



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

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## INDEPENDENT AUDITOR'S REPORT

**EDUARDO T. BAGTANG, CPA, DBM**

SUC President

Kalinga State University

Tabuk City, Kalinga

### UNMODIFIED OPINION

We have audited the financial statements of Kalinga State University (KSU), which comprise the statement of financial position as at December 31, 2020, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KSU as at December 31, 2020, and its financial performance, its cash flows and its comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

### BASIS FOR UNMODIFIED OPINION

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities of the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled out other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Those charged with governance are responsible for overseeing the University's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**COMMISSION ON AUDIT**

**By:**

  
**ISIDORA E. FERNANDEZ**  
OIC Supervising Auditor 

March 11, 2021

**KALINGA STATE UNIVERSITY**  
Condensed Statement of Financial Position  
As of December 31, 2019

	Note	2019	2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	₱ 21,815,368.72	₱ 82,895,398.70
Receivables	5	28,588,630.20	38,295,382.39
Inventories	6	5,685,341.02	5,605,841.02
Other Current Assets	10	20,533,694.92	26,314,545.10
<b>Total Current Assets</b>		<b>76,623,034.86</b>	<b>153,111,167.21</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	421,294,224.25	373,368,999.39
Biological Assets	8	2,794,000.00	1,083,074.00
Intangible Assets	9	1,000,000.00	1,000,000.00
<b>Total Non-Current Assets</b>		<b>425,088,224.25</b>	<b>375,452,073.39</b>
<b>Total Assets</b>		<b>501,711,259.11</b>	<b>528,563,240.60</b>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Financial Liabilities	11	39,061,683.11	47,723,915.25
Inter-Agency Payables	12	44,713,703.81	36,307,576.01
Other Payables	14	2,807,766.35	7,425,766.35
Trust Liabilities	13	9,925,401.30	12,747,504.15
<b>Total Current Liabilities</b>		<b>96,508,554.57</b>	<b>104,204,761.76</b>
<b>Non-Current Liabilities</b>			
Loans Payable - Domestic	11	18,604,657.58	-
<b>Total Liabilities</b>		<b>115,113,212.15</b>	<b>104,204,761.76</b>
<b>Total Assets less Total Liabilities</b>		<b>386,598,046.96</b>	<b>424,358,478.84</b>
<b>NET ASSETS/EQUITY</b>			
<b>Equity</b>			
Accumulated Surplus/ Deficit		386,598,046.96	424,358,478.84
<b>Total Net Assets/Equity</b>		<b>₱ 386,598,046.96</b>	<b>₱ 424,358,478.84</b>

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

**KALINGA STATE UNIVERSITY**  
**Condensed Statement of Financial Performance**  
**For the Year Ended December 31, 2019**

	Note	2019	2018
<b>Revenue</b>			
Service Income	15	₱ 3,396,720.46	₱ 4,124,912.31
Business Income	15	37,511,214.61	37,753,530.24
Grants and Donations	16	200,047.00	-
Miscellaneous Income		212,061.01	278,316.47
<b>Total Revenue</b>		<b>41,320,043.08</b>	<b>42,156,759.02</b>
<b>Expenses</b>			
Personnel Services	17	199,392,432.94	180,788,215.62
Maintenance and Other Operating Expenses	18	125,836,169.39	78,203,231.99
Financial Expenses	19	1,713,171.60	1,973,519.80
Non-Cash Expenses	20	10,071,086.22	8,199,188.50
<b>Total Expenses</b>		<b>337,012,860.15</b>	<b>269,164,155.91</b>
<b>Excess of Income over Expenses</b>		<b>(295,692,817.07)</b>	<b>(227,007,396.89)</b>
Subsidy Income	21	333,986,779.77	342,407,925.50
Assistance from Local Government Units	21	20,000.00	5,000.00
<b>Surplus (Deficit) for the Period</b>		<b>₱ 38,313,962.70</b>	<b>₱ 115,400,528.61</b>

