

**GOVERNANCE COMMISSION FOR
GOVERNMENT OWNED OR CONTROLLED CORPORATIONS**
Notes to the Financial Statements
For the year ended December 31, 2015 and 2014

1. General Information/Agency Profile

The financial statements of Governance Commission for Government Owned or Controlled Corporations (GCG) were authorized for issue on 05 February 2016 as shown in the Statement of Management Responsibility for Financial Statements signed by Chairman Cesar L. Villanueva, the Head of the Agency.

GCG is an Agency established on June 6, 2011 by Republic Act (R.A.) No. 10149. The mandate of GCG is to promote financial viability and fiscal discipline in Government-Owned and Controlled Corporations (GOCCs) and to strengthen the role of the state in their governance and management to make them more responsive to the needs of public interest and for other purposes. These services are grouped into the following key areas:

- General Administration and Support
- Corporate Standards Services
- Corporate Governance Services

The Agency's registered office is at the 3rd Floor, Citibank Center, Citibank Plaza, Makati City.

2. Basis of Financial Statements Presentation

The financial statements have been prepared in accordance with and in compliance 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

3.1 Basis of accounting

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

3.2 **Cash and cash equivalents**

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

3.3 **Inventories**

Inventories are initially recognized at cost and subsequently measured using the Weighted Average Method. They are accounted for under the Perpetual Inventory System.

Inventories are recorded as current assets and when distributed or deployed for utilization or consumption in the ordinary course of operations of the GCG, their carrying amount is recognized as an expense.

3.4 **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 PPE are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation

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

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

Initial Recognition of Depreciation

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

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

Depreciation Method

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

Estimated Useful Life

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

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

Derecognition

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

3.5 Intangible Assets

Recognition and Measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably,

Intangible assets acquired separately are initially recognized at cost.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in PPSAS 5, Borrowing Costs.

Recognition of an Expense

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

Subsequent Measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life is amortized over its useful life.

The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

3.6 Changes in accounting policies and estimates

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

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

The GCG corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

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

3.7 Budget information

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

As a result of the adoption of the cash basis for budgeting purposes, a separate Statement of Comparison of Budget and Actual Amounts is presented showing the basis, timing or entity differences. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for

overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

3.8 Employee Benefits

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

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

4. Prior Period Adjustments

The details of prior years' unrecorded expenses affecting prior years are as follows:

Particulars	2015	2014
Refund of Collective Negotiation Agreement Incentive for FY 2013		299,233.64
Cancellation of prior year's accounts payable	38,268.48	682,272.52
Adjustment	1,543.38	
Unrecorded prior year's expenses		31,708.44
Total	39,811.86	1,013,214.60

5. Cash and Cash Equivalents

Accounts	2015	2014
Cash – Collecting Officers	.50	23,221.02
Petty Cash Fund		80,000.00
Cash in Bank – Local Currency, Current Account – LBP	1,298,298.10	1,692,754.83
Cash – Modified Disbursement System (MDS), Regular	1,909,288.79	7,637,797.85
Total - Cash and Cash Equivalents	3,207,587.39	9,433,773.70

5.1 *Cash in Bank – Local Currency, Current Account* consists of the following:

Bank Account No.	Particular	2015	2014
3432-1006-09	Payroll Account	124,655.45	21,178.39
3432-1006-25	Bids and Awards Committee Account	1,173,642.65	191,576.44
3092-1012-30	Balance of the fund transfer from OP for the Compensation and Position Classification System covered with a Memorandum of Agreement dated February 8, 2012		1,480,000.00
Total		1,298,298.10	1,692,754.83

5.2 The bank account for Bids and Awards Committee represents performance security by different business entities from 2014 to 2015 amounting to ₱1,173,642.65.

