

○ REPORT OF INDEPENDENT AUDITOR

**Aquino, Ablog & Associates, CPAs**  
Certified Public Accountants

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## **Independent Auditor's Report**

**The Board of Directors**  
**BENGUET ELECTRIC COOPERATIVE, INC.**  
Alapang, La Trinidad, Benguet, Philippines

We have audited the accompanying financial statements of **BENGUET ELECTRIC COOPERATIVE, INC.** which comprise the statements of financial position as of December 31, 2015 and 2014, and the statements of income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. 2014 audit was done by another external auditor.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparations and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **BENGUET ELECTRIC COOPERATIVE, INC.** as of December 31, 2015 and 2014, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

**Report on Bureau of Internal Revenue Requirement**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.



**WILSON J. DELA CRUZ, CPA**

CPA Reg. No. 0119799

Expiration - December 13, 2017

TIN 225-775-277-000

BOA Accreditation Cert. No. 4863

Expiration - December 31, 2016

BIR Accreditation-04-004676-1-2015

Expiration - February 5, 2018

PTR No. 0749385, January 7, 2016 at Cabanatuan City

March 14, 2016

Pura, Tarlac, Philippines

## ○ FINANCIAL STATEMENTS

**BENGUET ELECTRIC COOPERATIVE, INC.***(A Non-Stock and Non-Profit Rural Electric Cooperative)***STATEMENT OF FINANCIAL POSITION**

December 31, 2015

*(With comparative figures for 2014)*

<b>ASSETS</b>	<i>Notes*</i>	<b>2015</b>	<b>2014</b>
Noncurrent Assets			
Property, Plant and Equipment	4 & 5	2,189,079,404	2,193,143,956
Other Non-Current Assets	4 & 6	20,803,737	20,803,737
Total Non-Current Assets		2,209,883,141	2,213,947,693
Current Assets			
Cash & Cash Equivalents	4 & 7	374,276,297	495,745,314
Consumer Account Receivables, Net	4 & 8	185,049,439	175,015,567
Materials & Supplies Inventories, At Cost	4 & 9	117,606,529	58,511,203
Prepayments and Other Current Assets	10	148,923,351	133,962,054
Total Current Assets		825,855,616	863,234,138
<b>TOTAL ASSETS</b>		<b>3,035,738,757</b>	<b>3,077,181,831</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Memberships	11	693,950	679,850
Donated Capital	12	381,891,271	453,327,429
Miscellaneous Contributed Capital	13	1,102,940,547	1,018,741,196
Revaluation Surplus	15	804,034,551	787,608,968
Accumulated Margin/(Loss)	14	(397,932,031)	(337,807,091)
Total Equity		1,891,628,288	1,922,550,352
Non-Current Liabilities			
Long-term Debt, net of current portion	16	290,562,023	267,842,025
Consumers' Deposits	17	224,718,719	204,780,465
Retirement Liability	24	110,825,437	194,131,420
Deferred Credits	18	104,377,256	93,048,168
Total Non-Current Liabilities		730,483,435	759,802,078
Current Liabilities			
Accounts Payable and Accrued Expenses	4 & 19	369,957,430	367,362,057
Current Portion of Long-term Debt	16	43,669,604	27,467,344
Total Current Liabilities		413,627,034	394,829,401
Total Liabilities		1,144,110,469	1,154,631,479
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,035,738,757</b>	<b>3,077,181,831</b>

\*(See accompanying notes to financial statements)

Table 11:

## BENECO 2015 ANNUAL REPORT

### **BENGUET ELECTRIC COOPERATIVE, INC.**

*(A Non-Stock, Non-Profit Rural Electric Cooperative)*

### **STATEMENT OF INCOME**

For the Year Ended December 31, 2015

*(With comparative figures for 2014)*

	Notes	2015	2014
<b>REVENUES</b>			
Pass Through Revenues			
Generation Charges		1,542,520,723	1,637,624,638
Transmission Charges		334,390,851	353,185,663
System Loss Charges		200,639,796	210,483,621
Subsidy Charges (net of Discounts)		7,803,147	2,982,608
<b>Total Pass Through Charges</b>		<b>2,085,354,517</b>	<b>2,204,276,530</b>
Coop Revenues			
Distribution		165,991,988	161,335,382
Supply		110,718,434	107,991,800
Metering		76,202,881	74,243,294
Others		(8,424,631)	(2,621,102)
<b>Total Coop Revenues</b>		<b>344,488,672</b>	<b>340,949,374</b>
Other Adjustments		67,984	889,978
NET Energy Sales	20	2,429,911,173	2,546,115,882
Cost of Energy Sold, Net	21	(2,087,235,031)	(2,186,959,704)
<b>Gross Income</b>		<b>342,676,142</b>	<b>359,156,178</b>
<b>OPERATING EXPENSES</b>	23		
Administrative & General		(111,388,331)	(112,943,442)
Consumer Accounts		(63,354,099)	(58,943,626)
Operation and Maintenance		(124,917,821)	(131,598,230)
<b>Total Operating Expenses</b>		<b>(299,660,251)</b>	<b>(303,485,298)</b>
Depreciation	22	(141,002,655)	(84,669,499)
<b>OTHER INCOME (CHARGES)</b>	22		
Rental Income		10,044,362	7,904,799
Interest Income		2,331,360	2,674,904
Finance Cost		(9,936,353)	(17,859,666)
Others, Net		35,502,913	34,326,353
Total Other Income (Charges)		37,942,282	27,046,390
<b>NET INCOME (LOSS)</b>		<b>(60,044,482)</b>	<b>(1,952,229)</b>