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

**KALINGA STATE UNIVERSITY**  
Statement of Cash Flows  
For the year ended December 31, 2019

Notes	2019	2018
<b>Cash Flows From Operating Activities</b>		
Cash Inflow:		
Receipt of Notice of Cash Allocation	₱ 272,455,687.00	₱ 280,802,532.34
Collection of service income	62,260,758.63	114,407,786.25
Refund of Cash Advance	785,488.87	253,977.48
Other adjustments	10,437,390.30	6,484,650.04
<i>Total Cash Inflow</i>	345,939,324.80	401,948,946.11
Cash Outflows:		
Payment of Expenses	159,552,982.59	139,008,849.65
Remittance of Personnel Benefit Contributions and Mandatory Deductions	79,199,274.87	69,222,785.41
Grant of Cash Advance	6,414,828.03	12,111,722.53
Prepayments	50,000.00	300,000.00
Loans Granted to Students	-	250,000.00
Payment of Accounts Payable	15,884,960.20	0
Release of Inter-agency Fund Transfers	-	3,000,000.00
Other Disbursements	109,689,759.30	110,328,579.02
Other Adjustments	36,227,549.79	4,741,781.93
<i>Total Cash Outflows</i>	407,019,354.78	344,351,986.84
<b>Cash Provided by Operating Activities</b>	<b>(61,080,029.98)</b>	<b>57,596,959.27</b>
<b>Cash Flows from Investing Activities</b>		
Cash Inflow	-	-
Cash Outflows		
Purchase of Property, Plant and Equipment	-	-
Purchase of Intangible Asset	-	-
<b>Cash Provided by Investing Activities</b>	<b>-</b>	<b>-</b>

Notes	2019	2018
<b>Cash Flows From Financing Activities</b>		
Cash Inflow	-	-
Cash Outflows	-	-
<b>Cash Provided by Financing Activities</b>	-	-
<b>Total Cash Provided by Operating, Investing and Financing Activities</b>	(61,080,029.98)	57,596,959.27
<b>Add: Cash Balance, Beginning Jan. 1, 2018</b>	82,895,398.70	25,298,439.43
<b>Cash Balance, End</b>	<b>₱ 21,815,368.72</b>	<b>₱ 82,895,398.70</b>

**KALINGA STATE UNIVERSITY**  
Statement of Changes in Net Assets/Equity  
As of December 31, 2019

	Note	2019	2018
<b>Government Equity, Beginning</b>	<b>₱</b>	424,358,478.84	<b>₱ 306,366,425.62</b>
Changes in Accounting policy		-	-
Prior period of			
Adjustments/Unrecorded Income			
and Expenses		(21,047.90)	(826,834.26)
Other adjustments		(66,699,824.89)	(14,864,957.20)
<b>Adjusted Beginning Balance</b>		<b>357,637,606.05</b>	<b>290,674,634.16</b>
<b>Changes in Net Assets/Equity for the Calendar Year</b>			
Surplus/(Deficit) for the period		38,313,962.70	115,400,528.61
Others		(9,353,521.79)	18,283,316.07
<b>Revenue and expenses for the period</b>		<b>28,960,440.91</b>	<b>133,683,844.68</b>
<b>Balance at December 31</b>	<b>₱</b>	<b>386,598,046.96</b>	<b>₱ 424,358,478.84</b>

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

# KALINGA STATE UNIVERSITY

## Notes to Financial Statements

December 31, 2019

(All amount in Philippine Peso)

### 1. General/Agency Profile

The consolidated financial statements of Kalinga State University were authorized for issue on February 8, 2018 as shown in the Statement of Management Responsibility for Financial Statements signed by Dr. Eduardo T. Bagtang, the Head of Agency.

Kalinga State University is a State Owned Higher Education Institution established on January 26, 1986 and operates under the authority of the Republic Act 10584. The mandate of Kalinga State University is to provide advanced education, higher technological, professional instruction and training in the arts, agriculture, forestry, social and natural sciences and technology, and other relevant fields of study. It shall also promote and undertake research and extension services, and provide progressive leadership in its areas of specialization. These services are grouped into the following key areas: Instruction, Research, Extension and Production. The Agency's registered office is located in National Highway, Purok 6, Bulanao, Tabuk City, Kalinga.

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

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

The 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

#### 1. Basis of accounting

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

#### 2. Financial instruments

##### a. Financial assets

*Initial recognition and measurement*



Financial assets within the scope of PPSAS 29-Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. The Kalinga State University determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Kalinga State University commits to purchase or sell the asset.

The Kalinga State University's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables; quoted and unquoted financial instruments; and derivative financial instruments.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification.