6. Receivables

6.1 All receivables are classified as current.

Accounts	2015	2014
Inter-Agency Receivables		
Due from National Government Agencies	105,237.78	1,172,828.23
Other Receivables		
Due from Officers and Employees	67,380.12	359,192.40
Receivables – GCG EA	2,135,060.94	
Receivables – PSF Assistance	50,000.00	
Receivables – Others	500.00	500.00
Total	2,358,178.84	1,532,520.63

6.2 *Due from National Government Agencies* of ₱105,237.78 represents advances made to the Procurement Services for common-used supplies which were partially delivered.

6.3 *Due from Officers and Employees* of ₱67,380.12 consists of receivables from employees arising from Collective Negotiation Agreement refund, tax deficiencies and excess usage of mobile phone subscription.

6.4 *Receivable – GCG Employees Association* of ₱2,135,060.94 pertains to the transfer of 30% MOOE savings for FY 2014.

7. Inventories

Accounts	2015	2014
Office Supplies Inventory Held for Consumption		
Carrying Amount, January 1	1,743,638.65	600,280.01
Additions/Acquisitions during the year	542,753.96	2,011,621.60
Expensed during the year except write-down	(1,048,173.22)	(868,262.96)
Carrying Amount, December 31	1,238,219.39	1,743,638.65
Drugs and Medicine Inventory Held for Consumption		
Carrying Amount, January 1	19,670.13	
Additions/Acquisitions during the year	66,487.00	238,268.13
Expensed during the year except write-down	(86,157.13)	(218,598.00)
Carrying Amount, December 31	0.00	19,670.13
Other Supplies Inventory Held for Consumption		
Carrying Amount, January 1	317,815.96	223,320.20
Additions/Acquisitions during the year	95,462.12	403,348.80
Expensed during the year except write-down	(334,181.72)	(308,853.04)
Write-down during the year	(10,000.00)	
Carrying Amount, December 31	69,096.36	317,815.96
Total Carrying Amount, December 31	1,307,315.75	2,081,124.74

8. Other Current Assets

8.1 All *Other Assets* are classified as current.

Accounts	2015	2014
Advances to Special Disbursing Officer	18.00	300,000.00
Advances to Officers and Employees	50,160.00	6,930.00
Prepaid Insurance	831,098.88	705,190.55
Other Prepayments	1,513,222.11	501,596.13
Guaranty Deposit	182,000.00	182,000.00
Total	2,576,498.99	1,695,716.68

8.2 *Advances to Officers and Employees* of P50,160.00 pertains to unliquidated cash advances in December 2015 and which are due for liquidation in January 2016.

8.3 *Prepaid Insurance* of P831,098.88 refers to the amount advances or the insurance of government properties.

8.4 *Other Prepayments* of ₱1,513,222.11 pertains to the amount advances for the MS Office 365 license and corporate email, fidelity bond premium of the property officer and online legal research tool.

8.5 *Guaranty Deposits* of ₱182,000.00 pertains to the amounts paid to Petron of ₱170,000.00 and National Development Corporation amounting to ₱12,000.00 for the guaranty deposits on fleet cards and parking space, respectively.

9. Property, Plant and Equipment (PPE)

Particulars	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Other PPE	Total
Carrying Amount, January 1, 2015	88,991,437.26	9,862,989.91	7,950,178.09	4,397,731.43	75,844.82	111,278,181.51
Additions/ Acquisitions	13,489,949.19	551,538.89	990,000.00			15,031,488.08
Adjustment						
Total	108,083,181.29	13,675,795.45	10,500,770.00	5,072,465.84	98,417.00	137,430,629.58
Disposals						
Depreciation	3,313,832.76	2,482,496.16	1,434,647.09	484,037.52	18,783.28	7,733,796.81
Carrying Amount, December 31, 2015	99,167,553.69	7,932,032.64	7,505,531.00	3,913,693.91	57,061.54	118,575,872.78
Gross Cost	108,083,181.29	13,675,795.45	10,500,770.00	5,072,465.84	98,417.00	137,430,629.58
Less: Accumulated Depreciation	8,915,627.60	5,743,762.81	2,995,239.00	1,158,771.93	41,355.46	18,854,756.80
Carrying Amount, December 31, 2015	99,167,553.69	7,932,032.64	7,505,531.00	3,913,693.91	57,061.54	118,575,872.78

9.1 Additions to Building and Other Structures pertains to the completed renovation of the GCG principal office that was previously recorded as *Construction in Progress*. The condominium was acquired in CY 2013 consisting of 1,452 square meters including seven parking spaces.

