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

1. GENERAL INFORMATION

The financial statements of the **INTERCONTINENTAL BROADCASTING CORPORATION (IBC-13)** were authorized for issue on May 26, 2026 as shown in the Statement of Management's Responsibility for Financial Statements signed by Jose C. Policarpio, Jr., President and Chief Executive Officer (CEO), Corazon C. Reboroso, General Manager (GM), and Noel M. Malaya, Chairman of the Board (COB).

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 Señora 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 (RPN) 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.

Pursuant to Republic Act (RA) No. 12311 dated October 3, 2025, President Ferdinand Marcos, Jr. approved the renewal of the 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.

DWAN 1206 AM has rich history dating back to 1973 when it was established as DWWA under the Banahaw Broadcasting Corporation. In 1978, it moved to the 1206 kHz frequency following the adoption of the 9 kHz spacing on AM radio stations in the Philippines. In 1984, it changed its call letters to DWAN, which stands for D' WAN (pronounced "the one"). The station has undergone several name changes over the years, including D' Wan, IBC Broadkast Patrol, Islands Galing Broadkaster, and Metropolitan Manila Development Authority Traffic Radio. After a period of dormancy, the station was relaunched in June 2024 with a new branding and programming lineup. Under the leadership of the IBC President and CEO Jose "Jimmie" C. Policarpio, Jr. and Station Manager Marc Logan, DWAN 1206 AM has introduced a dynamic programming lineup that includes news, talk shows, music and podcasts.

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

Following the Governance Commission for Government-Owned and/or Controlled Corporation's approval, IBC-13 reorganized and terminated all employees effective August 31, 2025. Using the approved budget, the IBC-13 settled most unpaid benefits and made partial retirement payments, with the remaining retirement balances expected to be released in Calendar Year (CY) 2026 upon budget transfer. Effective September 1, 2025, most former employees were rehired under a Contract of Service arrangement.

The primary purposes of the IBC-13 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 on the basis of 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 with corresponding Philippine Application Guidance (PAG) 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 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 these assets 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 the 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; and

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 these assets 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. 2023-008 dated August 17, 2023, as amended by COA Circular No. 2025-005 dated December 18, 2025. If a future write-off is later recovered, the recovery is credited to finance costs 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 these liabilities 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 is discharged or cancelled or expired.

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.

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.

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

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 cost of intangible assets acquired in a non-exchange transaction is the fair value at the date that these assets 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 these items are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which these differences 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 fair value as at the date the assets are acquired, 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 complied and submitted the Annual proposed COB for CY 2025 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. Non-accumulating compensated absences, like special leave privileges, were not recognized.

The IBC-13 recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were not recognized as expenses.

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 its 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 President and CEO and to the Governing Board 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 company 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	2025	2024
Financial assets			
Cash and cash equivalents	5	360,177,624	107,215,892
Receivables (net)	6	115,345,964	112,503,836
		475,523,588	**219,719,728**
Financial liabilities			
Financial liabilities	13	126,082,809	106,101,139
Inter-agency payables	14	9,549,911	8,408,825
		135,632,720	**114,509,964**

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 at the years ended December 31, 2025 and 2024, without considering the effects of credit risk mitigation techniques.

	Note	2025	2024
Financial assets			
Cash and cash equivalents	5	360,177,624	107,215,892
Receivables*	6	421,151,377	416,106,822
		781,329,001	**523,322,714**

*Receivables at gross of allowance for impairment amounting to P305,805,413 and P303,602,986 for the years ended December 31, 2025 and 2024, respectively. The Other receivables is net of allowance for impairment amounting to P6,181,241 and P5,028,102 for the years ended December 31, 2025, and 2024, 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 through 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 through phone call or writes demand letters for collection until settled. Other concerns or issues, if any, are referred to the Office of the Government Corporate Counsel (OGCC) for appropriate action.

c. Aging analysis

An aging analysis of IBC-13's receivables as at the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Outstanding receivables:		
Current accounts	1,302,939	2,220,854
Past due accounts:		
1 – 30 days past due	8,664,166	10,944,313
31 – 60 days past due	19,437,128	9,708,850
61 – 90 days past due	51,517,799	51,517,799
over 90 days past due	33,476,433	33,476,433
	114,398,465	**107,868,249**

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, 2025.