*\*(See accompanying notes to financial statements)*

**Table 12:**

**BENGUET ELECTRIC COOPERATIVE, INC.**  
*(A Non-Stock, Non-Profit Rural Electric Cooperative)*

**STATEMENT OF CHANGES IN EQUITY**

For the Year Ended December 31, 2015  
*(With comparative figures for 2014)*

	Miscellaneous			ACCUMULATED		
	MEMBERSHIP	DONATED CAPITAL	Contributed Capital	Revaluation Surplus	Margin (Loss)	TOTAL EQUITY
BALANCES AT DECEMBER 31, 2013	655,545	391,640,260	941,192,287	872,599,895	(597,798,158)	1,608,289,829
Prior period adjustments (Note 14)					261,943,296	261,943,296
Changes in Equity:						
Additional Membership	24,305					24,305
Additional Donated Capital		61,687,169				61,687,169
Additional Contributions for Reinvestment			77,548,909			77,548,909
Earned Portion/Adjustment				(84,990,927)		(84,990,927)
Net Income(Loss)					(1,952,229)	(1,952,229)
BALANCES AT DECEMBER 31, 2014	679,850	453,327,429	1,018,741,196	787,608,968	(337,807,091)	1,922,550,352
Prior period adjustments (Note 14)					(80,458)	(80,458)
Changes in Equity:						
Additional Membership	14,100					14,100
Additional Donated Capital		(71,436,158)				(71,436,158)
Additional Contributions for Reinvestment			84,199,351			84,199,351
Earned Portion/Adjustment				16,425,583		16,425,583
Net Income(Loss)					(60,044,482)	(60,044,482)
BALANCES AT DECEMBER 31, 2015	693,950	381,891,271	1,102,940,547	804,034,551	(397,932,031)	1,891,628,288

*(See accompanying notes to financial statements)*

**Table 13:**

# BENECO 2015 ANNUAL REPORT

## **BENGUET ELECTRIC COOPERATIVE, INC.**

(A Non-Stock, Non-Profit Rural Electric Cooperative)

### **STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2015

(With Comparative Figures for 2014)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
NET INCOME for the year	(60,044,482)	(1,952,229)
<i>Adjustments to reconcile net income to net cash Provided by Operating Activities:</i>		
Depreciation and Amortization	141,002,655	84,669,499
Prior period adjustments, net	(80,458)	261,943,296
Revaluation Surplus	16,4215,583	(84,990,927)
Changes in Assets & Liabilities		
Decrease (Increase) in:		
Accounts Receivable	(10,033,872)	25,632,334
Materials and Supplies Inventories	(59,095,326)	(24,177,266)
Prepayments and Other Current Assets	(14,961,297)	(6,791)
Other Non-Current Assets	—	19,986,220
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	2,595,373	(14,257,894)
Current Portion of LTD	16,202,260	15,564,135
Consumers' Deposits	19,938,254	10,339,668
Retirement Liability	(83,305,983)	(8,077,947)
Deferred Credits	11,329,088	(113,895,891)
Net Cash Provided (Used) in Operating Activities	(20,028,205)	70,776,207
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Plant, Property and Equipment	(136,938,103)	(153,023,238)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in:		
Long-term Loans Payable (Net of current portion)	22,719,998	(23,338,148)
Donated Capital	(71,436,158)	61,687,169
Contribution in Aid of Construction	84,199,351	77,548,909
Membership	14,100	24,305
Net Cash Provided (Used) in Financing Activities	35,497,291	115,922,235
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(121,469,017)</b>	<b>133,675,204</b>
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	495,745,314	362,070,110
CASH & CASH EQUIVALENTS AT END OF YEAR	374,276,297	495,745,314

(See accompanying Notes to Financial Statements)

Table 14:

## ○ NOTES TO FINANCIAL STATEMENTS

### **BENGUET ELECTRIC COOPERATIVE, INC.**

(A Non-stock Non-Profit Membership Electric Cooperative)

#### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

##### **1. ORGANIZATION AND BUSINESS**

###### **a) Cooperative Information**

Benguet Electric Cooperative, Inc. is a non-stock, non-profit membership rural electric cooperative duly organized under the existing Philippine Laws and Regulations, particularly Republic Act 6038 as amended by Presidential Decree Nos. 269 and 1645. It was incorporated and registered with the National Electrification Administration (NEA) on October 5, 1973.

The Cooperative was granted a Certificate of Franchise to operate an electric light and power service for a period of 50 years from March 20, 1978, covering Baguio City and 13 municipalities namely: Atok, Bakun, Bokod, Buguias, Itogon, Kabayan, Kapangan, Kibungan, La Trinidad, Mankayan, Sablan, Tuba and Tublay all in the Province of Benguet. The Cooperative operates within the Philippines with 261 employees in 2015. Its office address is located in Alapang, La Trinidad, Benguet, Philippines.

The accompanying financial statements were approved by the Board of Directors.

###### **b) Principal Business Risk**

The principal business risks associated with the Cooperative's operations include financial/operating risks and credit/liquidity risks.

###### **• Financial/Operating Risks**

The capital contribution from members is limited to the membership fee of PhP 5.00 per member, as provided in Section 5 Article I of the Cooperative's By-laws, and to such amount credited by way of excess of amount paid for electric energy purchased over cost of service, if any, under Section 6 Article I thereof, additionally, all of these are under an operation on a non-profit basis, and mainly hopeful of a patronage capital connected with furnishing electric service as provided in Section 2 of Article VII of the By-Laws.

###### **• Credit Risks**

The carrying amount of consumers and other receivables represents the Cooperative's maximum exposure to credit risks. No other financial assets carry a significant exposure to credit risks. The Cooperative has no significant concentration of credit risk with any single consumer on an on-going basis. All consumers are subjected to credit verification procedures as a matter of company policy to identify accounts to be disconnected to minimize uncollected accounts.

###### **• Liquidity Risks**

The Cooperative's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans or by any other business means. The cooperative while it utilizes and maximizes suppliers' credit terms as a cash management strategy, it can stand on its own as it is highly liquid. It always avails of Prompt Payment Discount for its power obligations.