#### *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

### *Derecognition*

The Kalinga State University derecognizes a financial asset or, where applicable, a part of a financial asset or part of a Kalinga State University of similar financial assets when:

- The rights to receive cash flows from the asset have expired or is waived;
- The Kalinga State University has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Kalinga State University has transferred substantially all the risks and rewards of the asset; or (b) the Kalinga State University has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### *Impairment of financial assets*

The Kalinga State University assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### *Financial assets carried at amortized cost*

For financial assets carried at amortized cost, the Kalinga State University first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Kalinga State University determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes

the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Kalinga State University. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

b. Financial liabilities

*Initial recognition and measurement*

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Kalinga State University's financial liabilities include trade and other payables, loans and borrowings.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification.

### *Financial liabilities at fair value through surplus or deficit*

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

### *Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or 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 surplus or deficit.

#### c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts

and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

d. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at 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 consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

4. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- 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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Kalinga State University.

## 5. Property, Plant and Equipment

### *Recognition*

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

The characteristics of PPE are as follows:

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

An item of PPE is recognized as an asset if:

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

### *Measurement at Recognition*

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

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

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

Cost includes the following:

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

### *Measurement after Recognition*

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

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

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

#### *Depreciation*

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

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

#### *Initial Recognition of Depreciation*

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

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

#### *Depreciation Method*

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

#### *Estimated Useful Life*

The Kalinga State University uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

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

### *Impairment*

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

### *Derecognition*

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

## **6. Provisions**

Provisions were recognized when the Kalinga State University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Kalinga State University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions were reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions were reversed.

### *Contingent liabilities*

The Kalinga State University 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.

### *Contingent assets*

The Kalinga State University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or



non-occurrence of one or more uncertain future events not wholly within the control of the Kalinga State University in the notes to the financial statements.

Contingent assets were assessed continually to ensure that developments were appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

## 7. Changes in accounting policies and estimates

The Kalinga State University recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

The Kalinga State University recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The Kalinga State University correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

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

## 8. Revenue from non-exchange transactions

### *Recognition and Measurement of Assets from Non-Exchange Transactions*

An inflow of resources from a non-exchange transaction, other than services in kind, that meets the definition of an asset were recognized as an asset if the following criteria were met:

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

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

### *Recognition Revenue from Non-Exchange Transactions*

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As Kalinga State University satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

### *Measurement of Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

### *Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions*

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

### *Gifts and Donations*

The Kalinga State University recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind were recognized as assets when the goods were received, or there is a binding arrangement to receive the goods. If goods in-kind were received without conditions attached, revenue is recognized immediately. If conditions were attached, a liability is recognized, which is reduced and revenue recognized as the conditions were satisfied.

On initial recognition, gifts and donations including goods in-kind were measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value were ascertained by reference to quoted prices in an active and liquid market.

### *Transfers*

The Kalinga State University recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

### *Services in-Kind*

Services in-kind were not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

### *Transfers from other government entities*

Revenues from non-exchange transactions with other government entities and the related assets were measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Kalinga State University and can be measured reliably.

## **9. Budget information**

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

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

## **10. Impairment of Non-Financial Assets**

### *Impairment of cash-generating assets*

At each reporting date, the Kalinga State University assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Kalinga State University estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that were largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows were discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions were taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Kalinga State University estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

#### *Impairment of non-cash-generating assets*

The Kalinga State University assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Kalinga State University estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. The Kalinga State University classifies assets as cash-generating assets when those assets were held with the primary objective generating a commercial return. Therefore, non-cash generating assets would be those assets from which the Kalinga State University does not intend (as its primary objective) to realize a commercial return.

## **11. Employee benefits**

The employees of Kalinga State University are member of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The Kalinga State University 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.

The Kalinga State University recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.

## **12. Measurement uncertainty**

The preparation of financial statements in conformity with PPSAS, 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 were based on the best information available at the time of preparation of the financial statements and were reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

## ASSETS

### 4. Cash and Cash Equivalents

<b>Accounts</b>	<b>CY 2019</b>	<b>CY 2018</b>
Cash on Hand	0.00	0.00
Petty Cash Fund	0.00	0.00
Cash - Collecting Officers	242,790.05	609,960.82
Cash in Bank - Local Currency, Current Account	11,358,978.55	62,932,512.26
Cash in Bank - Local Currency, Savings Account	5,989,088.81	5,967,088.81
Cash - Modified Disbursement System(MDS), Regular	4,224,511.31	13,385,836.81
<b>Total Cash and Cash Equivalents</b>	<b>21,815,368.72</b>	<b>82,895,398.70</b>

#### 4.1 Petty Cash Fund

The Petty Cash Fund account for CY 2019 was fully liquidated within the year.