As at December 31, 2025	**Within 1 Year**	**1 – 5 Years**	**Over 5 Years**	**Total**
Financial liabilities	5,552,009	120,530,800	-	126,082,809
Inter-agency payables	9,549,911	-	-	9,549,911
	15,101,920	**120,530,800**	**-**	**135,632,720**

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:

	2025	2024
Cash on hand	(3,753,990)	(4,910,619)
	(3,753,990)	**(4,910,619)**
Cash in bank		
Local currency	363,900,421	112,095,724
Foreign savings	30,199*	29,793
Local savings	994	994
	363,931,614	**112,126,511**
	360,177,624	**107,215,892**

*$513.55 @ P58.8050 reported US dollar exchange rate as at 12/29/2025

5.1 Cash on Hand

As at December 31, 2025, the Cash on hand account consists of the following:

a. Cash collecting officer account – This represents collections received during the last working day of the year after banking hours. These collections are immediately deposited into IBC-13's peso account with the LBP – Local Water Utility Administration (LWUA) Branch, LWUA Building, Metropolitan Waterworks and Sewerage System Complex, Katipunan Avenue, Balara, Quezon City on the first working day of the following year.

   This account reflects an abnormal balance of P3.754 million, which arose from prior years' transactions. In CY 2022, IBC-13's bank accounts were garnished, compelling Management to conduct transactions using cash. Due to the volume of these cash transactions and the limitations in available manpower during that period, possible erroneous journal entries may have been made, resulting in the negative balance. Management is currently undertaking a comprehensive review of prior years' transactions to identify and correct any erroneous entries through appropriate adjusting journal entries. The reconciliation process is ongoing, and further action will be taken to ensure the accuracy and integrity of the Cash collecting officer account; and

b. Petty cash fund – This represents the petty cash maintained by IBC-13's Disbursing Officer for minor and immediate disbursements. Due to IBC-13's reorganization, petty cash fund was closed.

5.2 Cash in Bank

	2025	2024
Current account-local currency-LBP	363,900,421	103,101,311
Current account-local currency-Bank of Commerce (BOC)	-	8,994,413
Savings account-foreign currency-BOC	30,199	29,793
Savings account-local currency-Development Bank of the Philippines	994	994
	363,931,614	**112,126,511**

As at December 31, 2025, IBC-13's Cash in bank accounts include the following:

a. Current account – local currency – LBP:

   The balance of P363.900 million is a non-interest-bearing depository account at LBP – LWUA Branch for personnel services, maintenance and other operating expenses, and financial expenses.

b. Current account – local currency – BOC:

   As at December 31, 2024, a balance of P8.994 million was reflected in the books under Current Account No. 064-00-000-353-9 with the BOC. However, Management determined that the account is non-existent, as no transactions or confirmation of its existence could be verified despite requests for a Certificate of No Cash Flow/Transaction from the Philippine Clearing House Corporation and bank confirmation letters sent to BOC.

Upon consultation with COA, IBC-13 was advised to apply IPSAS 29 – Financial Instruments: Recognition and Measurement on derecognition of financial assets. Accordingly, the P8.994 million balance was derecognized/written off during the period, as Management concluded that the account no longer meets the criteria for recognition in the financial statements. The write-off was duly authorized by the Board of Directors.

c. Savings account – foreign currency – BOC:

The foreign currency savings account at the BOC is scheduled for closure. The dollar balance from this account will be used to open a new foreign currency account with the LBP, a government-accredited depository bank. This move supports IBC-13's potential future international transactions, particularly for communication and other operational requirements. Maintaining a dollar account with a government bank will provide flexibility in supplier selection and offer potential cost advantages when the exchange rate is favorable.

