INTERCONTINENTAL BROADCASTING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(*All amounts in Philippine Peso, unless otherwise stated*)

1. GENERAL INFORMATION

The financial statements of **INTERCONTINENTAL BROADCASTING CORPORATION** (IBC-13) were authorized for issue on June 7, 2024 as shown in the Statement of Management's Responsibility for Financial Statements signed by Jose C. Policarpio, Jr., President and Chief Executive Officer, Corazon C. Reboroso, General Manager, and Arturo M. Alejandrino, Chairman of the Board.

The IBC-13 was originally incorporated as the Continental Broadcasting Corporation (CBC) under Securities and Exchange Commission Registration No. 4118 dated May 11, 1970. The Articles of Incorporation was amended on September 30, 1974, renaming CBC to IBC-13, with the same set of stockholders and subscribers to its capital stock. The IBC-13 studios are located at Broadcast City, Capitol Hills, Diliman, Quezon City, while its transmitter is situated at #125 St. Peter Street Nuestra Senora de la Paz Subdivision, Barangay, Sta. Cruz, Antipolo City.

On March 1, 1986, Juan Ponce Enrile, then Minister of National Defense, ordered the sequestration of Broadcast City television and radio stations, which included the IBC-13, Radio Philippines Network and Banahaw Broadcasting Corporation, under Ministry Order No. A-003 based on the request of the then Presidential Commission on Good Government (PCGG) Chairman, Jovito Salonga. Thereafter, then President of the Republic of the Philippines, Corazon C. Aquino, issued Executive Order (EO) No. 11 dated April 8, 1986, creating a Board of Administrators to manage and operate the business and affairs of the said stations and have custody of their funds and assets subject to the supervision and control of the PCGG. By virtue of a compromise agreement with the PCGG dated November 3, 1990, the Network was surrendered/ceded by Mr. Roberto S. Benedicto to the Republic of the Philippines.

In July 2000, Congress approved IBC-13's 25-year franchise to operate and maintain radio and television broadcasting stations in the country. Under Section 2 of EO No. 576 dated November 7, 2006, the Network and other government communication agencies were placed under the supervision and control of the Director-General, Philippine Information Agency under the Office of the President.

The IBC-13 presently operates under the control and supervision of the Office of the Press Secretary in accordance with Section 4 of EO No. 4 dated July 30, 2010.

The primary purposes of the corporation are to carry on the business as operators and/or proprietors of instruments and media of mass communication such as radio, television and/or telecommunication stations on a commercial and/or sustaining basis in any part of the Philippines, and to deal in the manufacture and distribution of radio, television and other electronic components and/or parts thereof.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) prescribed for adoption by the Commission on Audit (COA) in COA Resolution No. 2014-003 dated January 24, 2014.

These are IBC-13's first financial statements prepared in accordance with IPSASs and IPSAS 33 *First-time Adoption of Accrual Basis* has been applied. The date of adoption of IPSASs is January 1, 2021. The accounting policies have been consistently applied throughout the year presented.

The financial statements have been prepared under the historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in Philippine Peso, IBC-13's functional and presentation currency and amounts are rounded off to the nearest peso, unless otherwise stated.

The preparation of financial statements in compliance with the adopted IPSASs requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of Accounting*

IBC-13's financial statements are prepared on an accrual basis in accordance with the IPSASs.

3.2 *Financial Instruments*

a. Financial assets

i. Initial recognition and measurement

Financial assets within the scope of IPSAS 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 IBC-13 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 IBC-13 commits to purchase or sell the asset.

IBC-13's financial assets include: cash and cash equivalents, loans and other receivables.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. 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 or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

2. Receivables

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.

iii. Derecognition

The IBC-13 derecognizes a financial asset or where applicable, a part of a financial asset or part of IBC-13 of similar financial assets when:

1. The contractual rights to the cash flows from the financial asset expired or waived; and

2. The IBC-13 has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in IPSAS 29 *Financial Instruments: Recognition and Measurement*; and either the entity has:

- Transferred substantially all the risks and rewards of ownership of the financial asset; or

- Neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset.

iv. Impairment of financial assets

The IBC-13 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:

1. The debtors or a group of debtors are experiencing significant financial difficulty

2. Default or delinquency in interest or principal payments

3. The probability that debtors will enter bankruptcy or other financial reorganization

4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

v. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the IBC-13 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 IBC-13 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 asset's 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. Receivables 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 IBC-13. 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. The request for write-off of accounts is based on the guidelines prescribed in COA Circular No. 2016-005 dated December 19, 2016. If a future write-off is later recovered, the recovery is credited in surplus and deficit.

b. **Financial liabilities**

i. **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 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.

IBC-13's financial liabilities include payables to supplier, employees and other contractors, inter-agency payables, and trust liabilities.

ii. **Subsequent measurement**

The measurement of financial liabilities depends on their classification.

1. 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 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 that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

2. Loans and borrowings

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 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.

iii. **Derecognition**

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

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 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.

3.3 *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3.4 *Inventories*

Inventory is measured at cost upon initial recognition. To the extent that inventory is 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.

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 IBC-13.

3.5 *Property, Plant and Equipment (PPE)*

a. Recognition

An item is recognized as a PPE if it meets the characteristics and recognition criteria as a PPE.

The characteristics of the PPE are as follows:

i. Tangible items;

ii. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

iii. Are expected to be used during more than one reporting period.