#### 4.2 Cash Collecting Officers

The account represents undeposited collections of Collecting Officers as of December 31, 2019.

The composition of the account as of December 31, 2019 is as follows:

<b>Fund</b>	<b>CY 2019</b>	<b>CY 2018</b>
Regular Agency Fund	0.00	0.00
Internally Generated Income	242,790.05	575,484.69
Business Type Income	0.00	34,476.13
Trust Fund	0.00	0.00
<b>Totals</b>	<b>242,790.05</b>	<b>609,960.82</b>

#### 4.3 Cash in Bank, Local Currency, Current Account

The account comprises the balances of the current account under Internally Generated Income, Business Type Income and Trust Fund.

The composition of the account as of December 31, 2019 is as follows:

<b>Fund</b>	<b>CY 2019</b>	<b>CY 2018</b>
Internally Generated Income	7,152,497.74	2,420,297.90
Business Type Income	3,299,123.28	3,057,116.77
Trust Fund	907,357.53	57,455,097.59
<b>Totals</b>	<b>11,358,978.55</b>	<b>62,932,512.26</b>

#### 4.4 Cash in Bank, Local Currency, Savings Account

The account comprises the balances of the savings account under Internally Generated Income and Trust Fund.

The composition of the account as of December 31, 2019 is as follows:

<b>Fund</b>	<b>CY 2019</b>	<b>CY 2018</b>
Internally Generated Income	4,876,694.06	4,876,694.06
Trust Fund	1,112,394.75	1,090,394.75
<b>Totals</b>	<b>5,989,088.81</b>	<b>5,967,088.81</b>

#### 4.5 Cash, Modified Disbursement System (MDS), Regular

The account represents the unreleased checks as of December 31, 2019.

<b>Fund</b>	<b>CY 2019</b>	<b>CY 2018</b>
Regular Agency Fund	4,224,511.31	13,385,836.81
<b>Total</b>	<b>4,224,511.31</b>	<b>13,385,836.81</b>

### 5. Receivables

#### 5.1 Loans and Receivable

The composition of the accounts as of December 31, 2019 is as follows:

<b>Accounts</b>	<b>CY 2019</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Accounts Receivable	22,021,755.83	0.00	22,021,755.83
Allow. for Impairment – Accounts Receivable	(2,202,175.58)	0.00	(2,202,175.58)
Net value – Accounts Receivable	19,819,580.25	0.00	19,819,580.25
Loans Receivable Others	1,517,256.50	0.00	1,517,256.50
Allow. For Impairment – Loans Receivable	0.00	0.00	0.00
Net Value – Loans Receivable Others	1,517,256.50	0.00	1,517,256.50
Other Receivables	300,000.00	0.00	300,000.00
Allow. For Impairment – Receivables Others	0.00	0.00	0.00
Net Value – Loans Receivable Others	300,000.00		300,000.00
<b>Totals</b>			<b>21,636,836.75</b>

The account receivable consists of uncollected tuition and other fees from students that were recorded. The amount is net of Allowance for Impairment – Accounts Receivable which was estimated at Ten Percent (10 %). The loans receivable others represents total loans receivable from students who availed of the CHED Student Assistance Fund on Education (SAFE-4) and CHED – SAFE Loan Program recorded under Trust Fund.

### 5.2 Aging/Analysis of Receivables

As of December 31, 2019

Accounts	Total	Not Past Due	Past Due		
			<30 days	30-60 days	>60 days
Accounts Receivable	22,021,755.83	0.00	0.00	0.00	22,021,755.83
Loans Receivable	1,517,256.50	0.00	0.00	0.00	1,517,256.50
Receivables Others	300,000.00	300,000.00	0.00	0.00	0.00

### 5.3 Inter – Agency Receivables

The composition of the account of December 31, 2019 is as follows:

Accounts	CY 2019		
	Current	Non-current	Total
Due from National Government Agency	6,951,793.45	0.00	6,951,793.45
<b>Total</b>			<b>6,951,793.45</b>

The account represents the unliquidated fund transfer to other agencies.