###### **c) Tax Exemption**

Presidential Decree (PD) Nos. 269, as amended, granted a number of tax and duty exemption privileges to electric cooperative's (EC's).

Executive Order (EO) No. 93 withdrew all tax exemptions granted to private entities effective March 19, 1987. Memorandum Order No. 65 suspended the implementation of the said EO until June 30, 1987 for Cooperatives. Effective July 1, 1987, income from bank deposits, are taxable pursuant to the Fiscal Incentives Review Board Resolution No. 24-87. The Cooperative's exemption status expires on June 8, 2014. However, exception of electric cooperatives from income tax is permanent in nature as expressly provided in Section 39 (a) of PD 269.

The Bureau of Internal Revenue clarified that due to such permanent nature of exemption, the Cooperative is not subject to Creditable Withholding Tax, as provided under paragraph A (4) of Revenue Memorandum Circular (RMC) No. 72-2003 in relation to Section 39 (a) of Presidential Decree (PD) No. 269.

BIR Revenue Memorandum Circular No. 72-2003 dated October 20, 2003, states that electric cooperatives registered with the NEA are exempt from:

- a) Franchise tax under Section 119 of the Tax Code of 1997;
- b) Value added tax, on sales relative to the generation and distribution of electricity as well as their importation of machinery and equipment, including spare part, which shall be used in the generation and distribution of electricity;
- c) Income taxes for which they are already liable;
- d) 3% percentage tax under Section 116 of the Tax Code of 1997.
- e) All national government taxes and fees, including franchise, filing, recordation, license or permit fees or taxes. Provided however, that the said exemption shall end on December 31 of the thirtieth full calendar year after the said date of cooperative's organization or Conversion, or until it shall become completely free of indebtedness incurred by borrowing, whichever event first occurs. Provided further, that the period exemption for a new cooperative formed by Consolidation, as provided for in Section of PD No. 269, to begin from as the date of the beginning of such period for the constituent consolidating cooperative which was most recently organized or converted under PD No. 269;

Limitations of Exemption under R.A. 9337 On May 24, 2005, the President of the Republic of the Philippines signed into law RA No. 9337, otherwise known as the Expanded Value Added Tax Law of 2005 (the "Act"),

which took effect on November 1, 2005. The Act, among others, introduces the following changes:

- a) New transactions subject to VAT include, among others, sale of electricity by generation, transmission and distribution companies and services of franchise grantees of electric utilities.
- b) Power of the President upon the recommendation of the Secretary of Finance to increase the rate of the VAT to 12%, after any of the following conditions has been satisfied; (i) VAT collection as a percentage of gross domestic product (GDP) of the previous year exceeds 2 and 4/5%; or (ii) National Government deficit as a percentage of GDP of the previous year exceeds 1 and ½ %. On February 1, 2006, the President increased the 10% VAT rate to 12% as the conditions were met.
- c) Input VAT on capital goods should be spread evenly over the useful life or 60 months, whichever is shorter, if the acquisition cost, excluding the VAT component thereof, exceeds P1 million.
- d) Input VAT credit in every quarter shall not exceed 70% of the output VAT (amended to 100% under revenue regulation No. 0200-07)

## **2. REGISTRATION UNDER R.A 6938, COOPERATIVE DEVELOPMENT AUTHORITY**

On February 10, 1994, the Omnibus Rules and Regulations on the registration of electric cooperatives under RA No. 6938 were approved. As a result, the Cooperative shall have a three-year transition period from the effectivity of the Omnibus Rules before it can qualify for permanent registration with the Cooperative Development Authority (CDA). The Cooperative did not register with the CDA.

## **3. OPTION TO CONVERT TO STOCK COOPERATIVE OR STOCK CORPORATION UNDER EPIRA**

Republic Act No. 9136 otherwise known as the "electric power industry reform act" (EPIRA) of 2001 was signed into law on June 8, 2001. Upon the effectivity of this act, all outstanding financial obligations of Electric Cooperatives (EC's) to NEA and other government agencies incurred for the purpose of financing the rural electrification shall be assumed by the Power Sector Assets and Liabilities Management Corporation (PSALM). Within five (5) years from the condonation of the debts, any electric cooperative which shall transfer ownership or control of its assets, franchise or operations, shall repay PSALM the total debts including accrued interests thereon.

Under Chapter 7, Section 7 of R.A. No. 9136, electric cooperatives are given the option to convert into either a stock cooperative under the CDA or stock corporation under the Corporation Code, provided that electric cooperatives which opt to remain non-stock, non-profit shall continue to be registered with the NEA and shall be governed by Presidential Decree (PD) No. 269 pursuant to Section 7c (ii) of Rule 7 of the rules implementing the EPIRA.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

This summary of significant accounting policies is

presented to assist the reader in understanding the financial statements of Benguet Electric Cooperative, Inc.

### **4.1 Basis of Preparation**

The financial statements of the Cooperative are prepared in conformity with accounting principles generally accepted in the Philippines and with the general practices on rural electric cooperatives as prescribed by the National Electrification Administration (NEA).

The financial statements are presented in Philippine peso, which is the Cooperative's functional and presentation currency.

Furthermore, the preparation of the financial statements requires management's use of certain critical accounting estimates and the exercise of its judgment in the process of applying the Cooperative's accounting policies.