6. RECEIVABLES

This account consists the following:

	2025	2024
Accounts receivable, net	114,398,465	107,868,249
Other receivables, net	947,499	4,635,587
	115,345,964	**112,503,836**

6.1 Accounts Receivable

	2025	2024
Receivables	420,203,878	411,471,235
Allowance for impairment – accounts receivable	(305,805,413)	(303,602,986)
	114,398,465	**107,868,249**

The reported P420.204 million gross balance of Accounts receivable – trade as at December 31, 2025, includes the dormant account balances totalling P311.225 million that were carried forward since CY 1986, for which supporting documents are no longer available and could not be reconstructed despite Management's efforts. Historical records indicate that corporate documents were lost during prior government control and were not subsequently returned.

Management has determined that these receivables are no longer recoverable and has proposed their write-off, in accordance with applicable COA rules and regulations, subject to the required approvals. Pending approval, the balances remain recognized in the books.

This account also includes a receivable from the Department of Education amounting to P66.429 million, which remains unrecognized by the latter. A money claim has already been filed before the COA and is currently under review by the Commission Proper. On May 3, 2024, the IBC-13 Management, through the OGCC, filed a Motion for Early Resolution to expedite the process.

6.2 Other Receivables

	2025	2024
Due from officers and employees	109,628	419,722
Other receivables, net	837,871	4,215,865
	947,499	**4,635,587**

Due from officers and employees consists of receivable of the IBC-13 from cash advances and prior years; overpayment of the IBC-13 to the employees, cash shortages, loss of assets and other bills under accountability of employees of the IBC-13.

As regards to Other receivables – RPN account, the IBC-13 and the RPN entered into an Interim Agreement to govern their lessor-lessee relationship on November 7, 1997. As at January 14, 2014, the RPN has acknowledged the outstanding balance amounting to P43.600 million. As at December 31, 2025, RPN has fully paid its obligation to IBC-13; thus, the account has already been fully settled. Accordingly, IBC-13 no longer has any outstanding receivables from RPN.

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. As at December 31, 2025, Other receivables – SSS amounts to P7.019 million with an Allowance for impairment amounting to P6.181 million. This also includes the dormant account balances totalling P6.360 million.

7. INVENTORIES

This account is composed of the following:

	2025	2024
	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. INVESTMENT PROPERTY

Opening net book value, January 1, 2025	4,074,091
Accumulated depreciation	(2,888,078)
Depreciation for the year	(86,008)
Closing net book value, December 31, 2025	**1,100,005**

This account includes a property owned by the IBC-13 at La Perla Condominium, Legaspi Village, Makati City costing P4.074 million. Said property is being leased by the IBC-13 to generate other income. This account is previously recorded as a PPE and reclassified only in CY 2024.

9. 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 fixtures, office equipment, motor vehicles and other PPE	Total
As at December 31, 2024				
Cost	75,932,001	56,057,913	317,718,326	449,708,240
Accumulated depreciation	(547,200)	(23,408,905)	(131,584,826)	(155,540,931)
Net book value, December 31, 2024	**75,384,801**	**32,649,008**	**186,133,500**	**294,167,309**
Opening net book value, January 1, 2025	**75,932,001**	**56,057,913**	**317,718,326**	**449,708,240**
Additions/Acquisition Cost	12,630,733	12,034,601	230,945,263	255,610,597
Adjustments	(70,397,714)	(3,141,500)	(321,156)	(73,860,370)
Accumulated depreciation	(547,200)	(23,408,905)	(131,584,826)	(155,540,931)
Adjustments	47,500	2,992,749	-	3,040,249
Depreciation for the year	(31,713)	(1,606,430)	(33,146,721)	(34,784,864)
Closing net book value, December 31, 2025	**17,633,607**	**42,928,428**	**383,610,886**	**444,172,921**
As at December 31, 2025				
Cost	18,165,020	64,951,014	548,342,433	631,458,467
Accumulated depreciation	(531,413)	(22,022,586)	(164,731,547)	(187,285,546)
Net book value, December 31, 2025	**17,633,607**	**42,928,428**	**383,610,886**	**444,172,921**

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

However, the IBC-13 had the following appraisal of its properties:

Property	Location	Market value	Date of valuation	Appraiser
Land – 5,000 sq. m.	Old Balara, Quezon City	P 852,500,000	April 25, 2024	Cuervo Appraisers, Inc.
Buildings	Old Balara, Quezon City	24,865,000	April 25, 2024	Cuervo Appraisers, Inc.
Other land improvements	Old Balara, Quezon City	2,981,000	April 25, 2024	Cuervo Appraisers, Inc.
Building – condo unit @43.90 sq. m.	San Lorenzo, Makati City	7,656,000	April 26, 2024	Cuervo Appraisers, Inc.
House and lot	Bacoor, Cavite	2,158,000	April 25, 2024	Cuervo Appraisers, Inc.
Land – 1,000 sq. m.	Shrine Hills, Davao City	8,500,000	May 2, 2024	Cuervo Appraisers, Inc.
Land – 400 sq. m.	Shrine Hills, Davao City	3,400,000	May 2, 2024	Cuervo Appraisers, Inc.
Building I	Shrine Hills, Davao City	541,000	May 2, 2024	Cuervo Appraisers, Inc.
Building II	Shrine Hills, Davao City	247,000	May 2, 2024	Cuervo Appraisers, Inc.
Building III	Shrine Hills, Davao City	17,000	May 2, 2024	Cuervo Appraisers, Inc.
Land 1– 240 sq. m	Balabago, Iloilo City	2,064,000	April 26, 2024	Cuervo Appraisers, Inc.
Building I	Balabago, Iloilo City	710,000	April 26, 2024	Cuervo Appraisers, Inc.
Other land improvements	Balabago, Iloilo City	72,000	April 26, 2024	Cuervo Appraisers, Inc.
Land 2– 13,583 sq. m	Balabago, Iloilo City	84,214,600	April 26, 2024	Cuervo Appraisers, Inc.
Building II	Balabago, Iloilo City	44,000	April 26, 2024	Cuervo Appraisers, Inc.
Land – 523 sq. m.	Rizal Pala Pala, Iloilo City	23,535,000	April 26, 2024	Cuervo Appraisers, Inc.
Land – 365 sq. m.	Baybay, Roxas City	6,752,500	April 30, 2024	Cuervo Appraisers, Inc.
Building	Baybay, Roxas City	108,000	April 30, 2024	Cuervo Appraisers, Inc.
Other land improvements	Baybay, Roxas City	37,000	April 30, 2024	Cuervo Appraisers, Inc.
Land – 2,500 sq. m.	Cabungaan North, Laoag City	21,500,000	May 7, 2024	Cuervo Appraisers, Inc.
Building	Cabungaan North, Laoag City	1,055,000	May 7, 2024	Cuervo Appraisers, Inc.
Total		**P1,042,957,100**		

10. CONSTRUCTION IN PROGRESS

	2025	2024
Construction in progress - building and other structures	4,106,320	5,118,002
Construction in progress - land improvements	54,161	-
	4,160,481	**5,118,002**

Construction in progress – building and other structures account amounting to P4.160 million in CY 2025 represents the on-going construction of the transmitter in Antipolo and other labor fees. On the other hand, the Construction in progress – land improvements account represents the improvements of the perimeter fence inside the IBC-13 compound.

11. DEFERRED TAX ASSETS

As at December 31, 2025, the Deferred tax assets of P0.663 million comprises unused tax credits from the 2022 taxable year, originating from prior tax payments.

12. OTHER ASSETS

This comprises the following accounts:

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Advances	2,059,044	-	2,059,044	737,180	-	737,180
Other assets	117,825,057	5,489,561	123,314,618	65,494,418	10,660,507	76,154,925
	119,884,101	**5,489,561**	**125,373,662**	**66,231,598**	**10,660,507**	**76,892,105**

12.1 Advances

	2025	2024
Advances for operating expenses	2,384	2,384
Advances to special disbursing officer	2,056,660	734,796
	2,059,044	**737,180**

Advances of P2.059 million represent 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).

The Advances to special disbursing officer account includes a balance of P107,718 arising from prior years' transactions, some of which are no longer fully supported due to missing documentations. The Finance Department will request the write-off of these balances. Meanwhile, review and completion of the necessary documentary requirements is currently being conducted to support the write-off.

12.2 Other Assets

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Input tax	80,390,085	-	80,390,085	47,564,701	-	47,564,701
Withholding tax at source	19,054,853	-	19,054,853	17,929,717	-	17,929,717
Other investments	-	5,489,561	5,489,561	-	5,489,561	5,489,561
Other assets	18,380,119	-	18,380,119	-	5,170,946	5,170,946
	117,825,057	**5,489,561**	**123,314,618**	**65,494,418**	**10,660,507**	**76,154,925**

As a tax withholding agent of the Bureau of Internal Revenue (BIR), IBC-13's clients withhold a certain percentage of output tax due to them, upon payment of their accounts for actual airtime availments. The amounts withheld are supported with BIR Form No. 2307, Certificate of Creditable Tax Withheld at Source (CTW), 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 IBC-13 recognizes output tax corresponding to its airtime revenue, in accordance with the relevant provisions of the National Internal Revenue Code and applicable regulations issued by the BIR. The corresponding input tax from the purchase of goods and services from Value-Added Tax (VAT) registered suppliers is recorded upon recognition of the related expenses. Input VAT is applied against output VAT to determine the net output VAT payable to the BIR.

As at December 31, 2025, the Withholding tax a source account is composed of Government Money Payments – VAT and CTW amounting to P22,094 and P19.033 million, respectively. The CTW totaling P19.033 million was based on amounts withheld by customers or payors, as reflected in billing statements and payment advice. However, only P391,245 of this amount is supported by BIR Form No. 2307, which is required to substantiate and validate tax credit claims. The unsupported portion of the CTW relates to prior years' transactions. The IBC-13 is actively coordinating with the respective withholding agents to obtain the missing BIR Form No. 2307 certificates. In the absence of these documents, the affected CTW amounts may be disallowed for tax credit purposes, in accordance with applicable BIR rules and regulations. In addition, IBC-13 still coordinated with the BIR by sending a formal letter, yet no reply was received as to date.

13. FINANCIAL LIABILITIES

This is composed of the following:

	2025	2024
Accounts payable	120,530,800	63,293,872
Due to officers & employees	5,552,009	42,807,267
	126,082,809	**106,101,139**

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 P5.552 million represent unpaid obligation to various and retired employees of the IBC-13.

14. INTER-AGENCY PAYABLES

This account consists the following:

	2025	2024
Due to BIR	4,058,380	1,136,985
Due to National Government Agency	3,367,777	5,069,531
Due to SSS – salary loan	2,000,596	2,074,333
Due to SSS	214,603	214,573
Due to Pag-IBIG multi-purpose loan	76,010	80,087
Due to PhilHealth	(86,370)	(85,999)
Due to Pag-IBIG	(81,085)	(80,685)
	9,549,911	**8,408,825**

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

Despite diligent effort exerted to the account for the negative balance of Due to Philippine Health Insurance Corporation (PhilHealth) and Due to Home Development Mutual Fund (Pag-IBIG) accounts for the year ended December 31, 2025, 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.

15. TRUST LIABILITIES

This account represents the security deposit payable for CY 2025 amounting to P6.794 million, which consists of refundable amounts due to various suppliers after a certain period. This account was previously included under the Other Payables account.

16. DEFERRED CREDITS/UNEARNED INCOME

This account represents Unearned income in CYs 2025 and 2024 and comprised the following:

	2025			2024		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Deferred output tax	63,708,276	6,711,173	70,419,449	65,928,951	6,711,173	72,640,124
Unearned revenue/income	-	(1,886,368)	(1,886,368)	-	(1,886,368)	(1,886,368)
	63,708,276	**4,824,805**	**68,533,081**	**65,928,951**	**4,824,805**	**70,753,756**

Deferred output tax corresponds to the 12 percent tax on sales billed as part of the trade receivables. IBC-13 uses accrual basis of accounting, the output tax is already recorded upon billing, and debited upon remittance of VAT to the BIR.

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

17. PROVISIONS

IBC-13 Management entered into Memoranda of Agreement (MOAs) with IBC-13 Rank-and-File Employees Union and IBC-13 Supervisors' Directors Union, which were approved by the Board of Directors (BOD) in its regular meeting on August 21, 2008. It was stated in 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 at December 31, 2014.

The amount of Gratuity Payable for the year ended December 31, 2025 amounting to P433.550 million was intended to all incumbent and retired employees of the IBC-13 for their retirement pay.

18. OTHER PAYABLES

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Loans payable	-	-	-	-	75,000,000	75,000,000
Interest payable	-	63,088,402	63,088,402	-	118,644,933	118,644,933
Commission pay payable	1,092,038	-	1,092,038	1,201,129	-	1,201,129
Security/deposit payable	-	-	-	567,181	-	567,181
Other payables	-	-	-	(2,742)	-	(2,742)
	1,092,038	**63,088,402**	**64,180,440**	**1,765,568**	**193,644,933**	**195,410,501**

18.1 Loans Payable

In CY 2004, the IBC-13 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, IBC-13 BOD gave the then President and CEO of the IBC-13 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 BOD 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 IBC-13's 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 was resolved by the IBC-13's BOD during special meeting as confirmation from the BOC indicated that there are no records of the said loan obligation including its corresponding accrued interest. Thus, this amount is reverted to Accumulated Surplus/Deficit following the guidelines provided by EO No. 87 and COA-DBM Joint Circular No. 1, s. 2021.

18.2 Interest Payable

This refers to the interest amounting to P63.088 million representing tax increments recognized by the IBC-13 on the tax delinquencies incurred for CYs 2005, 2008, and 2009.

The interest on the business loan of P75 million amounting to P55.556 million was also reverted to Accumulated Surplus/Deficit following the guidelines provided by EO No. 87 and COA-DBM Joint Circular No. 1, s. 2021.

18.3 Other Payables

	2025	2024
Commission pay payable	1,092,038	1,201,129
Security/deposit payable	-	567,181
Other payables	-	(2,742)
	1,092,038	**1,765,568**

Commission pay payable amounting to P1.092 million 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 accounts instead of direct accounts. Thus, sales commissions to be paid shall be five percent which goes to the account executive and one percent which goes to the Sales Director.

Security/deposit payable pertains to retention fees to guarantee performance by the contractor of the terms of contract. To ensure proper presentation, this account has been re-aligned under Note 15 – Trust Liabilities.

18.4 Legal Claim Contingency

The Intercontinental Broadcasting Corporation Employees' Union (IBCEU) has initiated a labor action before the Department of Labor and Employment – National Conciliation and Mediation Board concerning the implementation of the Collective Bargaining Agreement. Following the proceedings, the Voluntary Arbitrator rendered a decision in favor of the IBCEU, awarding a monetary claim amounting to P3.928 million along with attorney's fees of P392,884. Although the IBC-13 has filed an appeal, it is important to note that the appeal does not stay the execution of the judgment. Consequently, a Writ of Execution has been issued against the IBC-13. The IBC-13 is currently evaluating legal remedies and coordinating with counsel to determine the appropriate course of action while complying with applicable labor and legal regulations.

19. SERVICE AND BUSINESS INCOME

This line item consists the following:

	2025	2024
Business income		
Sales revenue	60,399,673	29,978,692
Other business income	-	10,000
	60,399,673	**29,988,692**

20. PERSONNEL SERVICES

This account is composed of the following:

	2025	2024
Salaries and wages	50,421,716	54,428,496
Other compensation	18,957,085	27,411,439
Personnel benefit contributions	6,737,708	5,856,730
Other personnel benefits	451,466,964	49,334,616
	527,583,473	**137,031,281**

20.1 Salaries and Wages

	2025	2024
Salaries and wages-regular	48,491,618	50,549,756
Salaries and wages-casual/contractual	1,930,098	3,878,740
	50,421,716	**54,428,496**

The balance of Salaries and Wages decreased as IBC-13 underwent to reorganization thus only the President/CEO is under the regular payroll.

20.2 Other Compensation

	2025	2024
Other bonuses and allowances	12,415,510	17,398,373
Overtime pay	3,227,051	4,605,936
Longevity pay	1,724,466	2,845,575
Representation allowance	1,100,250	1,381,500
Clothing uniform	427,308	1,090,055
Honoraria	62,500	90,000
	18,957,085	**27,411,439**

20.3 Personnel Benefit Contributions

	2025	2024
Retirement and life insurance premiums	4,912,780	4,222,730
PhilHealth contributions	1,435,828	1,274,100
Pag-IBIG contributions	389,100	359,900
	6,737,708	**5,856,730**

20.4 Other Personnel Benefits

	2025	2024
Retirement gratuity	426,414,042	31,569,553
Medical, dental and hospitalization	2,053,856	1,761,586
Other personnel benefits	22,999,066	16,003,477
	451,466,964	**49,334,616**

21. MAINTENANCE AND OTHER OPERATING EXPENSES

This line item consists the following:

	2025	2024
Professional services	63,299,903	21,515,987
Communication expenses	16,838,124	14,831,044
Utility expenses	15,783,762	10,099,270
General services	11,175,496	6,755,139
Taxes, insurance premiums and other fees	7,243,196	6,149,481
Traveling expenses	4,281,175	1,736,941
Supplies and materials expenses	3,559,207	1,850,469
Repairs and maintenance	2,035,086	1,671,069
Training expenses	209,511	153,463
Extraordinary & miscellaneous expense	4,000	13,230
Other maintenance and operating expenses	57,456,475	13,147,095
	181,885,935	**77,923,188**

21.1 Professional Services

	2025	2024
Auditing services	-	529,136
Legal services	-	89,045
Other professional services	63,299,903	20,897,806
	63,299,903	**21,515,987**

21.2 Communication Expenses

	2025	2024
Cable, satellite, telegraph and radio expenses	14,172,482	13,980,378
Internet subscription expense	2,220,641	801,066
Telephone expenses	417,454	27,821
Postage and courier services	27,547	21,779
	16,838,124	**14,831,044**

21.3 Utility Expenses

	2025	2024
Electricity expenses	14,927,184	9,743,224
Water expenses	853,328	356,046
Other utility expenses	3,250	-
	15,783,762	**10,099,270**

21.4 General Services

	2025	2024
Security services	11,175,496	6,755,139
	11,175,496	**6,755,139**

21.5 Taxes, Insurance Premiums and Other Fees

	2025	2024
Taxes, duties and licenses	4,030,280	3,774,855
Insurance expenses	3,182,128	2,350,589
Fidelity bond premiums	30,788	24,037
	7,243,196	**6,149,481**

21.6 Traveling Expense

	2025	2024
Traveling expenses-local	3,942,160	1,695,627
Traveling expenses-foreign	339,015	41,314
	4,281,175	**1,736,941**

21.7 Supplies and Materials Expenses

	2025	2024
Fuel, oil and lubricants expenses	1,473,447	687,695
Office supplies expenses	970,059	554,205
Other supplies and materials expenses	778,462	536,319
Accountable forms	217,357	66,350
Drugs and medicines expenses	114,816	-
Non-accountable forms	5,066	5,900
	3,559,207	**1,850,469**

21.8 Repairs and Maintenance

	2025	2024
Repairs and maintenance-buildings and other structures	912,890	417,631
Repairs and maintenance-machinery and equipment	786,652	326,241
Repairs and maintenance- land improvements	224,949	-
Repairs and maintenance-transportation equipment	110,595	478,832
Repairs and maintenance-furniture and fixtures	-	758
Repairs and maintenance-other infrastructure asset	-	298,558
Repairs and maintenance-service concession asset	-	149,049
	2,035,086	**1,671,069**

21.9 Training Expenses

	2025	2024
Training expenses	209,511	153,463
	209,511	**153,463**

21.10 Extraordinary & Miscellaneous Expenses

	2025	2024
Extraordinary & Miscellaneous Expense	4,000	13,230
	4,000	**13,230**

21.11 Other Maintenance and Operating Expenses

	2025	2024
Production expense	28,741,209	636,641
Rent/lease expenses	7,243,374	3,911,911
Semi-expendable expense – machinery and equipment	5,737,518	2,640,744
Fees and commission expenses	5,409,689	395,023
Directors and committee members' fee	2,468,000	1,086,000
Representation expenses	2,019,033	1,593,099
Semi-expendable expense – furniture, fixture & books	1,203,175	219,949
Subscription expenses	701,062	581,113
Survey expenses	135,786	-
Advertising, promotional and marketing expenses	130,030	497,333
Membership dues and contributions to organizations	95,623	86,930
Transportation and delivery expense	43,926	49,087
Printing and publication expenses	43,850	54,123
Donation and contribution	5,000	10,000
Income tax expense	-	506,193
Other maintenance and operating expenses	3,479,200	878,949
	57,456,475	**13,147,095**

Production expense significantly increased in CY 2025 due to talent fees and other production costs incurred by the Congress TV.

