,200,511)	
Error on recording expenses		(37,664)	
Stale Check		643	
Payment of various prior year expenses		(26,710)	
Recording of COA Notices of Finality of Decision		1,736,361	

	December 31, 2020 (As previously reported)	Restatement/ Adjustment	January 1, 2021 (As restated)
STATEMENT OF FINANCIAL POSITION			
Receivables, net	**60,641,553**	**1,736,361**	**62,377,914**
Recording of NFDs for various NDs		1,736,361	
Other Current Assets	**5,093,842**	**(9,022)**	**5,084,820**
Adjustment on recorded rent		(9,022)	
Investment Property, net	**0**	**818,257**	**818,257**
Reclassification of Building being leased to private entities to Investment Property		13,849,890	

	December 31, 2020 (As previously reported)	Restatement/ Adjustment	January 1, 2021 (As restated)
Accumulated depreciation adjustments		(13,031,633)	
Property and Equipment, net	**12,557,561**	**(846,900)**	**11,710,661**
Correction of prior years' error (accumulated depreciation adjustments)		(28,642)	
Reclassification of Building being leased to private entities to Investment Property		(13,849,890)	
Accumulated depreciation adjustments		13,031,632	
Financial Liabilities	**5,147,043**	**26,067**	**5,173,110**
Under accrual of expenses		26,710	
Stale checks		(643)	
Other Payables	**29,040,985**	**14,560,124**	**43,601,109**
Dividends for DY 2019		7,200,510	
Dividends for DY 2020		7,359,614	
STATEMENT OF CHANGES IN EQUITY			
Retained Earnings	**(162,597,007)**	**(12,887,495)**	**(175,484,502)**
Dividends for DY 2019		(7,200,511)	
Dividends for DY 2020		(7,359,614)	
Error on recording expenses		(37,664)	
Stale checks		643	
Payment of various prior year expenses		(26,710)	
Recording of COA Notices of Finality of Decision		1,736,361	

The Corporation presented a three-year statements of financial position in compliance with the requirement of PAS 1, Presentation of Financial Statements, to include a complete set of financial statements as statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies as accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

29. SUPPLEMENTARY INFORMATION ON TAXES

In compliance with the requirements set forth by BIR Revenue Regulations 15-2010, hereunder are the information on taxes, duties and licenses paid or accrued during the taxable year 2021.

The Corporation is a VAT-registered Corporation with VAT output tax declaration of P8.071 million for the year based on the amount reflected in the Sales Account of P67.260 million.

The amount of VAT input taxes claimed are broken down as follows:

Balance at beginning of the year	1,357,273
Current year's purchases:	
Goods other than capital goods	75,582
Importation of goods other than capital goods	28,457
Services	361,050
Claims for tax credits/refund and other adjustments	(491,640)
Balance at end of the year	1,330,722

Other Taxes and Licenses	
Local:	
Real Property Tax	175,636
Business Permit	492,032
Community Tax	10,500
	678,168

National:	
BIR Annual Registration	500
VAT/Percentage Taxes	7,606,144
	7,606,644

The amount of withholding taxes paid/accrued for the year amounted to P1.814 million broken down as follows:

Tax on compensation and benefits	1,508,523
Creditable withholding taxes	106,371
VAT withheld and other percentage taxes	198,906
	1,813,800