## 6. Inventories

Accounts	CY 2019			
	Inventories held at the lower of cost and net realizable value	Inventories held at fair value less cost to sell	Inventory write-down recognized during the year	Reversal Inventory write-down recognized during the year
Inventory Held for Consumption				
Carrying Amount, Jan. 1, 2019	5,605,841.02			
Additions/Acquisitions	79,000.00			



Accounts	CY 2019			
	Inventories held at the lower of cost and net realizable value	Inventories held at fair value less cost to sell	Inventory write-down recognized during the year	Reversal Inventory write-down recognized during the year
during the year				
Expensed during the year				
Reversal of write-down during the year				
Carrying Amount, Dec. 31, 2019	5,685,341.02			
<b>Total Carrying Amount, December 31, 2019</b>	<b>5,685,341.02</b>			

The inventory held for consumption account represents purchased books and other readings materials for instruction and references and purchased janitorial and general supplies needed by the various offices of the University that are not yet consumed or still in the stock room of the Supply Office. The books are lodged in the libraries of the main and satellite campuses.

## 7. Property, Plant and Equipment

	Land	Land Improvement	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment
Carrying Amount, Jan. 1, 2019	2,658,930.00	6,625,153.82	1,290,679.47	216,874,836.03	27,355,605.09
Additions/ Acquisitions	0.00	2,504,087.74	0.00	59,144,271.43	12,362,046.48
Total	2,568,930.00	9,129,241.56	1,290,679.47	276,019,107.46	39,817,651.57
Disposals					
Depreciation (As per statement of financial performance)		613,067.64	40,871.52	4,487,816.10	1,487,043.40
Impairment Loss (As per Statement of Financial Performance)					
<b>Carrying Amount, Dec. 31, 2019 (As per Statement of Financial Position)</b>	<b>2,658,930.00</b>	<b>8,516,173.92</b>	<b>1,249,807.95</b>	<b>271,531,291.36</b>	<b>38,330,608.17</b>

	<b>Transporta -tion Equipment</b>	<b>Furniture, Fixtures and Books</b>	<b>Other Property, Plant and Equipment</b>	<b>Construction in Progress</b>	<b>Total</b>
Carrying Amount, Jan. 1, 2019	4,838,482.61	1,594,471.43	849,792.88	90,458,815.89	262,087,951..33
Additions/ Acquisitions	197,624.82	2,070,387.20	237,950.00	0.00	76,616,367.67
Total	5,036,107.43	3,664,858.63	1,087,742.88	0.00	338,704,319.00
Disposals					
Depreciation (As per statement of financial performance)	758,726.69	291,312.73	190,072.56	0.00	7,868,910.64
Impairment Loss (As per Statement of Financial Performance)					
<b>Carrying Amount, Dec. 31, 2019 (As per Statement of Financial Position)</b>	<b>4,277,380.74</b>	<b>3,373,545.90</b>	<b>897,670.32</b>	<b>90,458,815.89</b>	<b>421,294,224.25</b>

There was no further acquisition of land during the year. The total carrying amount in the beginning and ending balance does not include the amount of Construction in Progress account.

## 8. Biological Assets

<b>Accounts</b>	<b>CY 2019</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Livestock		2,974,000.00	2,974,000.00
<b>Totals</b>			<b>2,974,000.00</b>

The Livestock account pertains to purchased pigs/swine, cows, goats and poultry pullets used in instructional, research, and production activities of the University.

## 9. Intangible Assets

<b>Particulars</b>	<b>CY 2019</b>		
	<b>Computer Software</b>	<b>Other Intangible Assets</b>	<b>Total</b>
Carrying Amount, Jan. 1, 2019	1,000,000.00		1,000,000.00
Additions – Inmally Developed			
Additions – Purchased/ Acquired thru exchange on			

Particulars	CY 2019		
	Computer Software	Other Intangible Assets	Total
non-exchange transaction			
Impairment Loss Reversed (As per Statement of Financial Performance)			
Total	1,000,000.00		1,000,000.00
Disposals			
Amortization Recognized (As per Statement of Financial Performance)			
Impairment Loss (As per Statement of Financial Performance)			
Other Changes			
<b>Carrying Amount, Dec. 31, 2019 (As per Statement of Financial Position)</b>	<b>1,000,000.00</b>		<b>1,000,000.00</b>

The account pertains to purchased computer software to be used for online enrollment of the University with accounting system.