### **4.2 Adoption of New Accounting Standards**

New accounting standards based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), referred to as Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS), respectively, are already in effect. The Cooperative has adopted the following relevant new accounting standards to the extent applicable:

- PAS 7 (2013) - Amendments Financial Statements: Disclosures-Transfer of Financial Assets
- PAS 13 (2013) - Fair Value Measurements
- PAS 19 (2013) - Revised Standards on Fringe Benefits
- PAS 27 (2014) - Amendments (PAS 10, 12 & 27) Investment Entities
- PAS 32 (2014) - Amendments Financial Instruments: Presentation – Asset and Liability Offsetting
- PAS 34 (2014) - Amendments Interim Financial Reporting
- PAS 36 (2014) - Amendments Impairment of Assets

These new standards, amendments and interpretations prescribe new accounting measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with the transitional provisions of the standards, otherwise the adoption of the new standards is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors". The effects of these new standard, amendments and interpretations on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

- PAS 7, "Amendments Financial Statements:" Disclosures – Transfer of Financial Assets", the amendments require disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognized financial assets.
- PAS 13, "Fair Value Measurements," the standard



applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. This standard establishes a fair value hierarchy that categorizes into 3 levels the inputs to valuation techniques used to measure fair value to increase consistency and comparability in fair value measurement and related disclosures. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 inputs) and the lowest to unobservable inputs (Level 5 inputs).

- PAS 19, "Revised Standards on Fringe Benefits," defined benefit cost comprises service cost and net interest on the defined benefit liability or asset (both in profit or loss); and the measurements recognized in OCI. The service cost comprises current service cost, past service cost, and gains or losses on curtailments and settlements. Net interest on defined benefit liability (asset) shall be determined by multiplying the net defined benefit liability (asset) by the discount rate. Deferral or actual gains and losses (AGL) is not permitted. AGLs are recognized immediately in OCI. Reclassifications to profit or loss are not permitted. All changes in the net defined benefit liability (asset) which arise from changes in the defined benefit plan are included in "service cost" and recognized fully in profit or loss when they occur. Items of re-measurements include AGL, the differences between the return on plan assets and interest income on plan assets and changes in asset ceiling.
- PAS 27, "Amendments (PAS 10, 12 & 27) Investment Entities", these apply to the two objectives of setting standards in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent; and in accounting for investment in subsidiaries, jointly controlled entities, and associates when an equity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. Intragroup balances, transactions, income and expenses should be eliminated in full. Intragroup losses may indicate that an impairment loss on the related asset should be recognized. Consolidated financial statements must be prepared using uniform accounting policies for like transactions and other events in similar circumstances. Minority interests should be presented in the consolidated balance sheet within equity, but separate from the parent's stockholders' equity.
- PAS 32, "Amendments Financial Instruments:" Presentation – Asset and Liability Offsetting", offsetting, otherwise known as "netting" takes place when entities present their rights and obligations to each other as a net amounts in their statements of financial position. It specifies that a financial asset and a financial liability should be offset and the net amount reported when, and only when, an entity currently has a legally enforceable right of set-off the amounts; and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously. The costs of issuing or reacquiring equity instruments (other than

in a business combination) are accounted for as a deduction from equity, net of any related income tax benefit.

- PAS 34, "Amendments Interim Financial Reporting", this standard applies when an entity prepares an interim financial report, without mandating when an entity should prepare such a report. Permitting less information to be reported than in annual financial statements (on the basis of providing an update to those financial statements), this standard prescribes the minimum content of an interim financial report. An interim period is a shorter than a full financial year (most typically a quarter or a half-year). An interim financial report contains either a complete or condensed set of financial statements for an interim period

If the financial statements are condensed, they should include, at a minimum, each of the headings and sub-totals included in the most recent annual financial statements and the explanatory notes required. Additional line-items or notes should be included if their omission would make the interim financial information misleading. If the annual financial statements were consolidated (group) statements, the interim statements should be group presentations as well. If the company's business is highly seasonal, the standard encourages disclosure of financial statements for the comparable year-to-date period of the immediately preceding financial year. Entities covered by such matters as interim financial reporting are decided by national governments, securities regulators, stock exchanges and accounting bodies.

- PAS 36, "Amendments Impairment of Assets-Recoverable Amount Disclosures for Non-financial Assets", this standard's objective is to ensure that assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined. Impairment loss pertains to the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. An impairment loss is recognized whenever recoverable amount is below carrying amount. It is recognized as an expense (unless it relates to a revalued asset where the impairment loss is treated as a revaluation decrease. Adjust depreciation for future periods. If it is not possible to determine the recoverable amount (fair value less cost of disposal and value in use) for the individual asset, then determine recoverable amount for the asset's cash-generating unit. CGU is smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The adoption of the above standards, amendments and interpretations, upon which the Cooperative has opted not to adopt early, did not have any significant effect on the Cooperative's financial statements. These, however, require additional disclosures on the Cooperative's financial statements.

#### 4.3 Property, Plant and Equipment and Depreciation

Property, Plant and Equipment is carried in the books at cost less accumulated depreciation and amortization. Land is stated at cost less any impair-

ment in value. The cost of an asset consists of its purchase price and cost attributable to bringing the asset to its working condition for its intended use.

Major repairs and maintenance, which extends the life of the asset, are charged to the appropriate Property, Plant and Equipment accounts. All other subsequent expenditures are recognized as expenses in the period in which those are charged. Proceeds from sales of salvaged materials are credited to Non-Operating Revenue.

Depreciation and amortization are computed on a straight-line method over the estimated useful lives of the assets.

No depreciation is provided on land and land rights; when fixed assets are retired or otherwise disposed of, a credit to the appropriate fixed asset account is made to eliminate the asset from the books and the corresponding accumulated depreciation is debited.

#### 4.4 Construction Work-In-Progress.

Construction Work in Progress is stated at cost. This includes the cost of construction, other direct and indirect cost attributable to construction in progress. Borrowing costs that are directly attributable to the construction of utility plant and others are capitalized during the construction period. Property under construction is not depreciated until such time that completed construction are put into operational use.

#### 4.5 Intangible Assets

Intangible assets shall be recognized if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of the intangible asset can be measured reliably.

An intangible asset shall be derecognized on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from de-recognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognized in profit or loss when the asset is derecognized. Gains shall not be classified as revenue.