22. FINANCIAL EXPENSES

This account comprises the following:

	2025	2024
Bank charges	27,930	30,769
Interest expense	4,323	-
Other financial charges	95,916	3,477
	128,169	**34,246**

23. NON-CASH EXPENSES

This account is composed of the following:

	2025	2024
Depreciation-machinery and equipment	30,427,923	18,920,869
Depreciation- transportation equipment	2,623,798	155,568
Depreciation- building and other structure	1,595,997	1,290,433
Depreciation- furniture, fixture and books	95,000	39,583
Depreciation-investment property	86,008	-
Depreciation -land improvements	31,713	86,008
Depreciation-infrastructure assets	10,433	-
Impairment loss-loans and receivables	2,202,427	-
Impairment loss-other receivables	3,600	-
Loss on disposal	151,251	-
	37,228,150	**20,492,461**

24. OTHER NON-OPERATING INCOME

	2025	2024
Miscellaneous income	911,500	3,563,933
Gain on sale of unserviceable property	321,154	-
Gain on foreign exchange	406	29,688
Interest income	48	244
Reversal of impairment loss	-	3,452,261
	1,233,108	**7,046,126**

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

This consists of Subsidy from the National Government for:

	2025	2024
Personnel services	560,500,000	640,000,000
Capital expenditures	300,000,000	101,035,000
Maintenance and Other Operating Expenses	240,100,000	-
Total	**1,100,600,000**	**741,035,000**

26. RELATED PARTY TRANSACTIONS

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

27. 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 GM, and the Department Managers.

27.1 Key Management Personnel Compensation

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

	Total Remuneration
Salaries and wages	14,844,986
Other personnel benefits	2,306,713
Directors and committee members fee	2,468,000
	19,619,699

28. ACCUMULATED SURPLUS/(DEFICIT)

In accordance with the IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors, the Accumulated Surplus/(Deficit) are as follows:

	Amount
Accumulated surplus, January 1, 2024	(1,026,090,329)
Surplus for CY 2024	542,588,642
Other adjustments	(38,811,864)
Accumulated surplus, December 31, 2024	**(522,313,551)**
Surplus for CY 2025	415,407,054
Other adjustments	448,993,482
Accumulated surplus, December 31, 2025	**342,086,985**

29. REVALUATION SURPLUS

Following the cost-model valuation of Land and Building under the PPE account, the P422.186 million balance on this account in CY 2024 was derecognized in the books as per approval of the BOD.

30. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The original budget reflected in the SCBAA for December 31, 2025 is the proposed COB for the year 2025 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) IBC-13'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 was granted subsidy from the National Government amounting to P1,100,600,000.

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

31.1 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 through submission of documentary requirements based on the prescribed process.

Accrued taxes as at December 31, 2025	Amount
Output tax	63,708,276
Withholding tax on VAT	2,678,872
Expanded withholding tax	1,198,811
Withholding tax on compensation	180,697
	67,766,656

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 VAT-registered company with VAT output tax declaration of P63.709 million for the year based on the amount reflected in Business and Service Income.

b. Other Taxes and Licenses

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

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

Withheld VAT	12,673,775
Tax on compensation and benefits	9,505,861
Expanded withholding tax	7,253,488
Total	**29,433,124**

32. COMPLIANCE WITH SSS LAW

The IBC-13 complied with Section 14.1 of RA No. 8291 which provides that it 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 2025:

	Withheld	Remitted
Government share	4,912,780	4,912,780
Life and retirement premiums, employees share	2,432,395	2,428,865
Total	**7,345,175**	**7,341,645**