An item of the PPE is recognized as an asset if:

i. It is probable that future economic benefits or service potential associated with the item will flow to the entity;

ii. The cost or fair value of the item can be measured reliably; and

iii. The cost is at least P50,000.00.

b. Measurement at recognition

An item recognized as a PPE is measured at cost.

A PPE acquired through a 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 the PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

Cost includes the following:

i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

ii. Expenditure that is directly attributable to the acquisition of the items; and

iii. 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.

c. Measurement after recognition

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

When significant parts of the PPE are required to be replaced at intervals, the IBC-13 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 PPE 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.

d. Depreciation

Each part of an item of the 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 an expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

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

ii. Depreciation method

The straight line method of depreciation is adopted unless another method is more appropriate for IBC-13’s operation.

iii. Estimated useful life.

The IBC-13 uses the schedule on the estimated useful life of the PPE by classification prepared by COA in determining the specific estimated useful life for each asset based on its experience.

iv. Residual value

The IBC-13 uses a residual value equivalent to at least five percent of the cost of the PPE.

e. 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 amount or recoverable service amount.

f. Derecognition

The IBC-13 derecognizes items of the PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6 *Intangible Assets*

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

b. Subsequent expenditure on an acquired in-process research and development project

Subsequent expenditure on an in-process research or development project acquired separately and recognized as an intangible asset is:

i. Recognized as an expense when incurred if it is research expenditure;

ii. Recognized as an expense when incurred if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset; and

iii. Added to the carrying amount of the acquired in-process research or development project if it is a development expenditure that satisfies the recognition criteria for intangible assets.

c. Intangible assets acquired through non-exchange transactions

The costs of intangible assets acquired in a non-exchange transaction are their fair value at the date these are acquired.

d. Internally generated intangible assets

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e. Recognition of an expense

Expenditure on an intangible item is recognized as 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.

f. Subsequent measurement

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

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

An intangible asset with indefinite useful life is not to be amortized.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are assessed for impairment annually and whenever there is an indication that the assets may be impaired.

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.

3.7 *Changes in Accounting Policies and Estimates*

The IBC-13 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 IBC-13 recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

The IBC-13 corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or

b. 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.

3.8 *Foreign Currency Transactions*

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

At each reporting date:

a. Foreign currency monetary items are translated using the closing rate;

b. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

c. Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.9 *Revenue from Non-exchange Transactions*

a. 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 are recognized as an asset if the following criteria are 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.

b. Recognition of 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 the IBC-13 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 recognizes an amount of revenue equal to that reduction.

c. 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.

d. 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.

e. Gifts and donations

The IBC-13 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 are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which are 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 values are ascertained by reference to quoted prices in an active and liquid market.

f. Transfers

The IBC-13 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.

g. Services in-kind

Services in-kind are 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.

h. Transfers from other government entities

Revenue from non-exchange transactions with other government entities and the related assets are 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 IBC-13 and can be measured reliably.

3.10 *Revenue from Exchange Transactions*

a. Measurement of revenue

Revenue is measured at the fair value of the consideration received or receivable.

b. Rendering of services

The IBC-13 recognizes revenue from Programs and Commercial Spots aired and billed to the clients. Sales Revenue is taken up net of the 15 percent agency commission for Agency Accounts.

Production of In-House Programs is stated at cost which includes supplies and materials, talents, fees and other overhead expenses. These production expenses are reflected under Maintenance and Other Operating Expenses.

c. Interest income

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

d. Rental income

Rental income arising from operating leases on IBC-13's property is accounted for and is included in revenue.

3.11 *Budget Information*

The IBC-13 has no approved Corporate Operating Budget (COB) for the calendar years (CYs) 2017 and 2018 and re-enacted the CY 2016 approved COB due to non-submission of the proposed COB to the Department of Budget and Management (DBM) for review and evaluation.

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

3.12 *Related Parties*

The IBC-13 regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the IBC-13, or vice versa. Members of key management are regarded as related parties.

3.13 *Employee Benefits*

The employees of the IBC-13 are members of the Social Security System (SSS), which provides life and retirement insurance coverage.

The IBC-13 recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

3.14 *Measurement Uncertainty*

The preparation of financial statements in conformity with IPSASs 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 revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of a capital asset, estimated employee benefits, impairment of assets, etc.

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

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The IBC-13 is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest/Market risks
- Operational risk

This note presents information about IBC-13's exposure to each of the above risks, the IBC-13 objectives, policies and processes for measuring and managing risk, and the Network's management of capital.

4.1 *Risk Management Framework*

The Management Committee of the IBC-13 has overall responsibility for the establishment and oversight of IBC-13's risk management framework. The committee has established IBC-13's assets, liabilities, credit and operational risk committees, which are responsible for developing and monitoring IBC-13's risk management policies in their specific areas.

All management committees have executive and non-executive members and report regularly to the Executive Director of the IBC-13 on their activities.

IBC-13's risk management policies are established to identify and analyse the risks faced by the IBC-13, to set appropriate risk limits and control, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions, products and services offered. The IBC-13, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

IBC-13's audit committee is responsible for ensuring the hospital's assets are properly safeguarded; shall assess the reliability and integrity of financial information, deter and investigate fraud, verify compliance with established policies, laws and regulations; and recommend improvements relating to efficiency, economy and effectiveness in the use of IBC-13's assets.

Generally, the maximum risk exposure of financial assets and financial liabilities is the carrying amount of the financial assets and financial liabilities as shown in the statements of financial position, as summarized below.

	Note	2023	2022
Financial assets			
Cash and cash equivalents	5	18,574,446	23,265,047
Receivables (net)	6	174,879,237	177,084,612
		193,453,683	**200,349,659**

Financial liabilities			
Financial liabilities	10	102,055,443	90,089,545
Inter-agency payables	11	1,902,877	5,637,137
		103,958,320	**95,726,682**

4.2 *Credit Risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the IBC-13. The IBC-13 has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The IBC-13 defines counterparties as having similar characteristics if they are related entities.

On-going credit evaluation is performed on the financial condition of loans and other receivable and, where appropriate, obtaining additional collateral is requested to cover the loans.

Also, the IBC-13 manages its credit risk by depositing its cash with the Land Bank of the Philippines (LBP), an authorized government depository bank.

The carrying amount of financial assets recognized in the financial statements represents IBC-13's maximum exposure to credit risk.

a. Credit Risk Exposure

The table below shows the gross maximum exposure to credit risk of the IBC-13 as of the years ended December 31, 2022 and 2021, without considering the effects of credit risk mitigation techniques.

	Note	**2023**	**2022**
Financial assets			
Cash and cash equivalents	5	18,574,446	23,265,047
Receivables*	6	481,934,484	484,139,859
		500,508,930	**507,404,906**

*Receivables at gross of allowance for impairment amounting to P307,055,247 both for the years ended December 31, 2023 and 2022, respectively.

b. Management of Credit Risk

The management of credit risk is covered by the Management Committee. The Finance Division of the agency is in charge of controlling, monitoring and collecting payments of all its receivables due from employees, tenants and clientele. Receivables from employees consist of overpayment of salaries due to leave without pay, excess usage of airtime charges over the set limit, personal calls, etc. and are collected thru payroll deductions. Status of outstanding receivables is summarized quarterly in a schedule and is submitted together with the financial reports to COA. Should there be no payments received, the Finance Division follows up either thru phone call or write demand letters for collection until settled. Other concerns or issues, if any, are referred to the Office of the Government Corporate Counsel for appropriate action.

c. Aging Analysis

An aging analysis of IBC-13's receivables as of the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Outstanding receivables:		
Current accounts	2,918,173	94,828,121
Past due accounts:		
1 – 30 days past due	530,392	(1,780,254)
31 – 60 days past due	76,607	28,271,518
61 – 90 days past due	1,273,571	41,498,839
over 90 days past due	159,378,600	(2,713,301)
	164,177,343	**160,104,923**

d. Impairment Assessment

The IBC-13 recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the IBC-13 in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment. Under specific/individual assessment, the IBC-13 assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

Among the items and factors considered by the IBC-13 when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment.

The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment.

Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write-offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

4.3 *Liquidity Risk*

Liquidity risk is the risk that the IBC-13 might encounter difficulty in meeting obligations from its financial liabilities.

a. Management of liquidity risk

IBC-13's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to IBC-13's reputation.

The IBC-13 maintains a portfolio of short-term liquid assets, largely made up of cash in banks to ensure that sufficient liquidity is maintained within the IBC-13 as a whole.

b. Exposure to liquidity risk

The liquidity risk is the adverse situation when the IBC-13 encounters difficulty in meeting unconditionally the settlement of its obligations at maturity. Prudent liquidity management requires that liquidity risks are identified, measured, monitored and controlled in a comprehensive and timely manner. Liquidity management is a major component of the corporate-wide risk management system. Liquidity planning takes into consideration various possible changes in economic, market, political, regulatory and other external factors that may affect the liquidity position of the IBC-13.

The liquidity management policy of the IBC-13 is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. IBC-13's funding requirements are generally met through any or a combination of financial modes allowed by law that would give the most advantageous results.

The table below summarizes the maturity profile of IBC-13's financial liabilities as at December 31, 2023.

As at December 31, 2023	Within 1 Year	1 – 5 Years	Over 5 Years	Total
Financial liabilities	42,306,965	59,748,478	-	102,055,443
Inter-agency payables	1,902,877	-	-	1,902,877
	44,209,842	**59,748,478**	**-**	**103,958,320**

4.4 *Market Risks*

Market risk is the risk that changes in the market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's issuer's credit standing) will affect IBC-13's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risk

The management of interest rate risk against interest gap limits is supplemented by monitoring the sensitivity of IBC-13's financial assets and liabilities to various standard and non-standard interest rate scenarios.

4.5 *Operational Risks*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with IBC-13's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of IBC-13's operations and are faced by all business entities.

IBC-13's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to IBC-13's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of control to address operational risk is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the independent authorization of transaction;
- Requirement for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risk faced, and the adequacy of control and procedures to address the risk identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

5. CASH AND CASH EQUIVALENTS

This account consists the following:

	2023	**2022**
Cash on hand	(5,064,102)	(9,591,078)
	(5,064,102)	(9,591,078)
Cash in bank		
Local currency	23,613,516	32,831,093
Local savings	25,032	25,032
	23,638,548	32,856,125
	18,574,446	**23,265,047**

5.1 Cash on hand

Cash on hand account consists of Cash collecting officer account balance which represents collections during the last working day of the year after banking hours and

Petty cash fund balance of the Network's Disbursing Officer. This was immediately deposited to the peso account of the IBC-13 Land Bank of the Philippines (LBP) – Local Water Utility Administration (LWUA) Branch, LWUA Building, MWSS Complex, Katipunan Avenue, Balara, Quezon City on the first working day of January 2024, and Petty cash fund account of the Network's Disbursing Officer.