#### 4.6 Financial Assets

Financial assets include cash on hand and in banks and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

- **Cash and Cash Equivalents**

Cash includes Cash on Hand, Working Funds and Cash in Banks. Cash Equivalents are short term, highly liquid investments that are readily convertible to known amount of cash maturities of three (3) months or less from the date of acquisition. Cash in banks earn interest at the respective bank deposit rates.

- **Trade and Other Receivables**

Trade and Other receivable are stated net of allowance for uncollectible accounts.

- **Allowance for Uncollectible Accounts**

Allowance for uncollectible accounts is

maintained at a level considered adequate to provide for potential uncollectibility of its receivables. The level of this allowance is generally based on the aging of consumer receivables. Allowance for uncollectible accounts on other receivables is based on management's evaluation on past collection experience and other factors that may affect collectability.

Given the nature of the Cooperative's business, the consumer receivables are appropriate for collective impairment assessment rather than specific. The Cooperative's policy in providing allowance for uncollectible accounts is in accordance with NEA's policy:

- 1% - Current to 90 days past due
- 2% - Over 90 days past due
- 3% - Over 180 days past due
- 4% - Over 240 days past due
- 5% - Over 1 year past due
- 100% - Specifically identified accounts

The amount and timing of recorded expenses for any period would therefore differ based on the judgments or estimates made.

#### 4.7 Inventories and Supplies

The inventories on hand are stated at fair value and are determined using the moving average method, the balances are checked by means of annual physical counts. Physical inventory is being conducted annually.

#### 4.8 Revenue and Cost Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Cooperative and the amount of the revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business.

Revenue from Distribution of Electricity is recognized upon supply of power to the consumers, net of portion allocated to capital contribution for reinvestment.

Service Charges and Penalties are recognized only upon collection or accrued where there is reasonable degree of certainty as to its collectability.

Interest Income is recognized as the interest accrues (taking into account the effective yield on the asset).

Income from Scrap Sales is recognized when the significant and rewards of ownership of the goods have passed to the buyer.

Costs and Expenses are recognized in the statement of income upon utilization of the service or in the date they are incurred. Finance costs are reported on an accrual basis.

#### 4.9 Financial Liabilities

Financial liabilities include trade and other payables, interest bearing borrowings and other liabilities. Financial liabilities are recognized when the Cooperative becomes a party to the contractual agreements of the instruments. All interest related charges are recognized as an expense in the income statements under the caption Interest Expense.

Trade and Other Payables are recognized initially at

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their nominal value and subsequently measured at amortized cost less settlement payments.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

### 4.10 Retirement Benefits

Republic Act (RA) No. 7641 (New Retirement Law) took effect on January 7, 1993. Under the new law, the Cooperative is required to provide minimum retirement benefits to qualified retiring employees. The Cooperative has funded, non-contributory defined benefit plan covering all entitled employees in compliance with such law.

### 4.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimated of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its

carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

### 4.12 Related Parties

Parties are considered related if one party has control, joint control, and significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control are also considered related parties.

### 4.13 Subsequent Events

The Company identifies subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's financial position at the balance sheet date are reflected in the financial statements.

Events that are not adjusting events are disclosed in the notes to the financial statements when material.

### 4.14 Reclassification of Accounts

Certain reclassifications have been made to the 2014 financial statements to conform to this year's presentation.

## 5. PROPERTY, PLANT AND EQUIPMENT

	HISTORICAL COST		APPRAISAL INCREASE		TOTAL	
	2015	2014	2015	2014	2015	2014
<b><u>ELECTRIC PLANT IN SERVICE</u></b>						
Distribution Plant	2,131,710,964	1,957,627,625	2,363,527,634	2,363,527,634	4,495,238,598	4,321,155,259
General Plant*	602,125,943	562,768,623	130,907,943	130,907,943	733,033,886	693,676,566
	2,733,836,907	2,520,396,248	2,494,435,577	2,494,435,577	5,228,272,484	5,014,831,825
<b><u>ACCUMULATED DEPRECIATION &amp; AMORTIZATION</u></b>						
Distribution Plant	1,206,873,290	1,125,473,267	1,579,768,725	1,534,705,447	2,786,642,015	2,660,178,714
General Plant	200,923,390	186,056,033	110,632,301	93,495,359	311,555,691	279,551,392
	1,407,796,680	1,311,529,300	1,690,401,026	1,628,200,806	3,098,197,706	2,939,730,106
<b><u>NET BOOK VALUE</u></b>						
Distribution Plant	924,837,674	832,154,358	783,758,909	828,822,187	1,708,596,583	1,660,976,545
General Plant	401,202,553	376,712,590	20,275,642	37,412,584	421,478,195	414,125,174
	1,326,040,227	1,208,866,948	804,034,551	866,234,771	2,130,074,778	2,075,101,719
Construction Work in Progress (CWIP*)					59,004,626	118,042,237
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT-NET</b>					<b>2,189,079,404</b>	<b>2,193,143,956</b>

Table 15:

\*Construction Work in Progress (CWIP) represents the total cost of construction work awarded through contracts and those being done by the cooperative's own workforce.