## 10. Other Assets

### 10.1 Current and Non-current Other Assets

Accounts	CY 2019		
	Current	Non-current	Total
Advances	3,464,197.45		3,464,197.45
Prepayments	17,069,497.47		17,069,497.47
<b>Totals</b>			<b>20,533,694.92</b>

The Advances account pertains to cash advances of the cashier and cash advances of KSU employees for travel. The Prepayment account pertains to pre-deposits for air travel of the University and advances to contractors.

## LIABILITIES AND EQUITY

### 11. Financial Liabilities

#### 11.1 Payables

The composition of the account as of December 31, 2019 is as follows:

Particulars	CY 2019		CY 2018	
	Current	Non-current	Current	Non-current
Payables				
Accounts Payable	30,874,033.82		10,773,902.08	
Due to Officers and Employees	387,649.29		7,185,357.57	
<b>Totals</b>	<b>31,261,683.11</b>		<b>17,959,259.65</b>	

## 11.2 Bills/Bonds/Loans Payable

The composition of the account as of December 31, 2019 is as follows:

Particulars	CY 2019		CY 2018	
	Current	Non-current	Current	Non-current
Loans Payable - Domestic	7,800,000.00	18,604,657.58	29,764,655.60	0.00
<b>Totals</b>	<b>7,800,000.00</b>	<b>18,604,657.58</b>	<b>29,764,655.60</b>	<b>0.00</b>

The account pertains to loan granted by Development Bank of the Philippines and Landbank of the Philippines for the completed construction of school buildings.

## 12. Inter-Agency Payables

Particulars	2019		2018	
	Current	Non-Current	Current	Non-current
Due to BIR	2,686,014.87		3,016,123.68	
Due to GSIS	439.49		275,675.40	
Due to Pag-IBIG	-		25,709.28	
Due to PhilHealth	-		22,725.46	
Due to NGAs	41,284,024.71		30,986,180.42	
Due to GOCCs	-		1,286,195.24	
Due to LGUs	743,224.74		694,966.53	
<b>Total</b>	<b>44,713,703.81</b>		<b>36,307,576.01</b>	

## 13. Trust Liabilities

Particulars	2019		2018	
	Current	Non-Current	Current	Non-current
Guaranty/ Security Deposits Payable	9,925,401.30	-	12,747,504.15	
<b>Total</b>	<b>9,925,401.30</b>	<b>-</b>	<b>12,747,504.15</b>	<b>-</b>

The account represents the collected performance bond of various contractors/suppliers as a guarantee or security for the delivery of goods/services contracted by the University for CY 2019.

#### 14. Other Payables

The account is composed of balances of account for remittance to DBP, BIBAK MPC, Benlife, Philam and Cocolife.

#### 15. Service and Business Income

The composition of the account as of December 31, 2019 is as follows:

Particulars	CY 2019	CY 2018
<b>Service Income</b>		
Registration Fees	92,850.00	0.00
Clearance and Certification Fees	223,655.00	79,755.00
Fines and Penalties – Service Income	50.00	0.00
Other Service Income	3,080,165.46	4,045,157.31
<b>Total</b>	<b>3,396,720.46</b>	<b>4,124,912.31</b>
<b>Business Income</b>		
School Fees	33,829,620.46	36,167,479.22
Affiliation Fees	255,700.00	119,321.50
Examination Fees	0.00	0.00
Rent/Lease Income	460,839.12	383,603.67
Waterworks System Fees	17640.00	69,637.91
Income from Hostels/Dormitories and Other Like Facilities	113,583.50	35,020.00
Income from Printing and Publication	1,271,150.00	0.00
Sales Revenue	1,494,861.53	941,230.94
Interest Income	0.00	0.00
Other Business Income	67,820.00	37,237.00
<b>Total</b>	<b>37,511,214.61</b>	<b>37,753,530.24</b>

#### 16. Shares, grants and Donations

The composition of the account as of December 31, 2019 is as follows:

Particulars	CY 2019	CY 2018
Income from Grants and Donations	200,047.00	0.00
<b>Total</b>	<b>200,047.00</b>	<b>0.00</b>