The foreign currency amounting to US$2,500 maintained inside the safety Deposit Box in the Bank of Commerce (BoC) was converted to Philippine Peso and deposited to the LBP current account.

5.2 Cash in Bank

	2023	2022
Current account-local currency-LBP	14,619,103	23,836,680
Current account-local currency-BoC	8,994,413	8,994,413
Savings account-foreign currency-BoC	24,038	24,038
Savings account-local currency-DBP	994	994
	23,638,548	**32,856,125**

The current account-local currency-LBP amounting P14.619 million is a non-interest bearing depository account at LBP – LWUA Branch for personnel services, maintenance and other operating expenses, and financial expenses.

The remaining P8.994 million is a non-existing BoC account that is a forwarded balance from the time the IBC-13 was sequestered by the government in CY 1986. This was garnished and closed last May 2015. After all the efforts exerted by the Management and despite request to BoC – Broadcast City branch for the history of the said account, there is no reply as of to date. The IBC-13 even resorted to the Bangko Sentral ng Pilipinas (BSP) to seek assistance regarding this non-existing account. However, the BSP cannot reveal any information because of Bank Secrecy Law.

Further, the savings account-foreign currency-BoC is a dormant account amounting to US$513.55.

6. RECEIVABLES

This account consists the following:

	2023	2022
Accounts receivable, net	164,177,343	160,104,923
Other receivables, net	10,701,894	16,979,689
	174,879,237	**177,084,612**

6.1 Accounts Receivable

	2023	2022
Receivables	471,232,590	467,160,170
Allowance for impairment – accounts receivable	(307,055,247)	(307,055,247)
	164,177,343	**160,104,923**

In-house accounts pertain to transactions incurred after the Sales and Marketing operations were returned to the Corporation as a result of the compromise agreement in CY 1990 as discussed in Note 1, Paragraph 2, General Information. On the other hand, the Island accounts pertains to accounts accumulated with former marketing agent, Islands Broadcasting Corporation.

The reported P471,232,590 gross balance of Accounts receivable – trade as of December 31, 2023, includes the dormant account balances totalling P312,053,418.

6.2 Other Receivables

	2023	2022
Due from officers and employees	323,373	532,558
Other receivables, net	10,378,521	16,447,131
	10,701,894	**16,979,689**

Due from officers and employees consists of receivable of the Agency from cash advances and prior years; overpayment of the Agency to the employees, cash shortages, loss of assets and other bills under accountability of employees of the Agency.

As regards to Other receivables – Radio Philippines Network (RPN) account, last November 7, 1997, the IBC-13 and the RPN entered into an Interim Agreement to govern their lessor-lessee relationship. As of January 14, 2014, the RPN has acknowledged the outstanding balance amounting to P43.600 million. However, there is an ongoing negotiation to reduce said amount by virtue of offsetting of equipment turned over to the IBC-13.

Aside from the trade receivable and other items due to be received or paid, the Other receivables represent sickness and maternity benefit claims of employees which were advanced by the IBC-13 to be reimbursed by the SSS.

7. INVENTORIES

This account is composed of the following:

	2023	2022
	Inventories carried at lower of cost and net realizable value	**Inventories carried at lower of cost and net realizable value**
Office Supplies/Inventory		
Carrying amount, January 1	283,472	283,472
Additions/Acquisitions during the year	-	-
Expensed during the year except write-down	-	-
Other adjustments	-	-
Carrying amount, December 31	**283,472**	**283,472**

Regular purchases of office and production supplies are recorded directly as expense.

Other supplies and materials inventory pertains to gift cheque/vouchers, received from prior years in exchange of non-cash transactions. Book balances are still subject for reconciliation.

8. PROPERTY, PLANT AND EQUIPMENT

This account consists the following:

	Land and land improvements	Building and other structures, Leased Assets, Buildings and Other Structures	Communication Equipment, Furniture and Fixture, Office Equipment, Motor Vehicles and other PPE	Total
As at December 31, 2022				
Cost	75,932,001	57,306,016	357,018,433	490,256,450
Accumulated depreciation	(547,200)	(22,317,063)	(211,689,688)	(234,553,951)
Net book value, December 31, 2022	**75,384,801**	**34,988,953**	**145,328,745**	**255,702,499**
Opening net book value, January 1, 2023	**75,932,001**	**57,306,016**	**357,018,433**	**490,256,450**
Additions/Acquisition cost	-	-	1,957,952	1,957,952
adjustments	-	-	(100,889,758)	(100,889,758)
Accumulated depreciation	(547,200)	(22,317,063)	(211,689,688)	(234,553,951)
adjustments	-	1,726,986	102,305,456	104,032,442
Depreciation for the year	-	(4,330,464)	(3,084,574)	(7,415,038)
Closing net book value, December 31, 2023	**75,384,801**	**32,385,475**	**145,617,821**	**253,388,097**
As at December 31, 2023				
Cost	75,932,001	57,306,016	258,086,627	391,324,644
Accumulated depreciation	(547,200)	(24,920,541)	(112,468,806)	(137,936,547)
Net book value, December 31, 2023	**75,384,801**	**32,385,475**	**145,617,821**	**253,388,097**

Philippine Application Guidance No. 2 of IPSAS 17 requires the adoption of cost-model valuation on land and building accounts. Thus, adjustments on said accounts were effected accordingly.

However, the IBC-13 had the following appraisal of the Network's properties:

Property	Location	Market Value	Date of Valuation	Appraiser
Land – 5,000 sq. m.	Old Balara, Quezon City	P475,000,000	May 23, 2022	Asian Appraisal
House and lot	Bacoor, Cavite	3,277,000	Sept. 17, 2019	Crown Property Appraisal
Land – 1,000 sq. m.	Shrine Hills, Davao City	10,000,000	Jul. 10, 2020	Enrique L. Gasatan, CPV
Land – 400 sq. m.	Shrine Hills, Davao City	4,800,000	Jul. 10, 2020	Enrique L. Gasatan, CPV
Land – 365 sq. m.	Baybay, Roxas City	6,095,000	Nov. 9, 2020	Cubing Surveying
Land – 1,500 sq. m.	Datu Puti Subd., Balabago, Iloilo City	48,608,000	Nov. 4, 2020	AA+ Appraisal & Consultancy, Inc.
Land – 523 sq. m.	Rizal Pala Pala, Iloilo City	14,775,000	Nov. 4, 2020	AA+ Appraisal & Consultancy, Inc.
One-story building	Old Balara, Quezon City	25,242,000	May 23, 2020	Asian Appraisal
Building I	Shrine Hills, Davao City	316,800	Jul. 10, 2020	Enrique L. Gasatan, CPV
Building II	Shrine Hills, Davao City	176,000	Jul. 10, 2020	Enrique L. Gasatan, CPV
Building III	Shrine Hills, Davao City	16,100	Jul. 10, 2020	Enrique L. Gasatan, CPV
		P588,305,900		

9. OTHER ASSETS

This comprises the following accounts:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Advances	325,099	-	325,099	551,344	-	551,344
Other assets	56,454,523	6,960,881	63,415,404	56,239,666	5,489,561	61,729,227
	56,779,622	**6,960,881**	**63,740,503**	**56,791,010**	**5,489,561**	**62,280,571**

9.1 Advances

	2023	2022
Advances for operating expenses	2,384	2,384
Advances to special disbursing officer	322,715	548,960
	325,099	**551,344**

Advances of P325,099 represents advances granted to officers and employees for payment of operating expenses (advances for operating expenses); for special purpose/time-bound (advances to special disbursing officer); for official travel (advances to officers and employees).

9.2 Other Assets

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Input tax	38,420,722	-	38,420,722	36,456,329	-	36,456,329
Withholding tax at source	18,033,801	-	18,033,801	19,783,337	-	19,783,337
Other investments	-	5,489,561	5,489,561	-	5,489,561	5,489,561
Other assets	-	1,471,320	1,471,320	-	-	-
	56,454,523	**6,960,881**	**63,415,404**	**56,239,666**	**5,489,561**	**61,729,227**

As a tax withholding agent of the Bureau of Internal Revenue (BIR), IBC-13's client withholds a certain percentage of output tax due to them, upon payment of their accounts for actual airtime availments. The amounts withheld are supported with the BIR Form No. 2307, Certificate of Creditable Tax Withheld at Source, issued by the withholding agents. The amounts of output tax withheld by clients are recorded in the books under the Output Tax Withheld account and deducted from the Output Tax on remittance to the BIR.

The Withholding Tax at Source of P19.783 million represents the taxes withheld by clients/suppliers on their payments to the Network with creditable tax certificate to be used as deduction from IBC-13's remittance of value-added tax.

10. FINANCIAL LIABILITIES

This is composed of the following:

	2023	2022
Accounts payable	59,748,478	52,364,104
Due to officers & employees	42,306,965	37,725,441
	102,055,443	**90,089,545**

This account represents unpaid obligations of the IBC-13 to various employees and also unpaid obligations for delivered goods and services rendered by employees and suppliers.

Due to officers and employees amounting to P42,306,965 represent unpaid obligation to various and retired employees of the IBC-13.

11. INTER-AGENCY PAYABLES

This account consists the following:

	2023	2022
Due to BIR	(314,621)	3,494,596
Due to SSS	214,573	215,923
Due to PhilHealth	(85,764)	(86,028)
Due to Pag-IBIG	(81,185)	(81,085)
Due to SSS salary loan	2,089,787	2,013,644
Due to Pag-IBIG multi-purpose loan	80,087	80,087
	1,902,877	**5,637,137**

The IBC-13 was able to update all obligations to the BIR thru application of Tax Amnesty for the delinquent year qualified for amnesty. Thus, other delinquent years were thru tax subsidy with pending application on abatement.

Despite diligent effort exerted to the account for the negative balance of Due to PhilHealth and Due to Pag-IBIG accounts for the year ended December 31, 2023, the Payroll Section cannot adjust or reconcile the said balance since the documents can no longer be retrieved since those were included in the documents damaged by typhoon Ondoy.

12. DEFERRED CREDITS/UNEARNED INCOME

This account represents unearned income in CYs 2023 and 2022 and comprised the following:

	2023			2022		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Deferred output tax	67,107,918	6,711,173	73,819,091	66,580,823	6,711,173	73,291,996
Unearned revenue/income	-	(1,886,368)	(1,886,368)	-	(1,886,368)	(1,886,368)
	67,107,918	**4,824,805**	**71,932,723**	**66,580,823**	**4,824,805**	**71,405,628**

Deferred output tax corresponds to the 12 percent tax on sales billed as part of the trade receivables. Upon billing, these are recorded as deferred taxes and upon collection of the receivables, this account is debited and the proper liability account or the output tax account is set up.

Unearned revenue income refers to an account in which the client/customers deposited in advance to avail the airtime in spots or blocktime.

13. PROVISIONS

IBC-13 Management entered into Memoranda of Agreement (MOAs) with the IBC-13 Rank-and-File Employees Union and IBC-13 Supervisors' Directors Union, which were approved by the Board of Directors in its regular meeting on August 21, 2008. It was stated in the MOAs that the IBC-13 admits its obligations and liabilities to the members of the union which comprise 50 percent of its recorded liabilities as of December 31, 2014.

The amount of Gratuity Payable for the year ended December 31, 2023 amounting to P738,312,033 was intended to all incumbent and retired employees of the IBC-13 for their retirement pay.

14. OTHER PAYABLES

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Loans Payable	-	75,000,000	75,000,000	-	75,000,000	75,000,000
Interest Payable	-	122,251,801	122,251,801	-	279,345,687	279,345,687
Commission pay payable	1,441,129	-	1,441,129	1,681,129	-	1,681,129
Security/deposit payable	1,376,947	-	1,376,947	1,376,947	-	1,376,947
Other payables	(2,642)	-	(2,642)	1,104	-	1,104
	2,815,434	**197,251,801**	**200,067,235**	**3,059,180**	**354,345,687**	**357,404,867**

14.1 Loans Payable

In CY 2004, the Network entered into a MOA with Jemah Television, Inc. to enter into a co-production arrangement for entertainment and special programs to be provided by Jemah for telecast in IBC-13's airtime slots, in accordance with mutually agreed booking schedule and airtime rate. Pursuant to MOA, Jemah advanced up to P20 million to the IBC-13 in CYs 2004 and 2005. Subsequently, disagreements with Jemah ensued over certain provisions of MOA, leading to its filing of complaint against the IBC-13 with Regional Trial Court, Makati on December 22, 2005.

On October 16, 2006, the IBC-13 Board of Directors gave the then President and Chief Executive Officer of the Network full authority to negotiate, enter and sign a Compromise Agreement with the duly authorized representative of Jemah Television, Inc. pivotal to the compromise settlement, the Board agreed and approved the following conditions among others to wit:

i. Secure business loan with the BoC in the amount of P75 million;
ii. Upon release of such loan, the IBC-13 is to pay Jemah Television, Inc. the amount of P25 million representing payment of the P20 million loan principal/advances from the said co-production client with the corresponding interest of P5 million;
iii. Pay Jemah Television, Inc. the amount of P20 million for business losses; and
iv. Use the Networks available airtime as collateral for the BoC loan.

The business loan of P75 million is covered by a Promissory Note (PN) value dated November 10, 2006 with a maturity date on November 10, 2011. As stated in the PN, interest rate is 15 percent for the one-year grace period from November 10, 2006 to November 7, 2007 up to November 3, 2011.

This is to be referred to the Board of Directors for Board Resolution.

14.2 Interest Payable

This account includes interest amounting to P66,695,270 representing tax increments recognized by the IBC-13 on the tax delinquencies incurred for CYs 2005, 2008, and 2009. A verbal confirmation on the approved abatement was received by the Network on March 2024 from the BIR for cancellation of the said interest tax delinquencies. The adjustment will be effected on CY 2024 upon receipt of the official documents relative to the tax abatement.

This also refers to the interest on the business loan of P75 million. As stated in the PN, the interest rate is 15 percent for one year grace period. As of December 2023, the interest amounted to P55,556,531 and until now there is no negotiation for possible restructuring of the loan. This is to be referred to the Board of Directors for Board Resolution.

14.3 Other Payables

	2023	2022
Commission pay payable	1,441,129	1,681,129
Security/deposit payable	1,376,947	1,376,947
Other payables	(2,642)	1,104
	2,815,434	**3,059,180**

Commission pay payable amounting to P1,441,129 refers to amount due to account executives and sales associates/agents based on billings to customers which are paid upon collection of related receivables. IBC-13's commission scheme policies effective September 1, 2011, all government accounts, whether handled by the advertising agency or not shall be considered regular agency account instead of direct accounts. Thus, sales commissions to be paid for shall be five percent which goes to the account executive and one percent which goes to Sales Director.

Guaranty/Security deposits payable pertains to retention fees to guarantee performance by the contractor of the terms of contract.

15. SERVICE AND BUSINESS INCOME

This line item consists the following:

	2023	2022
Business income		
Sales revenue	32,148,607	148,341,074
Other business income	78,343	-
	32,226,950	**148,341,074**

15.1 Business income

15.1.1 Sales revenue

	2023	2022
Airtime (cash)	32,148,607	148,341,074
	32,148,607	**148,341,074**

15.1.2 Other business income

Other business income includes income from rent/lease of condominium and space rental.

16. PERSONNEL SERVICES

This account is composed of the following:

	2023	2022
Salaries and wages	52,801,510	56,985,820
Other compensation	23,616,655	31,177,934
Personnel benefit contributions	5,236,951	4,963,426
Other personnel benefits	69,915,297	14,120,417
	151,570,413	**107,247,597**

16.1 Salaries and Wages

	2023	2022
Salaries and wages-regular	51,978,542	56,206,470
Salaries and wages-casual/contractual	822,968	779,350
	52,801,510	**56,985,820**

16.2 Other Compensation

	2023	2022
Longevity pay	3,220,659	3,671,723
Overtime pay	3,994,113	2,923,540
Representation allowance	1,349,843	1,605,080
Honoraria	93,938	-
Cash gift	-	75,000
Transportation allowance	-	18,005
Other bonuses and allowances	14,958,102	22,884,586
	23,616,655	**31,177,934**

16.3 Employees Future Benefits

The permanent employees of the IBC-13 contribute to the SSS. The SSS administers the plan, including payment of pension benefits to employees to whom the act applies. Social insurance (life and retirement) benefits are mandatory defined contribution plans fixed at nine percent of the basic salaries of regular government employees. Total contributions to SSS amounted to P6,039,111 broken down as follows: employees' share – P1,925,168 and employer's share – P4,113,943.

The Reserve for contingency account disclosed that the account pertains to Retirement Gratuity account reclassified to Reserve for contingency account. Details are shown below.

Status of Employment	**2023**	**2022**
Supervisors/Directors	46,879,637	54,671,499
Rank and file	48,595,832	42,630,973
Retirees	-	20,896,928
Officers	20,955,208	25,242,101
	116,430,677	**143,441,501**

The account revealed that the contingent Liability-Reserve for contingency account amounting to P116,430,677 represent additional 30 days retirement gratuity benefits to IBC-13 officers and employees in case of privatization of the Network. The additional 30 days retirement benefits were based on the following computation.

RATE PER DAY	X	30 DAYS IN CASE OF PRIVATIZATION	X	NO. OF YEARS IN SERVICE

16.4 Personnel Benefit Contributions

	2023	**2022**
Retirement and life insurance premiums	4,113,943	3,551,367
Pag-IBIG contributions	172,300	181,800
PhilHealth contributions	950,708	1,230,259
	5,236,951	**4,963,426**

16.5 Other Personnel Benefits

	2023	**2022**
Retirement gratuity	51,191,473	-
Medical, dental and hospitalization	2,403,339	2,770,340
Other personnel benefits	16,320,485	11,350,077
	69,915,297	**14,120,417**

17. MAINTENANCE AND OTHER OPERATING EXPENSES

This line item consists the following:

	2023	2022
Communication expenses	15,223,145	18,272,804
Utility expenses	9,703,261	8,996,584
Professional services	7,435,255	15,463,307
Taxes, insurance premiums and other fees	4,615,374	2,309,386
General services	3,382,611	2,967,560
Supplies and materials expenses	1,540,294	1,575,984
Traveling expenses	475,376	432,507
Repairs and maintenance	414,632	510,161
Training expenses	299,790	62,200
Extraordinary & miscellaneous expense	5,769	184,806
Other maintenance and operating expenses	12,377,827	8,887,911
	55,473,334	**59,663,210**

17.1 Communication Expenses

	2023	2022
Cable, satellite, telegraph and radio expenses	14,498,836	17,365,047
Internet subscription expense	675,032	789,150
Telephone expenses	47,580	115,064
Postage and courier services	1,697	3,543
	15,223,145	**18,272,804**

17.2 Utility Expenses

	2023	2022
Electricity expenses	9,579,303	8,908,695
Water expenses	123,958	87,889
	9,703,261	**8,996,584**

17.3 Professional Services

	2023	2022
Auditing services	417,550	809,913
Legal services	80,078	37,988
Other professional services	6,937,627	14,615,406
	7,435,255	**15,463,307**

17.3.1 Other Professional Services

	2023	2022
Talent fees	3,995,082	3,770,723
Contracts of Service (COS)	2,167,083	10,411,310
Retainers	775,462	433,373
	6,937,627	**14,615,406**

17.4 Taxes, Insurance Premiums and Other Fees

	2023	2022
Insurance expenses	2,482,021	1,069,025
Taxes, duties and licenses	2,133,353	1,240,361
	4,615,374	**2,309,386**

17.5 General Services

	2023	2022
Security services	3,382,611	2,967,560
	3,382,611	**2,967,560**

17.6 Supplies and Materials Expenses

	2023	2022
Office supplies expenses	555,566	703,075
Fuel, oil and lubricants expenses	267,033	483,026
Accountable forms	58,143	23,661
Other supplies and materials expenses	659,552	366,222
	1,540,294	**1,575,984**

17.7 Traveling Expenses

	2023	2022
Traveling expenses-local	456,076	407,315
Traveling expenses-foreign	19,300	25,192
	475,376	**432,507**

17.8 Repairs and Maintenance

	2023	2022
Repairs and maintenance-buildings and other structures	357,750	110,224
Repairs and maintenance-motor vehicles (servicing)	53,221	43,665
Repairs and maintenance-machinery and equipment	3,661	314,316
Repairs and maintenance-furniture and fixtures	-	8,056
Repairs and maintenance-other PPE	-	33,900
	414,632	**510,161**

17.9 Training Expenses

	2023	2022
Training expenses	299,790	62,200
	299,760	**62,200**

17.10 Extraordinary & Miscellaneous Expenses

	2023	2022
Extraordinary & Miscellaneous Expense	5,769	184,806
	5,769	**184,806**

17.11 Other Maintenance and Operating Expenses

	2023	2022
Rent/lease expenses	4,336,435	4,544,365
Income tax expense	2,966,822	2,205,511
Representation expenses	929,992	705,030
Directors and committee members’ fee	929,000	814,000
Fees and commission expenses	314,012	83,437
Production expense	298,303	-
Advertising, promotional and marketing expenses	107,951	84,824
Membership dues and contributions to organisations	64,481	68,484
Transportation and delivery expense	36,220	17,992
Subscription expenses	32,026	-
Litigation/acquired assets expenses	-	200,000
Honorarium fee	-	85,941
Printing and publication expenses	-	530
Other maintenance and operating expenses	2,362,585	77,797
	12,377,827	**8,887,911**

18. FINANCIAL EXPENSES

This account comprises the following:

	2023	2022
Bank charges	1,396	3,900
Interest expense	-	6
Other financial charges	485	296,444
	1,881	**300,350**

19. NON-CASH EXPENSES

This account is composed of the following:

	2023	2022
Depreciation-building and other structure	4,330,464	800,058
Depreciation-machinery and equipment	2,881,799	13,784,594
Depreciation-furniture, fixture and books	189,875	-
Depreciation-infrastructure assets	-	14,644
Depreciation-transportation equipment	-	1,174
Depreciation-other PPE	12,900	-
	7,415,038	**14,600,470**

20. OTHER NON-OPERATING INCOME

	2023	2022
Gain on sale of unserviceable property	628,689	1,153,473
Miscellaneous income	76,000	655,198
Interest income	232	31
Guarantee income	-	400,000
Other non-operating income	-	283,256
	704,921	**2,491,958**

21. ASSISTANCE/SUBSIDY/(FINANCIAL ASSISTANCE/SUBSIDY/CONTRIBUTION)

This consists of Subsidy from the National Government for:

	2023	2022
Personnel services	187,899,000	73,689,000
	187,899,000	**73,689,000**

22. GRANTS AND DONATIONS

	2023	2022
Income from grants and donations in kind	2,833,844	-
	2,833,844	**-**

This account is composed of various equipment and furniture in the total amount of P2,760,444, donated by RII Builders after the consummation of the Joint Venture Agreement of the said contractor and the IBC-13 and motor vehicle amounting to P73,400, donated by the Presidential Communication Office (PCO).

23. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year other than the remuneration received by the key management personnel.

24. KEY MANAGEMENT PERSONNEL

The key management personnel of the IBC-13 are the Chairperson, the Members of the Governing Board, and the Principal Officers. The Governing Body consists of members appointed by the President of the Philippines. The Principal Officers consist of the President and CEO, the General Manager, and the Department Managers.

24.1 Key Management Personnel Compensation

The aggregate remuneration of members of the governing body and the number of members determined on a fulltime equivalent basis receiving remuneration within this category, are:

	Total Remuneration
Salaries and wages	9,563,486
Other personnel benefits	1,184,065
	10,747,551

25. ACCUMULATED SURPLUS/(DEFICIT)

In accordance with the Philippine Accounting Standard No. 8, Accounting Policies, Changes in Accounting Estimates and Errors, the Accumulated Surplus/(Deficit) are as follows:

	Amount
Accumulated surplus, January 1, 2022	(1,228,298,795)
Add (deduct) adjustments	42,710,405
Prior period errors	(5,146,474)
Accumulated surplus, December 31, 2022	(1,190,734,864)
Surplus for CY 2023	9,204,049
Other adjustments	155,440,486
Accumulated surplus, December 31, 2023	**(1,026,090,329)**

26. REVALUATION SURPLUS

There is a remaining balance of P422,185,773 after adjusting its amount following the cost-model valuation of Land and Building under the PPE account.

27. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The original budget reflected in the SCBAA for December 31, 2023 is the proposed COB for the year 2024 and was submitted to the DBM for review/evaluation while the final budget is the amount approved by the DBM. The proposed/original COB is prepared considering: (1) the Network's various programs, projects and activities in the pursuance of its mandate; (2) the projected revenues and other sources of income to finance and support these programs; (3) the actual expenses for previous years; and (4) the effects of inflation. The IBC-13 requested budgetary assistance amounting to P816.751 million, however, the granted Subsidy from the National Government amounted to P187.899 million only.

28. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR UNDER REVENUE REGULATION NO. 15-2010

28.1 Revenue Regulation (RR) No. 15-2010

The IBC-13 is compliant to the requirements under RR No. 15-2010 dated November 25, 2010, pertinent to taxes, duties and license fees paid or accrued during the taxable year thru submission of documentary requirements based on the prescribed process.

Due to BIR as of December 31, 2023	**Amount**
Due to BIR – output tax	67,107,918
Due to BIR – expanded withholding tax	(59,796)
Due to BIR – withholding tax on compensation	(299,707)
	66,748,415

In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid during the taxable year.

a. The agency is a Value Added Tax (VAT) registered company with VAT output tax declaration of P67.107 million for the year based on the amount reflected in Business and Service Income.

b. Other Taxes and Licenses

Local	-
National (BIR annual registration fee)	500
Total	**500**

c. The amount of withholding taxes paid/accrued for the year amounted to:

Withheld VAT	3,378,363
Tax on compensation and benefits	3,479,599
Expanded withholding tax	2,026,683
Total	**8,884,645**

29. COMPLIANCE WITH SSS LAW

The IBC-13 complied with Section 14.1 of Republic Act No. 8291 which provides that each government agency shall remit directly to the SSS the employees' and government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply. Below is the summary of remittances of employees' premium contributions and employer's share for CY 2023:

	Withheld	**Remitted**
Government share	4,113,943	3,792,913
Life and retirement premiums, employees share	1,925,168	1,774,956
Total	**6,039,111**	**5,567,869**