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### 6. OTHER NON-CURRENT ASSETS

This account is composed of the following:

PARTICULARS	2015	2014
Investment REFC	6,000,000	6,000,000
Restricted Fund Reinvestment	55,148	55,148
Security Deposits–WESM	12,050,198	12,050,198
Security Deposits–Transco	2,698,391	2,698,391
<b>TOTAL</b>	<b>20,803,737</b>	<b>20,803,737</b>

Table 16:

### 7. CASH & CASH EQUIVALENTS

This account consists of:

PARTICULARS	2015	2014
Cash General Fund	373,369,558	492,747,483
Cash On Hand	336,739	2,362,831
Revolving & Change Fund	435,000	505,000
Petty Cash Fund	135,000	130,000
<b>TOTAL</b>	<b>374,276,297</b>	<b>495,745,314</b>

Table 17:

### 8. CONSUMER ACCOUNT RECEIVABLES, NET

This account consists of receivables from the following:

Particulars	2015	2014
Consumer Account Receivables	188,941,119	177,203,938
Allowance for Uncollectible Accounts	(3,891,680)	(2,188,371)
<b>Total</b>	<b>185,049,439</b>	<b>175,015,567</b>

Table 18:

### 9. MATERIALS AND SUPPLIES

This account represents the value of inventory of electric distribution materials acquired primarily for use in the utility business, office supplies, and spare parts of vehicles and cost of special equipment, details of which are as follows:

PARTICULARS	2015	2014
Materials & Supplies – Electric	53,394,945	12,250,416
Materials & Supplies – Housewiring	11,919,237	10,735,411
Materials & Supplies – Others	3,920,651	6,582,641
CWIP – Special Equipment	48,371,696	28,942,735
<b>TOTAL</b>	<b>117,606,529</b>	<b>58,511,203</b>

Table 19:

### 10. PREPAYMENTS AND OTHER CURRENT ASSETS

This consists of the following:

PARTICULARS	2015	2014
Prepayment-Insurance	1,102,866	821,228
Prepayment-Suppliers	23,441,514	26,522,761
Prepayment-Others	757,622	515,402
Due from Other RECs	7,184,276	12,476,799
Accounts Receivable – Cost Estimate	3,962,476	2,026,550
Accounts Receivable – Pole Rental	6,121,100	4,211,758
Accounts Receivable – Penalty	1,147,891	1,193,541
Accounts Receivable – Others (Consumers)	326,813	208,569
Salary & Other Loans Receivable	5,121,235	6,751,187
RMBA	-	1,149,256
Accounts Receivable – Others (Employees)	1,061,031	5,689,696
Accounts Receivable – Business Tax	12,293,639	-
Accounts Receivable – Others	18,592,717	17,018,888
Input VAT & Other Taxes	46,942,899	55,376,419
Preliminary Survey	20,867,272	-
<b>TOTAL</b>	<b>148,923,351</b>	<b>133,962,054</b>

Table 20:

### 11. MEMBERSHIP

This represents the total face value of member's equity. Membership in the electric cooperative is limited to any person, firm or association, corporation or body politic or subdivision thereof, "bonafide" residing or situated at the area coverage of the electric cooperative. As at December 31, 2015 and 2014, the amount of membership fee is PhP 693,950 and PhP 679,850 respectively.

### 12. DONATED CAPITAL

This account is composed of the following:

PARTICULARS	2015	2014
PSALM	134,891,822	134,891,822
NEA	124,000,264	183,261,072
Subsidy from NEA	29,507,587	41,682,938
Team Phils. Energy Corp	38,195,646	38,195,646
DOE	36,039,857	36,039,857
NPC	13,856,094	13,856,094
Provincial Government	5,000,000	5,000,000
APEC Party	400,000	400,000
<b>TOTAL</b>	<b>381,891,271</b>	<b>453,327,429</b>

Table 21:

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Pursuant to Section 60 of EPIRA, PSALM shall assume all Rural Electrification Loans upon compliance by the concerned EC with Section 5 of Executive Order No. 119, and thereupon, such EC shall cease to be debtor of NEA or of other creditor government agencies.

With the implementation of the condonation of loan under the Electric Power Industry Reform Act (EPIRA) of 2001, "the Cooperative's outstanding loan amounting to P 228,446,712 as of June 30, 2001 were assumed by the Power Sector Asset Liabilities Management Corporation (PSALM). Only loans intended for the Rural Electrification Program were assumed by PSALM.

The Coop was recipient of subsidies, grants, donations from government and other agencies.

Subsidy from NEA constitutes completed projects for Sitio Electrification and other subsidy releases.

### **13. MISCELLANEOUS CONTRIBUTED CAPITAL**

This account consists of the following:

PARTICULARS	2015	2014
Contribution For Reinvestment	1,102,513,718	1,018,314,367
Consumers Capital Contribution	426,829	426,829
<b>TOTAL</b>	<b>1,102,940,547</b>	<b>1,018,741,196</b>

*Table 22:*

Pursuant to P.D. 269, electric cooperatives are mandated to allocate 5% of their revenues derived from the sale of electricity, a reinvestment fund to ensure that electric cooperatives would have the necessary funds to finance the rehabilitation and extension of their distribution lines, maintenance and upgrading of their substations, replacement of transformers and meters. Under the Rules for Setting Electric Cooperatives' Wheeling Rates (RSEC-WR), the reinvestment contribution from members is now called Reinvestment Fund for Sustainable Capital Expenditures (RFSC).

### **14. ACCUMULATED MARGIN (LOSS)**

This account consists of the following:

PARTICULARS	2015	2014
Accumulated Profit/( Loss) beginning	(337,807,091)	(597,798,158)
Prior Period Adjustment (Net)	(80,458)	261,943,297
Corrected Balance End	(337,887,549)	(335,854,862)
Net Income for the Year	(60,044,482)	(1,952,229)
<b>TOTAL</b>	<b>(397,932,031)</b>	<b>(337,807,091)</b>

*Table 23:*

### **15. REVALUATION SURPLUS**

The balance of this account resulted from the appraisal of properties of the Coop in various locations in the Province of Benguet and Baguio City performed by Cuervo Appraisers, Inc. The Appraisal Report presents the reproduction costs (new)/replacement costs (new) and sound values of the appraised properties consisting of land, buildings, other land

improvements, condominium units, leasehold improvements, machinery and equipment, computer equipment, and furniture and office equipment.

As of December 31, 2015 and 2014, the carrying balance of revaluation surplus amounted to P 804,034,551 and P787,608,968, respectively.