9.2 Machinery and Equipment consists of the following:

Particulars	Cost	Accumulated Depreciation	Carrying Amount December 31, 2015
Office Equipment	550,183.28	270,804.71	279,378.57
Information and Communication Technology Equipment	12,570,742.17	5,353,931.01	7,216,811.16
Communication Equipment	475,870.00	96,711.97	379,158.03
Disaster Risk Reduction Equipment	79,000.00	22,315.12	56,684.88
Total	13,675,795.45	5,743,762.81	7,932,032.64

9.3 The additions to the Machinery and Equipment account includes eight units of Lenovo G-40-80 Laptop Computers with total value of ₱151,633.89 transferred without cost by Information and Communications Technology Office (ICTO) under the Department of Science and Technology (DOST) through Government-Wide Medium-Term Information and Communications Technology Harmonization Initiative (MITHI).

9.4 The effect on the recognition of depreciation as a result of the change in the estimated residual value of five percent of the cost is applied prospectively.

10. Intangible Assets

Particulars	Amount
	Computer Software
Carrying Amount, January 1, 2015	3,747,525.91
Additions/Acquisitions	
Total	3,747,525.91
Disposals	
Amortization recognized (As per Statement of Financial Performance)	862,935.48
Other Changes	
Carrying Amount, December 31, 2015	2,884,590.43
Gross Cost	4,492,923.43
Less: Accumulated Amortization	1,608,333.00
Carrying Amount, December 31, 2015	2,884,590.43

11. Financial Liabilities

Accounts	2015	2014
Accounts Payable	1,829,054.77	7,900,743.37
Due to Officers and Employees	442,887.88	304,153.15
Total Financial Liabilities	2,271,942.65	8,204,896.52

11.1 *Accounts Payable* of ₱1,829,054.77 represents amount still payable to supplier of goods and services as of year-end.

11.2 *Due to Officers and Employees* of ₱442,887.88 pertains to the amount due to officers and employees for unpaid salaries and allowances.

12. Inter-Agency Payables

Accounts	2015	2014
Due to BIR	1,540,238.26	1,250,395.99
Due to GSIS	1,505,282.26	1,246,536.99
Due to PAG-IBIG	25,952.97	20,085.33
Due to PhilHealth	53,962.50	44,225.00
Due to Other NGAs	905,000.00	1,497,250.00
Total Inter-agency Payables	4,030,435.99	4,058,493.31

12.1 *Due to BIR* of ₱1,540,238.26 pertains to the amount of taxes withheld during the month of December 2015 from officials and employees, contract of service personnel, and suppliers/contractors which are due for remittance on the succeeding month of the following year.

12.2 *Due to GSIS* of ₱1,505,282.26 refers to the amount of employees' premium contributions and loan payments which are due for remittance every 10th day of the following month to GSIS as well as the amount of Insurance Policy Premium of ₱764,737.18 for PPE.

12.3 *Due to Pag-IBIG* of ₱25,952.97 includes the amount of employees' contributions and loan payments deducted from their salaries which are due for remittance every 10th day of the following month to Pag-IBIG.

12.4 *Due to PhilHealth* of ₱53,962.50 pertains to the amount of employees' premium contributions deducted from their salaries which are due for remittance every 15th day of the following month to PhilHealth.

12.5 *Due to Other NGAs* of ₱905,000.00 represents amount payable to Civil Service Commission for the conduct of training on Competency Assessment. It also includes the balance of Presidential Social Fund assistance to the victims of typhoon Yolanda, which is due for liquidation on 2016.

13. Trust Liabilities

13.1 This represents *Guaranty Deposits Payable* of ₱1,337,423.65 pertaining to the refundable 10 percent retention fee deducted from the amount due to various suppliers/contractors for goods and services purchased during the year and cash and cash equivalents received as performance security.

14. Subsidy from National Government

14.1 This account consists of the following:

Particulars	2015	2014
NCA received from DBM for payment of expenses for the agency's operational requirements	105,934,355.00	105,310,487.00
Tax Remittance Advice (TRA) issued to BIR	9,251,145.93	8,727,013.58
Total	115,185,500.93	114,037,500.58
Less: Unused Notice of Cash Allocation	17,753,855.08	22,224,372.19
Subsidy - Net	97,431,645.85	91,813,128.39

15. Service and Business Income

Accounts	2015	2014
Fines and Penalties – Service Income	367,237.85	107,294.00
Interest Income	792.34	652.76
Total	368,030.19	107,946.76

15.1 *Service and Business Income* of ₱368,030.19 refers to liquidated damages charged to service income amounting to ₱367,237.85 and ₱792.36 interest income on bank deposit.

16. Shares, Grants and Donations

16.1 This represents the donated laptop computers from DOST through MITHI amounting to ₱151,633.89.

17. Gains

17.1 Other Gains of ₱110,000.00 pertains to the proceeds from the sale of bid documents.

18. Personnel Services

Accounts	2015	2014
Salaries and Wages	31,929,987.39	27,668,254.43
Salaries and Wages – Regular	31,929,987.39	27,668,254.43
Other Compensation	14,419,305.96	8,398,255.86

Accounts	2015	2014
Personal Economic Relief Allowance (PERA)	1,416,741.42	1,239,659.16
Representation Allowance	2,055,847.24	1,896,827.38
Transportation Allowance	1,474,828.45	1,463,327.38
Clothing/Uniform Allowance	290,000.00	275,000.00
Productivity Incentive Allowance	84,000.00	60,000.00
Honoraria		82,500.00
Overtime and Night Pay	9,593.85	34,593.39
Year End Bonus	2,742,592.00	2,400,973.55
Cash Gift	305,500.00	269,875.00
Other Bonuses and Allowances	6,040,203.00	675,500.00
Personnel Benefit Contributions	4,227,238.07	3,695,548.78
Retirement and Life Insurance Premiums	3,801,263.07	3,319,130.03
PAG-IBIG Contributions	70,400.00	62,850.00
PhilHealth Contributions	284,875.00	250,768.75
Employees Compensation Insurance Premiums	70,700.00	62,800.00
Other Personnel Benefits	493,996.71	720,752.78
Terminal Leave Benefits	-	509,771.01
Other Personnel Benefits	493,996.71	210,981.77
Total Personnel Services	51,070,528.13	40,482,811.85

19. Maintenance and Other Operating Expenses

Accounts	2015	2014
Traveling Expenses	1,927,867.16	1,479,594.18
Traveling Expenses – Local	760,152.28	738,895.27
Traveling Expenses – Foreign	1,167,714.88	740,698.91
Training and Scholarship Expenses	6,551,111.14	5,450,426.71
Supplies and Materials Expenses	2,163,249.01	2,058,863.51
Office Supplies Expenses	1,072,879.11	890,740.24
Accountable Forms Expenses	1,200.00	6,400.00
Drugs and Medicines Expenses	86,157.13	218,598.00
Fuel, Oil, & Lubricants Expenses	647,615.75	546,038.69
Other Supplies and Materials Expenses	355,397.02	397,086.58
Utility Expenses	1,142,237.71	1,307,556.59
Water Expenses	38,960.00	25,780.00
Electricity Expenses	1,103,277.71	1,281,776.59
Communication Expenses	5,025,371.19	2,701,124.45
Postage and Courier Services	24,876.00	32,046.25
Telephone Expenses	2,026,915.07	1,654,835.46

Accounts	2015	2014
Internet Subscription Expenses	2,973,580.12	971,945.74
Cable, Satellite, Telegraph and Radio Expenses	-	42,297.00
Survey, Research, Exploration and Development Expenses	614,000.00	-
Confidential, Intelligence and Extraordinary Expenses	1,166,400.00	1,166,400.00
Professional Services	4,598,765.05	6,056,012.06
Consultancy Services	3,473,831.34	1,814,108.44
Other Professional Services	1,124,933.71	4,241,903.62
General Services	1,321,467.38	4,845,298.13
Janitorial Services	703,785.25	869,494.10
Security Services	563,292.03	643,762.32
Other General Services	54,390.10	3,332,041.71
Repairs and Maintenance	824,876.53	2,676,789.64
Repairs and Maintenance - Building and Other Structures	291,774.84	2,224,832.42
Repairs and Maintenance - Machinery and Equipment	344,649.95	265,881.95
Repairs and Maintenance - Transportation Equipment	185,111.74	186,075.27
Repairs and Maintenance – Furniture and Fixtures	3,340.00	
Taxes, Insurance Premiums and Other Fees	790,592.58	637,201.93
Taxes, Duties and Licenses	7,016.24	341,096.14
Fidelity Bond Premiums	93,260.42	173,314.34
Insurance Expenses	690,315.92	122,791.45
Other Maintenance and Operating Expenses	19,403,890.09	8,037,912.19
Advertising Expenses	639,024.80	116,972.80
Printing and Publication Expenses	2,171.00	183,165.60
Representation Expenses	1,839,411.12	2,859,094.74
Rent/Lease Expenses	1,339,875.70	1,122,661.69
Subscription Expenses	3,147,959.27	313,688.80
Other Maintenance and Operating Expenses	12,435,448.20	3,442,328.56
Total Maintenance and Operating Expenses	45,529,827.84	36,417,179.39

19.1 There were relevant increases and decreases in the following expenditures for CY 2015 as compared with CY 2014:

19.1.1 *Training Expenses* of ₱6,551,111.14 includes the cost incurred for the conduct of team building activities, planning activities, year-end assessment workshop, in-house trainings for GCG personnel and

various trainings outside the GCG premises such as the PGS Boot Camp, Lean Sigma Yellowbelt-Greenbelt Training, Linux System Administration Training, Position Classification Training and Internal Quality Audit.

- 19.1.2 *Telephone Expenses* of ₱2,026,915.07 includes the cost of voice services (landline and mobile) used in agency operations.
- 19.1.3 *Internet Expenses* of ₱2,973,580.12 pertains to the cost of internet services used by the agency in its operations and for the deployment of the Integrated Corporate Reporting System (ICRS) for the GOCC Sector.
- 19.1.4 *Survey Expenses* of ₱614,000.00 includes the cost of services rendered by the Development Academy of the Philippines (DAP) for the conduct of employees and stakeholder satisfaction survey.
- 19.1.5 *Consultancy Services* of ₱3,473,831.34 includes the cost of services rendered for the media monitoring and perception analysis, pre-assessment, performance audit and performance governance revalida for GOCCs, whistleblowing policy, certification to ISO 9001:2008, survey on public awareness of GCG, competency assessment and head hunter services.
- 19.1.6 *Rent Expenses* of ₱1,339,875.70 pertains to the payment of rental of parking spaces, photocopying machines and indoor plants.
- 19.1.7 *Subscription Expenses* of ₱3,147,959.27 pertains to supply and delivery of newspapers, subscription to Bloomberg Intelligence Software, Euromonitor International database and bankscope database and software used by the GCG Corporate Governance Office.
- 19.1.8 *Other Maintenance and Operating Expenses* of ₱12,435,448.20 pertains to the monthly condominium dues paid to Citibank Center, reclassification of compensation of employees under Contract of Service, ombudsman clearance fees and Bids and Awards Committee honoraria.

20. Non-Cash Expenses

Accounts	2015	2014
Depreciation Expenses	7,733,796.81	6,827,315.03
Depreciation Expense - Buildings and Other Structures	3,313,832.76	3,005,026.71

Accounts	2015	2014
Depreciation Expense - Machinery and Equipment	2,482,496.16	2,460,736.59
Depreciation Expenses - Transportation Equipment	1,434,647.09	859,105.46
Depreciation Expense - Furniture, Fixtures and Books	484,037.52	483,663.07
Depreciation Expense - Other Property, Plant and Equipment	18,783.28	18,783.20
Amortization – Intangible Assets	862,935.48	791,797.52
Total Non-Cash Expenses	8,596,732.29	7,619,112.55

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

Particulars	2015	2014
Surplus/Deficit for the year	(7,135,778.33)	7,451,921.36
Non-cash movements		
Depreciation	7,733,796.81	6,827,315.03
Amortization	862,935.48	791,797.52
Increase in Payables	(5,185,243.08)	(2,528,550.88)
Increase in Other Assets	(106,973.32)	(702,783.31)
Increase in Receivables	(825,658.21)	(1,257,524.43)
Adjustment	(336,664.29)	(15,714,559.34)
Net Cash Flows from Operating Activities	(4,993,584.94)	(5,132,384.05)

22. Payment of Expenses

Particulars	2015	2014
Personnel Services	35,405,594.16	27,281,544.67
Maintenance and Other Operating Expenses	35,094,797.14	29,265,099.61
Financial Expenses	-	50.00
Total	70,500,391.30	56,546,694.28

23. Release of Inter-Agency Fund Transfers

Payment of inter-agency fund transfers represent payments made to Procurement Services for common used supplies totaling ₱1,729,230.17 which were delivered for the year.

24. Payment of Accounts Payable

Payment of recorded payables for CY 2014 to suppliers totaling ₱7,888,557.75.

25. Remittance of Personnel Benefit Contributions and Mandatory Deductions

Accounts	2015	2014
Remittance to GSIS	5,801,096.43	5,618,728.36
Remittance to Pag-IBIG	238,854.80	207,010.04
Remittance to PhilHealth	519,350.00	457,312.50
Remittance to Employees Compensation Commission	70,700.00	57,300.00
Remittance of Other Payables	60,734.93	-
Due to Officers and Employees	-	192,602.90
Payment of Guaranty/Security Deposits	-	867,877.46
Remittance to BIR	-	24,129.43
Total	6,690,736.16	7,424,510.69

26. Purchase/Construction of Property, Plant and Equipment

Particulars	2015	2014
Purchase of Transportation Equipment	936,964.28	-
Purchase of Machinery and Equipment	7,808.04	-
Purchase of Communication Equipment	287,829.05	-
Purchase of Information and Communication Technology Equipment	-	4,451,278.20
Purchase of Furniture and fixtures	-	4,300.00
Total	1,232,601.37	4,455,578.20

27. Other Receipts

Particulars	2015	2014
Receipt of refund of cash advances	198,632.57	87,755.62
Refund of overpayment of Maintenance and Other Operating Expenses	81,458.05	6,167.70
Refund of overpayment of Personnel Services	-	74,927.12
Refund from GOCCs	-	3,300.00
Total	280,090.62	168,850.44

28. Other Disbursements

Particulars	2015	2014
Payment of Consulting Services (Towers Watson)	1,480,000.00	-
Payment of Fidelity Bond	69,093.75	173,314.34
Payment of Payable Accounts	-	11,956,993.44
Total	1,549,093.75	12,130,307.78

29. Differences between Final Budget and Actual Amounts

30. Key Management Personnel

The key management personnel of the GCG are the Chairman with the rank of Secretary and two members with the rank of Undersecretary are appointed by the President. The Secretaries of the Department of Budget and Management and the Department of Finance sit as ex officio members.