## 17. Personnel Services

### 17.1 Salaries and Wages

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Salaries and Wages - Regular	121,987,367.71	113,322,878.32
Salaries and Wages - Casual/Contractual	0.00	0.00
<b>Totals</b>	<b>121,987,367.71</b>	<b>113,322,878.32</b>

### 17.2 Other Compensation

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Personal Economic Relief Allowance (PERA)	6,808,755.22	6,736,953.73
Representation Allowance (RA)	197,000.00	603,525.00
Transportation Allowance (TA)	197,000.00	231,000.00
Clothing/Uniform Allowance	1,656,000.00	1,596,000.00
Subsistence Allowance	393,227.28	149,739.00
Honoraria	8,636,836.27	4,264,668.70
Hazard Pay	0.00	129,427.50
Longevity Pay	125,000.00	0.00
Year End Bonus	10,036,164.40	9,668,035.05
Cash Gift	1,420,500.00	1,460,250.00
Other Bonuses and Allowances	17,433,727.45	16,495,276.94
<b>Total</b>	<b>46,904,210.62</b>	<b>41,334,875.92</b>

### 17.3 Personnel Benefit Contribution

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Retirement and Life Insurance Premiums	14,670,003.87	13,622,199.36
Pag-IBIG Contributions	443,581.20	437,528.42
PhilHealth Contributions	1,159,013.44	1,131,168.95
Employees Compensation Insurance Premiums	341,200.00	338,799.62
<b>Totals</b>	<b>16,613,798.51</b>	<b>15,529,696.35</b>

### 17.4 Other Personnel Benefits

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Terminal Leave Benefits	10,997,181.10	10,513,265.03
Other Personnel Benefits	2,889,875.00	87,500.00
<b>Totals</b>	<b>13,887,056.10</b>	<b>10,600,765.03</b>

## **18. Maintenance and Other Operating Expenses**

### 18.1 Travelling Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Travelling Expenses - Local	2,974,636.94	4,389,125.69
Travelling Expenses - Foreign	882,111.47	100,032.00
<b>Totals</b>	<b>3,856,748.41</b>	<b>4,489,157.69</b>

### 18.2 Training and Scholarship Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Training Expenses	6,755,250.01	1,759,867.35
Scholarship Grants/Expenses	70,864,174.50	27,729,398.00
<b>Totals</b>	<b>77,619,424.51</b>	<b>29,489,265.35</b>

### 18.3 Supplies and Materials Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Office Supplies Expenses	4,015,407.24	1,897,108.12
Accountable Forms Expenses	241,420.00	52,200.00
Drugs and Medicines Expenses	213,360.82	0.00
Medical, Dental and Laboratory Supplies Expenses	232,883.20	121,978.46
Fuel, Oil and Lubricants Expenses	981,617.55	1,268,378.52
Agricultural and Marine Supplies Expenses	487,161.00	1,161,955.60
Semi-Expendable Machinery and Equipment Expenses	2,512,376.70	1,986,594.37
Semi-Expendable Furniture, Fixtures and Books Expenses	1,963,840.00	3,145,163.92
Other Supplies and Materials Expenses	5,690,863.60	6,322,842.77
<b>Totals</b>	<b>16,338,930.11</b>	<b>15,956,221.76</b>

#### 18.4 Utility Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2019</b>
Water Expenses	129,787.66	91,710.74
Electricity Expenses	3,150,619.28	2,412,526.54
<b>Totals</b>	<b>3,280,406.94</b>	<b>2,504,237.28</b>

#### 18.5 Communication Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Postage and Courier Services	18,588.55	15,114.00
Telephone Expenses	146,070.96	85,126.10
Internet Subscription Expenses	1,151,099.59	1,705,868.17
Cable, Satellite, Telegraph and Radio Expenses	3,000.00	3,000.00
<b>Totals</b>	<b>1,318,759.10</b>	<b>1,809,108.27</b>

#### 18.6 Awards/Rewards, Prizes and Indemnities

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Awards/Rewards Expenses	-	-
Prizes	250,000.00	101,166.66
<b>Totals</b>	<b>250,000.00</b>	<b>101,166.66</b>

#### 18.7 Survey Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Survey Expenses	198,000.00	-
<b>Totals</b>	<b>198,000.00</b>	<b>-</b>

#### 18.8 Confidential, Intelligence and Extraordinary Expenses

The composition of the account as of December 31, 2019 is as follows:



<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Confidential Expenses	-	-
Extraordinary and Miscellaneous Expenses	264,000.00	349,162.00
<b>Totals</b>	<b>264,000.00</b>	<b>349,162.00</b>

#### 18.9 Professional Services

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Legal Services	50.00	11,350.00
Other Professional Services	6,512,874.00	5,460,077.01
<b>Totals</b>	<b>6,512,924.00</b>	<b>5,471,427.01</b>

#### 18.10 General Services

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Janitorial Services	413,497.93	949,960.57
Security Services	1,493,983.89	1,892,996.09
Other General Services	4,312,953.02	3,474,656.40
<b>Totals</b>	<b>6,220,434.84</b>	<b>6,317,613.06</b>

#### 18.11 Repairs and Maintenance

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Repairs and Maintenance - Land Improvements	98,047.28	40,800.00
Repairs and Maintenance - Buildings and Other Structures	912,432.88	1,636,791.00
Repairs and Maintenance - Machinery and Equipment	54,901.40	118,957.72
Repairs and Maintenance - Transportation Equipment	556,967.51	753,040.21
<b>Totals</b>	<b>1,622,349.07</b>	<b>2,549,588.93</b>

#### 18.12 Taxes, Insurance Premiums and Other Fees

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Taxes, Duties and Licenses	68,916.46	150,751.33
Fidelity Bond Premiums	131,565.00	65,782.50
Insurance Expenses	159,557.78	183,698.28
<b>Totals</b>	<b>360,039.24</b>	<b>400,232.11</b>

### 18.13 Other Maintenance and Operating Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Advertising Expenses	165,500.00	205,264.72
Printing and Publication Expenses	2,631,714.43	2,384,812.80
Representation Expenses	3,674,040.35	4,682,811.23
Transportation and Delivery Expenses	287.00	46,624.00
Rent/Lease Expenses	40,500.00	26,000.00
Membership Dues and Contributions to Organizations	420,630.25	718,882.39
Subscription Expenses	373,947.14	62,303.74
Other Maintenance and Operating Expenses	687,534.00	639,352.99
<b>Totals</b>	<b>7,994,153.17</b>	<b>8,766,051.87</b>

### 19. Financial Expenses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Interest Expenses	1,673,028.93	1,953,980.00
Other Financial Charges	40,142.67	19,539.80
<b>Totals</b>	<b>1,713,171.60</b>	<b>1,973,519.80</b>

### 20. Non-Cash Expenses

#### 20.1 Depreciation

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Depreciation - Land Improvements	613,067.64	848,813.21
Depreciation - Buildings and Other Structures	40,871.52	4,526,483.72
Depreciation - Machinery and Equipment	4,487,816.10	1,641,124.30
Depreciation - Transportation Equipment	1,487,043.40	780,180.66
Depreciation - Furniture, Fixtures and Books	291,312.73	191,857.11

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Depreciation - Other Property, Plant and Equipment	190,072.56	210,729.50
<b>Totals</b>	<b>7,868,910.64</b>	<b>8,199,188.50</b>

## 20.2 Impairment Losses

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Impairment Loss – Loans and Receivables	2,202,175.58	-
<b>Totals</b>	<b>2,202,175.58</b>	<b>-</b>

## 21. Net Financial Assistance/Subsidy from NGAs, LGUs, GOCCs

The composition of the account as of December 31, 2019 is as follows:

<b>Particulars</b>	<b>CY 2019</b>	<b>CY 2018</b>
Subsidy from National Government	333,986,779.77	296,794,525.50
Subsidy from Other NGAs	0.00	45,608,400.00
Assistance from LGUs	20,000.00	5,000.00
<b>Net Financial Assistance/Subsidy</b>	<b>334,006,779.77</b>	<b>342,407,925.50</b>

## 22. Personnel Services, Maintenance and Other Operating Expenses and Capital Outlay

The payment of Personnel Services, Maintenance and Other Operating Expenses and Capital outlay on SCBAA vary from Financial Statement because SCBAA includes only the disbursement covering current year budget while on the Financial Statement, it also reflects the prior year's payable for Personnel Services, Maintenance and Other Operating Expenses and Capital Outlay.