### **16. LONG TERM DEBTS**

This account represents loans with NEA and other Banks the breakdown of which is shown below:

PARTICULARS	2015	2014
NEA – Construction Loan*	78,417,175	67,575,859
NEA – Calamity Loan	22,364,690	20,356,197
NEA – Overseas Economic Cooperation Fund	17,165,039	18,773,155
NEA – Restructured	4,143,247	4,799,565
DBP Loans	56,392,492	6,822,475
BPI Loans	134,885,850	151,235,650
MBTC Loans	20,475,164	-
Rural Electrification Financing Corp.	-	1,467,155
Matured Principal & Interest	387,970	24,279,313
Current portion	(43,669,604)	(27,467,344)
<b>TOTAL</b>	<b>290,562,023</b>	<b>267,842,025</b>

*Table 24:*

NEA Loans bear interest of 8-12% per annum, payable at various intervals of quarterly payments for an average period of 5 to 20 years, and secured by a pledge on a portion of the Utility Plant of the Coop.

*\*Has pending request to NEA for loan condonation.*

DBP Loans are for SCADA and for Various Materials purposes with interest rate of 3.5% and payable for 5 years.

BPI Loan is for CAPEX purposes with interest rate of 4% and payable for 10 years.

MBTC Loans are for Vehicles purposes with interest rate of 4% and payable for 5 years and for salary loans of employees.

### **17. CONSUMERS' DEPOSITS**

The breakdown of this account is as follows:

PARTICULARS	2015	2014
Advances for Construction	131,650,501	114,456,109
Meters & Accessories	75,029,435	75,029,435
Energy	17,966,727	15,167,516
Others	72,056	127,405
<b>TOTAL</b>	<b>224,718,719</b>	<b>204,780,465</b>

*Table 25:*

The member consumers also provided capital and operating funds to facilitate the construction of service installations including deposits to secure payment of monthly bills which are refundable upon termination of the service contract. Meter deposits cover mainly the

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cost of meters. However, on June 9, 2004, the ERC authorized the promulgation of Magna Carta for Residential Electricity Consumers which took effect on July 19, 2004 which stipulated that residential consumers shall be exempt from the payment of meter deposits.

### 18. DEFERRED CREDITS

These accounts consist of the following:

PARTICULARS	2015	2014
Deferred Items		
Net Settlement - WESM	81,878,595	76,120,391
EVAT billed to Consumers*	22,498,661	16,927,777
<b>TOTAL</b>	<b>104,377,256</b>	<b>93,048,168</b>

Table 26:

\*For 2015, this account includes unidentified deposits from consumers (Power Bills Payment).

### 19. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

These accounts consist of the following:

PARTICULARS	2015	2014
Accounts Payable – Power	129,910,671	152,680,994
Accounts Payable – Suppliers	62,633,791	133,657,151
Accounts Payable – VAT System Loss	24,136,863	19,268,637
Accounts Payable – VAT Transmission	2,156,320	6,840,731
Accounts Payable – VAT Generation	(255,953)	2,785,730
Accounts Payable – VAT BIR	2,672,251	2,065,839
Accounts Payable – PSALM	39,411,922	28,312,916
Accounts Payable – FITALL	2,074,975	–
Accounts Payable – Katas ng VAT	46,744	50,584
Accounts Payable – NEA Subsidy	90,443,623	–
Due to other ECs	–	5,154,285
SSS, PhilHealth, HDMF and Taxes	7,842,786	7,632,065
STD-SALARY LOAN	68,921	–
Accounts Payable – Others	8,814,516	8,913,125
<b>TOTAL</b>	<b>369,957,430</b>	<b>367,362,057</b>

Table 27:

### 20. REVENUE FROM SALE OF ELECTRIC ENERGY

This account consists of billed electric revenues to member-consumers classified as follows:

PARTICULARS	2015	2014
Residential	1,361,199,888	1,377,353,980
Commercial	938,074,355	984,830,346
Public Buildings and Facilities	102,544,877	111,065,921
Public Street and Highways	58,577,870	61,434,261
Industrial Sales - Low Voltage	11,144,320	11,431,374
<b>TOTAL</b>	<b>2,429,911,173</b>	<b>2,546,115,882</b>

Table 28:

### 21. COST OF ENERGY SOLD

This account consists of

PARTICULARS	2015	2014
Power Purchased	2,129,274,016	2,236,923,027

Table 29:

### 22. OTHER INCOME (CHARGES)

This account consists of the following:

PARTICULARS	2015	2014
Rental Income	10,044,362	7,904,799
Interest Income	2,331,360	2,674,904
Misc. Non-Operating Income:		
Retrobilling	1,769	85,156
Penalties	32,349	265,900
Others, net	35,469,257	33,975,297
Gain (Loss) on Disposal	(462)	–
Finance Cost*	(9,936,353)	(17,859,666)
<b>TOTAL</b>	<b>37,942,282</b>	<b>27,046,390</b>

\*Interest Expense from Loans Payable

	2015	2014
OECF	1,837,276	1,988,532
Construction	–	6,076,816
Service Vehicle Loan	5,694,658	6,456,892
REFC	209,279	199,538
Others	2,195,140	3,137,888
<b>TOTAL</b>	<b>9,936,353</b>	<b>17,859,666</b>

Table 30:

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### 23. OPERATING EXPENSES

Expenses consist of the following:

Particulars	2015	2014
a) Admin and General:		
Adm. & Gen. Salaries and Benefits	29,351,702	29,120,578
Office Supplies expense	5,311,903	5,049,678
Outside Service Employed	12,846,375	12,476,808
Taxes & Licenses	747,471	815,285
Injuries & Damages	920,794	345,892
Emp. Pension & Benefits	16,080,725	28,021,971
Rents	1,122,929	972,885
Regulatory	3,569,074	2,551,000
Maintenance of Office & General Plant	4,934,670	5,151,728
Property Insurance	2,245,244	2,189,968
Officers Allow. & Benefits	4,836,245	2,265,400
Training & Travel	11,548,716	10,165,048
Employees Insurance	2,546,974	2,489,982
Utilities	7,051,460	5,477,002
Association & Membership Dues	314,717	82,000
Misc. Gen. Expense	7,959,331	5,768,217
<b>Total</b>	<b>111,388,330</b>	<b>112,943,442</b>
b) Consumer Accounts		
Supervision	2,191,752	2,390,408
Meter Reading Expense	31,389,228	29,104,686
Consumers' Records & Coll'n. Expense	9,457,014	7,651,164
Uncollectible Account	1,703,014	608,459
Info & Instructional Expense	2,194,034	600,352
MECS and BAPA	642,616	421,615
Campus Journalism	-	2,000
Misc. Consumer Services	15,776,441	18,164,942
<b>Total</b>	<b>63,354,099</b>	<b>58,943,626</b>

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Particulars	2015	2014
c) Operations and Maintenance		
Supervision & Engineering	8,341,352	8,812,253
Station Expense	7,173,423	7,934,932
Structures	35,801,816	37,897,720
Overhead Line Expenses	34,782,873	34,132,852
Meter Expenses	5,826,758	4,001,836
Line Transformer	18,881,478	17,849,848
Cons. Installation Expense	3,236,801	4,070,585
Miscellaneous	6,792,937	7,190,971
<b>Total</b>	<b>124,917,821</b>	<b>131,598,230</b>
d) Depreciation		
Distribution Plant	73,691,360	66,811,239
General Plant	15,576,950	17,858,260
<b>Sub-Total</b>	<b>89,268,310</b>	<b>84,669,499</b>
Amortization Expense - Appraisal Increase	51,734,345	-
<b>TOTAL</b>	<b>141,002,655</b>	<b>84,669,499</b>

Table 31 :

### 24. RETIREMENT BENEFIT PLAN

The Coop recognizes the retirement benefits required under R.A. No. 7641 to qualified employees.

Under PAS 19, Retirement benefit Costs pertain to the cost of defined retirement benefits, including those mandated under R.A. No. 7641. Such cost shall be determined using an accrued benefit valuation method or the projected benefit valuation method.

The Coop has registered with the BIR the BENECO Employees' Retirement Plan (BERP).

As per Board Resolution No. 28A-2011 dated June 22, 2011, the Coop's Board of Directors approved the request of the employees to use portion of the retirement fund to purchase a lot amounting to P78.5M with an area of 21,495sq.m for the employees housing needs. Total cost of this lot was recorded in the Coop books as part of Land and Land Rights account. As of December 31, 2015, part of total cost of this lot amounting to P4,736,046 was already awarded to ten qualified retirees. However, amount awarded was not deducted to the books because lot was not yet subdivided.

At December 31, 2015 and 2014, the recognized amount of obligation for retirement benefits is P110,825,437 and P194,131,420, respectively.

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### 25. CONTINGENCIES AND COMMITMENT

The Cooperative makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statement. Management believes that losses, if any that may arise

from these commitments and contingencies, will not have material effects on the financial statements.

### 26. ERC CASE NO. 2011-054CF (ORDER DATE: 02 SEPTEMBER 2013 & 04 AUGUST 2014)

	Amount to be Collected	Beginning Balance	2015 Amount Collected	Ending Balance	As of Dec 31, 2015 Total Amount Collected
Other Generation Rate Adjustment (OGA) Charge	293,074,127	281,843,087	45,909,492	235,933,595	57,140,532
Other System Loss Cost Adjustment (OSLA) Charge	6,368,308	6,126,105	990,061	5,136,044	1,232,264
Other Lifeline Rate Cost Adjustment (OLRA) Charge	21,053,639	19,442,946	6,579,968	12,862,978	8,190,661
<b>TOTAL</b>	<b>320,496,074</b>	<b>307,412,138</b>	<b>53,479,522</b>	<b>253,932,617</b>	<b>66,563,457</b>

  

	Amount to be Collected	Beginning Balance	2015 Amount Collected	Ending Balance	As of Dec 31, 2015 Total Amount Collected
Other Transmission Cost Adjustment (OTCA) Charge	258,612,166	248,725,152	40,161,999	208,563,153	50,049,013
Inter-Class Cross Subsidy Charge	49,424,791	47,552,548	7,643,002	39,909,546	9,515,245
Prompt Payment Discount	2,803,502	2,048,720	2,072,577	(23,856)	2,827,359
<b>TOTAL</b>	<b>310,840,459</b>	<b>298,326,420</b>	<b>49,877,578</b>	<b>248,448,842</b>	<b>62,391,617</b>

Table 32:

### 27. SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATIONS NO. 15-2010

Revenue Regulations No. 15-2010 became effective on December 28, 2010 and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. In Section 2 of RR No. 21-2002, it was further amended to include in the notes to financial statements information on taxes, duties and license paid/accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010:

<b>I. OUTPUT VAT</b>	
PARTICULARS	Amount
VAT Output	53,288,374
<b>II. INPUT VAT</b>	
PARTICULARS	2014
Beginning balance	1,833,003
Input Tax on	
Goods other than for resale or manufacture	13,804,663
Capital goods subject to amortization	6,004,646
Services	642,286
Claims for tax credits	1,667,065
End Balance	2,029,099

(continued on next column)

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<b>III. WITHHOLDING TAX</b>	
PARTICULARS	Amount
Withholding tax on compensation	22,202,514
Creditable withholding taxes:	
Contractors	529,711
Retainers	163,697
Board of Directors	471,184
Rents	51,259
Materials	1,920,276
Services	35,095,326
Final Withholding Taxes	524,238
<b>IV.</b>	
PARTICULARS	Amount
DST	489,040
Taxes on Properties	241,787

Table 33:

