



Cultural Center of the Philippines
SENTRONG PANGKULTURA NG PILIPINAS

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of the Cultural Center of the Philippines (CCP) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the CCP's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the CCP or cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the CCP's financial reporting process.

The Board of Trustees reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stakeholders and other users.

The Commission on Audit has examined the financial statements of the CCP in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Trustees, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE VICTOR M. GAITE
VICE PRESIDENT FOR ADMINISTRATION
April 18, 2024
Date signed

DENNIS N. MARASIGAN
OIC - President
April 18, 2024
Date signed

JAIME O. LAYA
Chairman of the Board
April 18, 2024
Date signed



CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2023 and 2022
(in Philippine Peso)

		2023	2022 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	6	239,841,068	205,469,809
Financial assets	7	626,879,226	647,243,327
Receivables - net	8	37,341,229	39,984,153
Inventories	9	3,744,313	8,014,347
Other current assets	12.1	110,151,721	102,630,390
Total Current Assets		1,017,957,557	1,003,342,026
Non-Current Assets			
Financial assets	7	106,030,031	99,898,401
Investment property	10	284,127,056	284,127,056
Property, plant and equipment - net	11	1,163,212,785	1,139,528,576
Intangible Assets	12.2	640,714	480,000
Deferred tax asset	12.3	1,362,868	1,362,868
Other non- current assets	12.4	77,933	77,933
Total Non- Current Assets		1,555,451,387	1,525,474,834
TOTAL ASSETS		2,573,408,944	2,528,816,860
LIABILITIES			
Current Liabilities			
Financial liabilities	13	190,681,902	183,263,749
Inter-agency payables	14	31,194,240	11,788,041
Trust liabilities	15	173,359,424	161,460,474
Deferred credits/unearned income	16	62,584,887	64,364,899
Other payables	17	15,117,855	15,117,855
TOTAL LIABILITIES		472,938,308	435,995,018
NET ASSETS (Total Assets Less Total Liabilities)		2,100,470,636	2,092,821,842
NET ASSETS/EQUITY			
Government equity	18	1,584,502,488	1,584,502,488
Accumulated surplus/(deficit)	19	515,968,148	508,319,354
TOTAL NET ASSETS/EQUITY		2,100,470,636	2,092,821,842

The notes on pages 10 to 52 form part of these financial statement

CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2023 and 2022
(in Philippine Peso)

	Note	2023	2022 (As Restated)
REVENUE			
Service and business income	20	212,094,881	217,892,806
Shares, grants and donations	21	2,019,352	84,773
Total Revenue		214,114,233	217,977,579
CURRENT OPERATING EXPENSES			
Personnel services	22	217,927,476	200,421,041
Maintenance and other operating expenses	23	454,967,167	344,614,841
Direct cost	24	730,190	74,153,957
Financial expenses	25	1,052,794	833,183
Non-cash expenses	26	37,188,879	43,092,117
Total Current Operating Expenses		711,866,506	663,115,139
SURPLUS/(DEFICIT) FROM OPERATIONS		(497,752,273)	(445,137,560)
Other non-operating income	27.1	2,216,325	1,961,786
Gains	27.2	2,299,251	3,907,191
Losses	27.3	(1,038,790)	(3,367,652)
		3,476,786	2,501,325
DEFICIT BEFORE TAX		(494,275,487)	(442,636,235)
Income tax expense	28	(14,824,017)	-
DEFICIT AFTER TAX		(509,099,504)	(442,636,235)
Net assistance/subsidy	29	501,390,102	450,642,362
NET SURPLUS/(DEFICIT) FOR THE PERIOD		(7,709,402)	8,006,127

The notes on pages 10 to 52 form part of these financial statement

CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2023 and 2022
(in Philippine Peso)

	Accumulated Surplus/ (Deficit)	Government Equity Note18	Total
BALANCE AS AT JANUARY 1, 2022	500,313,227	1,584,502,488	2,084,815,715
ADJUSTMENTS:			
Add/(Deduct):			
Prior year adjustments	-	-	-
RESTATED BALANCE AS AT JANUARY 1, 2022	500,313,227	1,584,502,488	2,084,815,715
Changes in Net Assets/Equity for CY 2022			
Add/(Deduct):			
Surplus/(Deficit) for the period, as restated	8,006,127	-	8,006,127
RESTATED BALANCE AS AT DECEMBER 31, 2022	508,319,354	1,584,502,488	2,092,821,842
Changes in Net Assets/Equity for CY 2023			
Add/(Deduct):			
Surplus/(Deficit) for the period	(7,709,402)		(7,709,402)
Prior year adjustments	15,358,196		15,358,196
BALANCE AS AT DECEMBER 31, 2023	515,968,148	1,584,502,488	2,100,470,636

The notes on pages 10 to 52 form part of these financial statements.

CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(in Philippine Peso)

	Note	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Subsidy received from the national government		508,094,885	459,191,761
Collection of rent		152,413,961	112,026,402
Collection of prior years' receivables		6,910,728	4,971,645
Collection of operating and service income		14,692,763	80,866,080
Collection of miscellaneous income		2,199,294	1,971,646
Collection of contributions withheld		-	6,006,993
Collection of ticket sales and refundable violation deposits		2,382,490	-
Collection of funds received various for CCP projects		8,063,772	3,655,011
Collection of guaranty deposit		-	-
Total Cash Inflows		694,757,893	668,689,538
Prior year's adjustments		15,358,196	11,054,864
Adjusted cash inflows		710,116,089	679,744,402
Cash Outflows			
Remittance of ticket sales and refundable violation deposit		-	(1,987,565)
Miscellaneous liabilities & deferred credits		(2,176,481)	(6,717,740)
Remittance of taxes withheld		(8,622,207)	(9,723,218)
Remittance of contributions withheld		(3,556,674)	-
Purchase of inventories		(1,809,480)	(1,484,353)
Prepayments		(8,805,026)	(8,561,031)
Advances		(14,853,043)	(26,487,177)
Payment of prior year's expenses/payables		(84,178,151)	(61,715,986)
Payment of maintenance and other operating expenses		(350,875,134)	(213,349,987)
Payment of personnel services		(182,516,607)	(183,093,497)
Total Cash Outflows		(657,392,803)	(513,120,554)
Net Cash Provided by (Used in) Operating Activities		52,723,286	166,623,848
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows			
Termination of short term investment		79,071,000	37,440,000
Income from investments		19,718,575	7,841,739
Total Cash Inflows		98,789,575	45,281,739
Purchase of short term investment		(37,999,511)	(172,606,928)
Purchase of long term investment		-	(99,802,170)
Purchase/rehabilitation/construction of plant, property and equipment		(79,142,091)	(21,513,087)
Total Cash Outflows		(117,141,602)	(293,922,185)
Net Cash Provided (Used in) Investing Activities		(18,352,027)	(248,640,446)
Net Increase (Decrease) in Cash and Cash Equivalent		34,371,259	(82,016,598)
CASH AND CASH EQUIVALENTS, Beginning of Year		205,469,809	287,486,407
CASH AND CASH EQUIVALENTS, end of year	6	239,841,068	205,469,809

The notes on pages 10 to 52 form part of these financial statements.

CULTURAL CENTER OF THE PHILIPPINES
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2023
(in Philippine Peso)

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference (Final Budget and Actual)
	Original	Final		
Receipts				
Rental income	177,722,000	177,722,000	123,771,300	53,950,700
Operating and service income	26,971,000	26,971,000	23,219,275	3,751,725
Parking fees	31,891,000	31,891,000	29,781,438	2,109,562
Interest income	22,000,000	22,000,000	34,679,254	(12,679,254)
Miscellaneous income	102,000	102,000	1,598,421	(1,496,421)
Subsidy income from government	1,282,842,000	1,282,842,000	624,313,563	658,528,437
Total Receipts	1,541,528,000	1,541,528,000	837,363,251	704,164,749
Payments				
Personnel services	229,929,000	229,929,000	217,927,476	12,001,524
Maintenance and other operating expenses	623,200,000	598,184,000	454,967,167	143,216,833
Capital outlay	673,685,000	363,408,000	73,532,084	289,875,916
Total Payments	1,526,814,000	1,191,521,000	746,426,727	445,094,273
Net Receipts/Payments	14,714,000	350,007,000	90,936,524	259,070,476

The notes on pages 10 to 52 form part of these financial statements.

CULTURAL CENTER OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS

(All amounts in Philippine Peso, unless otherwise stated)

1. GENERAL INFORMATION/ENTITY PROFILE

The financial statements of the Cultural CCP of the Philippines (Filipino: *Sentrong Pangkultura ng Pilipinas* or CCP) were authorized for issue on April 18, 2024 as shown in the Statement of Management's Responsibility for Financial Statements signed by Mr. Jose Victor M. Gaité, Vice President for Administration, Mr. Dennis N. Marasigan, OIC – President and Dr. Jaime C. Laya, the Chairperson of the Board of Trustees.

The CCP is located at the CCP Complex, Roxas Boulevard, Pasay City, with a total land area of 608,569 square meters. It was created in 1966 through Executive Order No. 30 and formally inaugurated on September 8, 1969, as a trust for the benefit of the people for the purpose of preserving and promoting Philippine culture in all its varied aspects. As a Government Owned and/or Controlled Corporation (GOCC), the CCP through the years, has evolved into a premier Philippine institution for culture and the arts.

The CCP initially served as the CCP for performing arts showcasing the best in Filipino creativity and artistry notably in theater, music and dance. It expanded its reach in 1987 by becoming the coordinating CCP for artistic and cultural activities and continued to function as such for the next 10 years.

Upon the establishment of the National Commission for Culture and the Arts, the CCP assumed a new role and became the CCP for the performing arts which seeks to catalyze cultural and artistic development by encouraging, nurturing, conserving, showcasing and disseminating Filipino creativity and artistic experience as well as continue to provide world-class programs, services and facilities. It has also become the prime mover in the establishment of regional arts and culture organizations.

The CCP nurtures and promotes artistic excellence, Filipino aesthetics and identity, and cultural values towards a humanistic global society.

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

2.1 Statement of Compliance with International Public Sector Accounting Standards

The financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs), formerly Philippine Public Sector Accounting Standards (PPSASs), prescribed for adoption by the Commission on Audit (COA) through COA Resolution No. 2014-003 dated January 24, 2014. The PPSASs were renamed to IPSASs per COA Resolution No. 2020-01 dated January 9, 2020.

The accounting policies have been consistently applied throughout the year presented.

2.2 Preparation of Financial Statements

CCP's 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, CCP'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. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 3.17.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of Accounting*

CCP'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 CCP 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 CCP commits to purchase or sell the asset.

CCP's financial assets include: cash and cash equivalents, quoted and unquoted financial instruments, derivative financial instruments, trade and other receivables, 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.

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

2. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the CCP has positive intention and ability to hold it to maturity.

After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by considering 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 CCP derecognizes a financial asset or where applicable, a part of a financial asset or part of the CCP of similar financial assets when:

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

CCP's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and financial guarantee contracts.

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.

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

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.

e. Derivative financial instruments

i. Initial recognition and subsequent measurement

The CCP uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit. The CCP does not apply hedge accounting.

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 are 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.

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

3.5 Investment Property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment property is measured using the cost model and is depreciated over its estimated useful life.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

The CCP uses the cost model for the measurement of investment property after initial recognition.

3.6 Property, Plant and Equipment

a. Recognition

An item is recognized as Property, Plant, and Equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of a 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 a 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 per COA Circular No. 2022-004 dated May 31, 2022, on the increase in the capitalization threshold from P15,000 to P50,000.

b. Measurement at recognition

An item recognized as a PPE is measured at cost.

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

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

Cost includes the following:

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

c. Measurement after recognition

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

When significant parts of the PPE are required to be replaced at intervals, the CCP 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 expenses 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 is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for the entity's operation.

iii. Estimated useful life

The CCP uses the life span of the PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experience, as follows:

Building and structures	- 30 years
Medical equipment	- 10 years
Furniture and fixtures	- 10 years
Machineries	- 10 years
Motor vehicles	- 7 years
Office equipment	- 5 years
Library books	- 5 years

iv. Residual value

The CCP uses a residual value equivalent to at least five percent (5%) 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 CCP 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.

3.7 Leases

CCP as a lessor (Operating lease)

Leases in which the CCP does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in

negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for the PPE are applied to similar assets leased by the entity.

3.8 Changes in Accounting Policies and Estimates

The CCP 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 CCP recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

The CCP 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.

3.9 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. Non-monetary 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. Non-monetary 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.

3.10 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 CCP 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. Taxes

Taxes and the related fines and penalties are recognized when collected or when these are measurable and legally collectible. The related refunds, including those that are measurable and legally collectible, are deducted from the recognized tax revenue.

f. Fees and fines not related to taxes

The CCP recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues are recognized when 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.

g. Gifts and donations

The CCP 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.

h. Transfers

The CCP 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.

i. 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.

j. 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 CCP and can be measured reliably.

3.11 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 CCP recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of

completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

c. Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the CCP.

d. 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.

e. Dividends

Dividends or similar distributions are recognized when CCP's right to receive payments is established.

f. Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and included in revenue.

g. Royalties

Royalties are recognized as they are earned in accordance with the substance of the relevant agreement.

3.12 Budget Information

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

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

3.13 Impairment of Non-Financial Assets

a. Impairment of cash-generating assets

At each reporting date, the CCP assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset

is required, the CCP estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

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

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

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

b. Impairment of non-cash-generating assets

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

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

3.14 Related Parties

The CCP 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 CCP, or vice versa. Members of key management are regarded as related parties.

3.15 Service Concession Arrangements

The CCP analyzes all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the CCP recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise - any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the CCP also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

3.16 Employee Benefits

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

The CCP 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.

3.17 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, rates for amortization, impairment of assets, liability for contaminated sites, 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. PRIOR PERIOD ADJUSTMENTS

4.1 Due to Prior Period Errors

Prior period errors include over-setup of receivables, restoration of cash due to stale checks, recognition of miscellaneous income from unutilized fund of certain projects, writing off of other payables (dormant), over/under setup of payables due to variance in actual payment of expenses and other correction of errors in the financial statements that were reported for a prior period in *Note 19*.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The CCP is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risk

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

5.1 Risk Management Framework

The CCP Board has overall responsibility for the establishment and oversight of CCP's risk management framework. The Board is expected to establish and institute adequate control mechanisms for good governance in the CCP.

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 (As Restated)
Financial assets			
Cash and cash equivalents	6	239,841,068	205,469,809
Financial assets	7	732,909,257	747,141,728
Receivables	8	37,341,229	39,984,153
		1,010,091,554	992,595,690
Financial liabilities			
Financial liabilities	13	190,681,902	183,263,749
Inter-agency payables	14	31,194,240	11,788,041
Trust liabilities	15	173,359,424	161,460,474
		395,235,566	356,512,264

5.2 Credit Risk

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

Also, the CCP 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 CCP's maximum exposure to credit risk.

a. Credit risk exposure

The table in the page shows the gross maximum exposure to credit risk of the CCP as of the years ended December 31, 2023 and 2022, without considering the effects of credit risk mitigation techniques.

	Note	2023	2022 (As Restated)
Financial assets			
Cash and cash equivalents	6	239,841,068	205,469,809
Financial assets	7	732,909,257	747,141,728
Receivables	8	65,279,883	65,205,997
		1,038,030,208	1,017,817,534

**Receivables at gross of allowance for impairment amounting to P27,938,654 and 25,221,844 for the years ended December 31, 2023 and 2022, respectively.*

b. Management of credit risk

The management of credit risk is covered by the Risk Management Committee. The Accounting Division and the Budget and Treasury Division of the Agency are in charge of controlling, monitoring and collecting payments of all the 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 monthly in a schedule and is submitted together with the financial reports to COA. Should there be no payments received, the Accounting Division follows up either through phone calls or write demand letters for collection until settled. Other concerns or issues, if any, are referred to the Legal Department or Audit Committee for appropriate action.

c. Settlement risk

CCP's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honor its obligations to deliver cash, securities or another asset as contractually agreed.

For certain types of transactions, the CCP mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligation. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement requires transaction specific or counterparty specific approval from the Risk Committee.

d. Risk concentration of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions, concentrations indicate the relative sensitivity of CCP's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten CCP's financial strength and undermine public confidence.

e. Aging analysis

An aging analysis of CCP's receivables as of the years ended December 31, 2023 and 2022 is as follows:

	2023	2022 (As Restated)
Outstanding receivables: *		
Current accounts	10,321,377	5,762,660
Past due accounts:		
1 – 30 days past due	3,712,836	4,101,579
31 – 60 days past due	789,280	5,436,203
over 60 days past due	50,456,390	49,905,555
	65,279,883	65,205,997

* *Receivables at gross of allowance for impairment amounting to P27,938,654 and 25,221,844 for the years ended December 31, 2023 and 2022, respectively.*

f. Impairment assessment

The CCP 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 CCP in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment. Under specific/individual assessment, the CCP 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 CCP 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.

A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. 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.

5.3 Liquidity Risk

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

a. Management of liquidity risk

CCP'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 the CCP's reputation.

The CCP maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to the CCP and other facilities, to ensure that sufficient liquidity is maintained within the CCP as a whole.

b. Exposure to liquidity risk

The liquidity risk is the adverse situation when the CCP 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 CCP.

The liquidity management policy of the CCP is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. CCP's funding requirements are generally met through any or a combination of financial modes allowed by law that would give the most advantageous results. Senior Management is actively involved in the Executive Committee headed by the Vice President for Administration with the Managers of all departments. The total liabilities of the CCP are due and demandable within 12 months as at December 31, 2023.

5.4 Market Risk

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 CCP'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.

a. Management of interest rate risk

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

5.5 Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with CCP'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 CCP's operations and are faced by all business entities.

CCP's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the CCP'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
- Risk mitigation, including insurance where this is effective

Compliance with corporate standards/processes is supported by a program of periodic reviews undertaken by Internal Audit or the Quality Management System Team Auditors. The results of Internal Audit reviews are discussed with Management of the CCP, with summaries to the Audit Committee and Senior Management of the CCP.

6. CASH AND CASH EQUIVALENTS

This account consists the following:

	2023	2022
Cash on hand	246,621	1,122,281
Cash in bank- local currency	229,436,855	194,562,194
Cash in bank- foreign currency	4,206,950	4,176,088
Cash Equivalents	5,950,642	5,609,246
	239,841,068	205,469,809

Cash on hand consists of undeposited collections of Cash collecting officers and Petty cash fund. Cash in bank-local currency consists of current accounts while cash in bank - foreign currency is the savings account for dollar account maintained at the LBP.

7. FINANCIAL ASSETS

This account consists the following:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets - held to maturity	587,261,281	-	587,261,281	607,233,904	-	607,233,904
Other investments	39,617,945	106,030,031	145,647,976	40,009,423	99,898,401	139,907,824
	626,879,226	106,030,031	732,909,257	647,243,327	99,898,401	747,141,728

a. Financial assets - held to maturity

This account consists of money market placements with the LBP maturing beyond ninety days but within one year from date of placement.

b. Financial assets - other investments

This account includes Investment in time deposit maturing beyond ninety days but within one year from date of placement, as well as the value of shares of stocks, stated at cost, acquired by the CCP from mining, oil and industrial companies/enterprises.

7.1 Current - Financial Assets

Current Financial Assets As at December 31, 2023

	Held to maturity	Other investments	Total
Beginning balance as at January 1, 2023	607,233,904	40,009,423	647,243,327
<i>Add:</i>	-	-	-
New placement	37,999,511	-	37,999,511
Interest income, net of fees and taxes	21,098,866	19,493	21,118,359
Foreign exchange gain	-	281,670	281,670
Total	666,332,281	40,310,586	706,642,867
<i>Less:</i>			
Investments terminated/collected	(79,071,000)	-	(79,071,000)
Foreign exchange loss	-	(692,641)	(692,641)
Balance as at December 31, 2023	587,261,281	39,617,945	626,879,226

Current Financial Assets As at December 31, 2022

	Held to maturity	Other investments	Total
Beginning balance as at January 1, 2022	607,233,904	40,009,423	647,243,327
New placement	-	-	-
Fair value increase	-	-	-
Total	607,233,904	40,009,423	647,243,327
<i>Less: Investments sold/collected</i>	-	-	-
<i>Fair value decrease</i>	-	-	-
Balance as at December 31, 2022	607,233,904	40,009,423	647,243,327

8. RECEIVABLES

This account consists the following:

	2023	2022 (As Restated)
Loans and receivables accounts - net	13,703,066	14,139,614
Lease receivable - net	9,856,086	11,907,920
Inter- agency receivables	4,332,500	4,375,680
Other receivables	9,449,577	9,560,939
	37,341,229	39,984,153

8.1 Loans and receivables accounts

	2023	2022 (As Restated)
Accounts receivable	12,314,720	13,437,235
<i>Allowance for impairment - accounts receivable</i>	(6,272,023)	(4,655,409)
Net value - accounts receivable	6,042,697	8,781,826
Interest receivable	7,660,759	5,358,314
<i>Allowance for impairment- interest receivable</i>	(390)	(526)
Net value - interest receivable	7,660,369	5,357,788
	13,703,066	14,139,614

a. Accounts receivable

Accounts receivable account consists of unpaid ticket sales, theater rentals, sponsorship fees, theater subscriptions and other receivables arising from the operations of the CCP.

b. Interest Receivable

This account represents the amount of interest earnings due from financial assets as of year-end.

8.2 Lease receivable

	2023	2022 (As Restated)
Operating lease receivable	27,965,447	30,017,281
<i>Allowance for impairment - operating lease receivable</i>	(18,109,361)	(18,109,361)
Net value- operating lease receivable	9,856,086	11,907,920

This account represents the unpaid rentals, maintenance and utilities due from the concessionaires of the CCP.

8.3 Inter-agency receivables

	2023	2022 (As Restated)
Due from National Government Agencies	4,141,537	4,184,717
Due from government corporations	190,963	190,963
	4,332,500	4,375,680

a. Due from national government agencies (NGAs)

This account includes receivables from Department of Tourism, Bureau of Internal Revenue Procurement Service, and Philippine High School for the Arts.

b. Due from government corporations

The bulk of this account represents receivables from the GSIS, Home Development Mutual Fund (Pag-IBIG) and Philippine Health Insurance Corporation (PhilHealth) representing over-remittance of premiums and loan amortizations and insurance claims for CCP's motor vehicles. It also includes the receivable of P50,000 from Bangko Sentral ng Pilipinas (BSP) representing its share in the cost of road upkeep for 1981.

8.4 Other receivables

	2023	2022 (As Restated)
Receivables-disallowances/charges	3,202,536	3,202,536
Due from non-government organizations/people's organizations	4,949,541	4,679,840
	8,152,077	7,882,376
Due from officers and employees	255,958	618,408
<i>Allowance for impairment- other receivables</i>	<i>(13,457)</i>	<i>(13,457)</i>
Net value- due from officers and employees	242,501	604,951
Other receivables	4,598,422	3,516,703
<i>Allowance for impairment- other receivables</i>	<i>(3,543,423)</i>	<i>(2,443,091)</i>
Net value - other receivables	1,054,999	1,073,612
	9,449,577	9,560,939

a. Receivables-disallowances/charges

This account represents Notices of Disallowance issued by COA on various payments made by the CCP. In 2010 and 2021, the CCP had exerted effort and sent demand letters to the concerned officers and employees. Some of the demand letters were not served because the whereabouts of the respondents were unknown.

b. Due from non-government organizations/people's organizations

This account represents amounts granted to Non-Government Organizations/People's Organizations for special purpose/time-bound undertakings/projects.

c. Due from officers and employees

This consists of cash advances granted for travel, purchase of supplies and materials and some incidental expenses in connection with the CCP productions.

d. Other receivables

Lodged under this account are receivables/advances as follows:

	2023	2022 (As Restated)
Agencies/corporations	3,161,653	2,075,977
Advances	636,604	636,604
Employees	393,870	393,870
Individuals	374,164	378,121
Vicor Music Corporation	32,131	32,131
	4,598,422	3,516,703
<i>Allowance for impairment- other receivables</i>	<i>(3,543,423)</i>	<i>(2,443,091)</i>
	1,054,999	1,073,612

Other receivables - agencies/corporations represent pledges and sponsorship support of various agencies, corporations or companies for the various projects that they undertook and the consumption of the utilities of the CCP.

Other receivables - advances represent advances made by the CCP on the projects/ programs with funding coming from different government agencies and private entities, until such time that the approved funding is released to the CCP.

Other receivables – Vicor Music Corporation (VMC) corresponds to the unpaid balance on the P5 million loan granted to the VMC by the CCP in February 1984 which was left unsettled after VMC’s privatization in October 1993.

8.5 Aging analysis of receivables

	Total	Not past due	Past Due		
			<30 days	30-60 days	>60 days
Accounts receivable	12,314,720	222,036	735,572	73,240	11,283,872
Interest receivable	7,660,759	7,660,759	-	-	
Lease receivable	27,965,447	2,429,582	2,802,855	716,040	22,016,970
Inter-agency receivables	4,332,500	-	9,409	-	4,323,091
Other receivables	13,006,457	9,000	165,000	-	12,832,457
	65,279,883	10,321,377	3,712,836	789,280	50,456,390

9. INVENTORIES

	2023	2022 (As Restated)
Inventory held for sale		
Carrying amount, January 1	6,813,106	83,006,081
Additions/Acquisitions during the year	726,794	2,647,650
Expensed during the year	(730,190)	(74,153,957)
Allowance for impairment	(4,686,668)	(4,686,668)
Carrying amount, December 31	2,123,042	6,813,106

	2023	2022 (As Restated)
Inventory held for consumption		
Carrying amount, January 1	1,201,241	948,496
Additions/Acquisitions during the year	3,772,253	329,878
Expensed during the year	(3,352,223)	(77,133)
Carrying amount, December 31	1,621,271	1,201,241
	3,744,313	8,014,347

Regular purchases of office supplies for stock are recorded under the Inventory account and issuances thereof are recorded based on the Report of Supplies Issuances. Inventory held for sale account is composed of all publications that are being sold by the CCP which includes the Encyclopedia of Philippine Arts, Ani Series, and others.

10. INVESTMENT PROPERTY

This account consists of parcels of land and buildings held for income generation. This account consists the following:

As at December 31, 2023

	Land	Building and other structures	Total
Carrying amount, January 1, 2023			
	240,382,163	43,744,893	284,127,056
Additions/Acquisitions	-	-	-
Total	240,382,163	43,744,893	284,127,056
Depreciation	-	-	-
Carrying amount, December 31, 2023	240,382,163	43,744,893	284,127,056
Gross Cost	240,382,163	437,442,792	677,824,955
<i>Accumulated depreciation</i>	-	<i>(393,697,899)</i>	<i>(393,697,899)</i>
Carrying amount, December 31, 2023	240,382,163	43,744,893	284,127,056

As at December 31, 2022

	Land	Building and other structures	Total
Carrying amount, January 1, 2022	240,382,163	50,991,813	291,373,976
Additions/Acquisitions	-	-	-
Total	240,382,163	50,991,813	291,373,976
Depreciation	-	(7,246,920)	(7,246,920)
Carrying amount, December 31, 2022	240,382,163	43,744,893	284,127,056

11. PROPERTY, PLANT AND EQUIPMENT

This account consists the following:

As at December 31, 2023

	Land	Land Improvement	Infrastructure Assets	Building and Other Structures	Machinery & Equipment	Total
Carrying amount, January 1, 2023	572,606,387	33,416,362	23,207,043	146,671,824	363,626,960	1,139,528,576
Additions/Acquisitions	-	4,378,299	-	-	74,763,792	79,142,091
Total	572,606,387	37,794,661	23,207,043	146,671,824	438,390,752	1,218,670,667
Reclassification to proper accounts	-	659,555	-	4,210,659	15,945,758	20,815,972
Depreciation	-	(1,934,041)	(1,498,126)	(5,476,763)	(25,559,172)	(34,468,102)
Delisting/ Drop off accounts	-	-	-	-	(41,805,752)	(41,805,752)
Carrying amount, December 31, 2023	572,606,387	36,520,175	21,708,917	145,405,720	386,971,586	1,163,212,785

	Land	Land Improvement	Infrastructure Assets	Building and Other Structures	Machinery & Equipment	Total
Gross Cost	572,606,387	133,705,645	33,291,688	384,116,924	635,123,358	1,758,844,002
Accumulated Depreciation	-	(97,185,470)	(11,582,771)	(238,711,204)	(248,151,772)	(595,631,217)
Carrying amount, December 31, 2023	572,606,387	36,520,175	21,708,917	145,405,720	386,971,586	1,163,212,785

As at December 31, 2022
(Restated)

	Land	Land Improvement	Infrastructure Assets	Building and Other Structures	Machinery & Equipment	Total
Carrying amount, January 1, 2022	572,606,387	35,290,729	24,705,169	84,923,647	375,060,590	1,092,586,522
Additions/Acquisitions	-	-	-	-	-	-
Total	572,606,387	35,290,729	24,705,169	84,923,647	375,060,590	1,092,586,522
Reclassification to proper accounts	-	-	-	66,021,337	11,253,865	77,275,202
Depreciation	-	(1,874,367)	(1,498,126)	(4,273,160)	(22,687,495)	(30,333,148)
Carrying amount, December 31, 2022	572,606,387	33,416,362	23,207,043	146,671,824	363,626,960	1,139,528,576

	Land	Land Improvement	Infrastructure Assets	Building and Other Structures	Machinery & Equipment	Total
Gross Cost	572,606,387	120,816,955	33,291,688	379,929,192	652,658,410	1,759,302,632
Accumulated Depreciation	-	(87,400,593)	(10,084,645)	(233,257,368)	(289,031,450)	(619,774,056)
Carrying amount, December 31, 2022	572,606,387	33,416,362	23,207,043	146,671,824	363,626,960	1,139,528,576

11.1 Land

The CCP has a total of 625,171 square meters of land. The reclaimed area which was assigned to the CCP pursuant to Presidential Decree (PD) Nos. 15 and 774, dated October 5, 1972 and August 22, 1975, respectively, already excluded the following: (1) land area occupied by the Philippine International Convention CCP (PICC) - this was sold to the BSP; (2) land area covering Philcite - this was transferred to the Philippine National Bank; and (3) land areas covering the Philippine Plaza Hotel, Gloriamaris Restaurant, and the Tahanang Pilipino - these were transferred to the GSIS in settlement of CCP's outstanding obligations.

The land where the Manila Film CCP (MFC) is situated was assigned to the CCP by the Public Estates Authority (PEA) in 1985 pursuant to Letter of Instruction No. 1411. This was considered as partial payment for the obligations of PEA, now the Philippine Reclamation Authority, to the National Government (NG) and as contribution of the NG to the CCP.

In 2015, the Department of Public Works and Highways - South Manila District Engineering Office implemented the National Road Lighting Program Package 7 (civil works) project wherein it undertook the installation of lamp posts/street lamps along the following road sections:

- Folk Arts Theater (FAT) Access road
- PICC FAT Main road
- PICC FAT Perimeter road
- Spine road
- MFC Main road
- MFC Access road

The CCP upon acceptance and recognizing in its books of accounts the transfer of the completed project in 2016 commits to secure and undertake the repair and maintenance of the road network.

In 2018, the CCP, in connection with its Complex Development Plan and joint venture purposes, commissioned an independent appraisal company to determine the current value of the CCP land. The said appraisers submitted a valuation of CCP land which amounted to P122,600 per square meter.

11.2 Buildings and other structures

The CCP owns buildings and structures, including a water reservoir and conduits with a carrying amount of P145.406 million.

11.3 Machinery and equipment

The Machinery and equipment as presented in the table under Note 11 is composed of the Office Equipment, Communication Equipment, Other Machinery and Equipment, Technical and Scientific equipment, Motor Vehicles, Furniture and Fixtures, Books, Works of Art and Archaeological Specimen, Construction in Progress and Other Property Plant and Equipment accounts.

The CCP Management requested to COA the authority to derecognize the PPE amounting to P62.648 million with a carrying amount of P6.847 million. During the review and validation of the submitted documents and interviews with concerned personnel, the CCP Management has satisfactorily complied with the requirements on derecognition of missing PPEs totaling P45.741 million with a carrying amount of P1.193 million. COA therefore granted the request for authority to derecognize from the books the missing PPE items and follow the procedures on Section 8.15 of COA Circular 2020-006 for the derecognition.

The PPE items pertaining to Furniture, Technical and Scientific Equipment with a Total Cost of P8.861 million and Carrying Amount of P0.886 million are still subject for review and decision of the Cluster Director, Corporate Government Audit Sector, Commission on Audit.

The PPE items pertaining to Work of Arts and Archeological Specimens amounting to P11.507 million were adjusted to semi-expendable accounts.

12. OTHER CURRENT AND NON-CURRENT ASSETS

12.1 Other current assets

	2023	2022 (As Restated)
Advances	1,840,341	1,769,091
Prepayments	104,293,644	98,466,080
Deposits	3,790,226	2,167,709
Other assets	227,510	227,510
Total	110,151,721	102,630,390

Major portion of this account represents unexpired insurance premiums on policies covering CCP's property, the unexpired portion of the prepaid taxes withheld on interest on money market placements with government banks, and advances made for goods and services. Also included under this account are guaranty deposits, taxes withheld by suppliers and prior year's input taxes accrued by the CCP. Beginning the second quarter of 2019, upon consultation and clarification with the Bureau of Internal Revenue (BIR), all expenses funded by a subsidy were no longer subjected to input tax and is recognized as expense of the CCP. This is in compliance with the provision of BIR Revenue Circular No. 16-2005, Section 4.110-4.

12.2 Intangible asset

This account consists solely of a web based integrated library system amounting P0.641 million.

12.3 Deferred tax assets

This account represents the payment of Minimum Corporate Income Tax remitted to the BIR for the Taxable Year 2021-2022.

12.4 Other non-current assets

This account is used to recognize assets not falling under any of the specific asset accounts used in the books of accounts of the CCP.

13. FINANCIAL LIABILITIES

This account consists the following:

	2023	2022 (As Restated)
Payables	189,731,707	182,112,086
Tax refunds payable	421,713	620,108
Other financial liabilities	528,482	531,555
	190,681,902	183,263,749

13.1 Payables

This account represents accrued expenses classified as follows:

	2023	2022 (As Restated)
Accounts payable	154,975,561	160,585,340
Due to officers and employees	34,756,146	21,526,746
	189,731,707	182,112,086

a. Accounts payable

The Accounts payable account is composed of the following:

- Accrued liabilities committed and budgeted expenses for goods and services that were already provided to the CCP but were not yet paid because invoices and other supporting documents for payments were not yet presented.
- Unliquidated obligations/vouchers represent unpaid amounts to suppliers and service providers for various goods already delivered and services rendered as of December 31, 2023.

b. Due to officers and employees

The Due to officers and employees account is used to recognize incurrence of liability to officers and employees for salaries, benefits and other emoluments including authorized expenses paid in advance by the officers and employees.

13.2 Tax refunds payable

Tax refunds payable account is used to recognize an amount refundable to taxpayers for excess amount paid/withheld. As of December 31, 2023, the balance represents unclaimed tax refunds of resigned/retired employees pending the completion of their clearances/documents required for terminal pay. Tax refunds payable amounts to P421,713 and P620,108 for the years ended December 31, 2023 and 2022, respectively.

14. INTER-AGENCY PAYABLES

This account consists the following:

	2023	2022 (As Restated)
Due to BIR	16,183,201	6,917,630
Due to GSIS	179,122	3,183,668
Due to Pag-IBIG	7900	308,347
Due to PhilHealth	-	251,682
Income tax payable	14,824,017	1,126,714
Total	31,194,240	11,788,041

14.1 Due to BIR

Included in this account are taxes such as income tax, expanded tax, final tax, and value added tax withheld by the CCP for remittance to the BIR. The CCP regularly remits its taxes withheld in compliance with BIR regulations.

14.2 Due to GSIS, Pag-IBIG, PhilHealth

These accounts consist of unremitted deductions from the salaries of officers and employees for life and retirement insurance premiums, optional insurance, salary, policy and real estate loans, medical and estate insurance and premiums.

15. TRUST LIABILITIES

This account consists the following:

	2023	2022 (As Restated)
Trust liabilities	86,388,998	78,405,195
Guaranty/security deposits payable	26,791,199	25,767,843
Customer's deposits payable	60,179,227	57,287,436
	173,359,424	161,460,474

15.1 Trust liabilities

The trust liabilities account represents collections from different government and private entities for various projects of the CCP which aim to awaken the consciousness of the Filipino people to our cultural heritage.

It also includes funds entrusted to the CCP as custodian by different entities to finance various cultural projects. Likewise, included was the fund received from the Bureau of the Treasury in 2009 for the settlement of liability of the Republic of the Philippines to Republic Real Estate Corporation (RREC) amounting to P41.790 million. In 2009, the Court of Appeals (CA) issued a decision allowing the NG and the CCP to consign the said funds with the courts. A Motion for Execution of the said CA Decision was already filed by the CCP with trial court, but was denied. In June 2016, the Petition for Review filed by RREC was denied upholding CA's Decision in 2009 and Resolution in 2013.

15.2 Guaranty/security deposits payable

The account represents liability arising from the receipt of a cash bond to guarantee the performance of the contract/court order.

15.3 Customer's deposits payable

This account represents liability arising from cash received for theater violations deposits, deposits of producers for production expenses, deposits from concessionaires, and other various deposits (i.e., rental and utility deposits) which are refundable to the depositors.

It also includes collection of ticket sales of lessee-produced shows collected by the CCP which were not yet remitted to the producers.

16. DEFERRED CREDITS/UNEARNED INCOME

This account consists the following:

	2023	2022 (As Restated)
Other deferred credits	58,123,476	60,061,044
Unearned revenue/income	4,461,411	4,303,855
	62,584,887	64,364,899

Other deferred credits account include the recognition of the donated Black Box Theatre amounting to P53,900,000. The recognition was lodged under other deferred credits account due to unavailability of the acceptance report and final turnover as at reporting date. This will be reversed to Income from donations in kind upon acceptance and turnover.

The account includes income collected but not yet recognized as revenue by the CCP at the end of the accounting period.

17. OTHER PAYABLES

This account includes stale checks and other liabilities not falling under any specific liability account.

Dividends payable amounting to P15.118 million was recognized pursuant to Section 3 of Republic Act (RA) No. 7656 or the Dividend Law which states that all GOCC shall declare and remit at least fifty percent (50%) of their annual net earnings as cash, stock, or property dividends to the NG. Total net earnings of the CCP in the year 2019 amounted to P30.236 million as per income tax return.

18. GOVERNMENT EQUITY

Government equity amounting to P1.585 billion pertains to the equity contribution of the NG for the CCP.

This account consists the vast parcels of reclaimed land where the CCP Complex is situated, the initial capitalization of the CCP, property donated to the CCP such as the MFC building and its appurtenances, audio film recording system, motorcycles, musical instruments, and other equipment. Also included are the construction cost of the FAT and the cost of the furniture, fixtures and equipment contained and/or installed therein.

19. ACCUMULATED SURPLUS/(DEFICIT)

	Amount
Accumulated surplus, January 1, 2022	500,313,227
Adjustments due to prior years' errors	-
Accumulated surplus, January 1, 2022, As Restated	500,313,227
Add/(deduct)	
Surplus/(Deficit) for the period, as restated	8,006,127
Dividends	-
Accumulated surplus, December 31, 2022, As Restated	508,319,354
Add/(deduct)	
Surplus/(Deficit) for 2023	(7,709,402)
Adjustments due to prior years' errors	15,358,196
Accumulated surplus, December 31, 2023	515,968,148

This account represents the accumulated net earnings/losses of the CCP, including that of the Philippine Plaza Hotel when it was still a division of the CCP until December 31, 1988.

20. SERVICE AND BUSINESS INCOME

This account consists the following:

	2023	2022 (As Restated)
Service Income		
Other service income	3,239,611	122,934
Total Service Income	3,239,611	122,934
Business Income		
Rent/lease income	119,769,201	92,688,229
Interest income	34,609,678	11,780,472
Landing and parking fees	29,387,688	21,326,385
Theater operating revenue	18,376,128	17,355,835
Seaport system fees	5,055,857	2,737,273
Income from printing and publication	653,264	71,685,637
Seminar/training fees	545,998	162,357
Sales revenue	432,204	-
Fines and penalties - business income	20,252	-
Admission fees	5,000	26,700
Dividend income	-	6,984
Total Business Income	208,855,270	217,769,872
	212,094,881	217,892,806

21. SHARES, GRANTS AND DONATIONS

	2023	2022
Income from grants and donation in kind	1,750,000	65,900
Income from grants and donation in cash	269,352	18,873
	2,019,352	84,773

22. PERSONNEL SERVICES

This line item consists of:

	2023	2022 (As Restated)
Salaries and wages	137,817,312	122,666,601
Other compensation	42,923,760	36,574,730
Personnel benefit contributions	19,494,774	17,018,177
Other personnel benefits	17,691,630	24,161,533
	217,927,476	200,421,041

Personnel services account included the accrual amounting to P23.703 due to the implementation of the Compensation and Position Classification System (CPCS) by the CCP for the calendar year (CY) 2023.

22.1 Salaries and wages

	2023	2022 (As Restated)
Salaries and wages - regular	135,935,399	122,301,334
Salaries and wages - casual/contractual	1,881,913	365,267
	137,817,312	122,666,601

22.2 Other compensation

	2023	2022 (As Restated)
Year - end bonus	11,559,573	10,327,026
Mid - year bonus	11,398,587	9,835,049
Personnel economic relief allowance (PERA)	5,632,149	5,692,594
Representation allowance (RA)	2,564,750	2,591,625
Transportation allowance (TA)	2,468,250	2,474,500
Clothing/uniform allowance	1,416,000	1,516,525
Cash gift	1,179,750	1,788,750
Productivity incentive allowance	1,145,000	1,200,000
Overtime and night pay	747,394	577,783
Subsistence allowance	208,157	18,150
Loyalty award	25,000	-
Laundry allowance	5,150	3,300
Other bonuses and allowances	4,574,000	549,428
	42,923,760	36,574,730

22.3 Personnel benefit contributions

	2023	2022 (As Restated)
Retirement and life insurance premiums	16,356,365	14,389,932
PhilHealth contributions	2,576,109	2,060,045
Employees compensation insurance premiums	281,500	284,200
Pag-IBIG contributions	280,800	284,000
	19,494,774	17,018,177

22.4 Other personnel benefits

	2023	2022 (As Restated)
Other personnel benefits	12,048,056	9,865,605
Terminal leave benefits	5,643,574	14,295,928
	17,691,630	24,161,533

22.5 Employees future benefits

The permanent employees of the CCP contribute to the GSIS in accordance with RA No. 8291. The GSIS 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.

23. MAINTENANCE AND OTHER OPERATING EXPENSES

This line item consists of:

	2023	2022 (As Restated)
General services	86,311,341	81,111,311
Utility expenses	36,782,319	47,116,733
Professional services	21,810,008	17,161,178
Supplies and materials expenses	15,234,707	6,774,227
Taxes, insurance premiums and other fees	9,377,419	7,199,500
Repairs and maintenance	6,204,688	7,528,280
Communication expenses	4,234,173	3,154,430
Training and scholarship expenses	1,338,104	1,351,996
Survey, research, exploration and development expenses	920,448	-
Travelling expenses	251,502	235,020
Other maintenance and operating expenses	272,502,458	172,982,166
	454,967,167	344,614,841

23.1 General services

	2023	2022 (As Restated)
Security services	34,913,789	30,009,135
Janitorial services	20,653,949	20,200,713
Environment/Sanitary services	1,555,885	1,281,325

	2023	2022 (As Restated)
Other general services	29,187,718	29,620,138
	86,311,341	81,111,311

Other general services comprise engineering services, preventive maintenance, and services of theater crews.

23.2 Utility expenses

	2023	2022 (As Restated)
Electricity expenses	28,482,319	41,111,707
Water expenses	8,300,000	6,005,026
	36,782,319	47,116,733

23.3 Professional services

	2023	2022 (As Restated)
Auditing services		4,119,603
Other professional services	18,624,601	13,041,575
	21,810,008	17,161,178

The other professional services account is composed of payments to employees hired under contract of service and job orders.

23.4 Supplies and materials

	2023	2022 (As Restated)
Semi-expendable machinery and equipment expenses	5,577,978	2,031,433
Office supplies expenses	3,257,046	813,232
Fuel, oil and lubricants expenses	1,256,615	1,642,495
Semi-expendable furniture, fixtures and books expenses	953,689	716,206
Drugs and medicines expenses	58,359	4,329
Accountable forms expenses	24,240	10,000
Other supplies and materials expenses	4,106,780	1,556,532
	15,234,707	6,774,227

23.5 Taxes, insurance premiums and other fees

	2023	2022 (As Restated)
Taxes, duties and licenses	6,967,915	2,409,162
Insurance expenses	2,394,409	4,556,344
Fidelity bond premiums	15,095	233,994
	9,377,419	7,199,500

23.6 Repairs and maintenance

	2023	2022 (As Restated)
Repairs and maintenance-buildings and other structures	3,305,361	3,205,509
Repairs and maintenance-machinery and equipment	2,062,268	2,497,632
Repairs and maintenance-transportation equipment	414,854	518,277
Repairs and maintenance-land improvements	129,914	1,044,410
Repairs and maintenance-furniture and fixtures	57,724	29,586
Repairs and maintenance-other PPE	234,567	232,866
	6,204,688	7,528,280

23.7 Communication expenses

	2023	2022 (As Restated)
Internet subscription expenses	2,142,488	1,253,310
Telephone expenses	2,091,580	1,868,546
Postage and courier services	105	32,574
	4,234,173	3,154,430

23.8 Training and scholarship expenses

This account represents the training such as the CCP Annual Strategic Planning, conduct of R.A 9184 and its Revised Implementing Rules and Regulations (RIRR), and Team Work

Attitude and Values Enhancement Program. There are also trainings from Philippine Red Cross and various Workshops. The Training and scholarship expenses amounting to P1.338 million and P1.352 million for the years ended December 31, 2023 and 2022, respectively.

23.9 Survey, research, exploration and development expenses

This account represents the payment made to People Dynamics, Inc as a 3rd Party Research Group to conduct CCP Customer Satisfaction Survey amounting to P0.896 million and payment made to Dimaculangan Land Surveying Services for the services rendered as boundary Survey of Lot 9 measuring 101,523 square meters amounting to P24,000.

23.10 Travelling expenses

	2023	2022 (As Restated)
Traveling expenses-local	208,585	153,293
Traveling expenses-foreign	42,917	81,727
	251,502	235,020

23.11 Other maintenance and other operating expenses

	2023	2022 (As Restated)
Production expense	249,152,019	165,412,924
Rent/lease expenses	12,111,896	761,151
Donations	3,056,778	-
Advertising, promotional and marketing expenses	1,025,417	701,442
Representation expenses	929,705	675,247
Subscription expenses	554,773	535,077
Printing and publication expenses	498,500	628,919
Membership dues and contributions to organizations	60,384	27,957
Transportation and delivery expenses	-	513,500
Other maintenance and operating expenses	5,112,986	3,725,949
	272,502,458	172,982,166

Production expenses comprise artists fees, support programs for professional dancers, and innovation/subsistence grants provided to various projects to promote and conserve culture and arts. The projects include but are not limited to Cinemalaya, Virgin Labfest, Banda Rito Banda Roon and Koryolab 2023.

24. DIRECT COST

This account represents the cost of items under the merchandise inventory that were sold and/or given as complimentary copies or gifts by the CCP. Cost of Sales amounts to P0.730 million and P74.154 million for the years ended December 31, 2023 and 2022, respectively.

25. FINANCIAL EXPENSES

This account consists the following:

	2023	2022 (As Restated)
Management supervision/trusteeship fees	448,624	386,387
Bank charges	-	44,296
Other financial charges	604,170	402,500
	1,052,794	833,183

26. NON-CASH EXPENSES

This account consists the following:

	2023	2022 (As Restated)
Depreciation	34,468,102	37,580,068
Impairment loss	2,720,777	5,512,049
	37,188,879	43,092,117

27. OTHER NON-OPERATING INCOME, GAINS AND LOSSES

27.1 Other non-operating income

This account pertains to sale of waste materials and unserviceable assets, reprocessing fees of stale checks, and royalty fees for the CCP various publications. Miscellaneous income amounts to P2.216 million and P1.962 million for the years ended December 31, 2023 and 2022, respectively.

27.2 Gains

	2023	2022 (As Restated)
Gain on foreign exchange (FOREX)	290,744	3,875,530
Gain from changes in fair value of financial instruments	2,008,507	31,661
	2,299,251	3,907,191

27.3 Losses

	2023	2022
Loss on foreign exchange (FOREX)	749,438	479,290
Loss from changes in fair value of financial instruments	289,352	2,888,362
	1,038,790	3,367,652

28. INCOME TAX EXPENSE

This account represents the estimated income tax payable of the CCP for the taxable year 2023 to be paid on or before April 15 of the following year.

Service and business income	154,232,998
Other non-operating income	1,608,894
Total Revenue	155,841,892
Less:	
Cost of Sales	335,887
Total Gross Income	155,506,005
Less: Taxable expenses	
Personnel services	44,617,466
Maintenance and other operating expenses	44,354,171
Non-cash expenses	7,238,301
Total taxable expenses	96,209,938
Net taxable income/(loss)	59,296,067
Income Tax Expense (25%)	14,824,017
Minimum Corporate Income Tax (2% of Gross Income)	3,110,120

29. NET ASSISTANCE/SUBSIDY

This account represents the total amount of subsidies from the NG and other agencies decreased by the financial assistance granted to Resident Companies on a yearly basis.

	2023	2022 (As Restated)
Subsidy from national government	508,094,885	459,191,761
<i>Less: Financial assistance to NGOs/CSOs</i>	<i>(6,704,783)</i>	<i>(8,549,399)</i>
	501,390,102	450,642,362

**The Resident Companies of the CCP includes NAMCYA, Ballet Philippines, Tanghalang Pilipino, Philippine Madrigal Singers, Philippine Ballet Theatre and Ramon Obusan Folkloric Group.*

30. NON-CASH INCOME

During the year, the CCP has received non-cash sponsorship from various companies and organizations in support of its arts programs and activities. These consist of but not limited to food, discount voucher, media mileage (online, newspaper, social media promotion, blog, and collaborative content), props and costumes, production shirts, hotel rooms and other giveaways amounting to P13.160 million.

31. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)

	2023	2022 (As Restated)
Surplus/(Deficit) for the period	(7,709,402)	8,006,127
Non-cash income/expenses:		
Depreciation expense	34,468,102	37,580,068
Impairment loss on receivable	2,720,778	5,512,049
Income from donation in kind	(1,750,000)	(65,900)
Interest income from investment	(30,641,643)	(11,734,951)
Gain from changes in fair value of financial instruments	(2,008,507)	(31,661)
Loss from changes in fair value of financial instruments	289,352	2,888,362
Gain on foreign exchange	(290,744)	(3,875,530)
Loss on foreign exchange	749,438	479,290
Decrease in receivables	2,642,924	96,533,588
Decrease in inventories	4,270,034	73,215,866
Increase in other current asset	(7,521,331)	(496,342)
Increase in financial liabilities	7,418,153	(36,117,442)
Increase in inter-agency payables	19,406,199	539,706
Increase in trust liabilities	11,898,950	(772,195)
Increase in deferred credits/unearned income	(1,780,012)	90,281
Decrease in financial assets	20,364,101	-
Other adjustments	196,894	(5,127,468)
Net cash flow from operating activities	52,723,286	166,623,848

32. RELATED PARTY TRANSACTIONS

32.1 Related Party Transactions

The CCP does not have dealings with related parties involving transfer of resources and obligations.

32.2 Key management personnel

The key management personnel of the CCP are the Principal Officers, consisting of the President, Vice Presidents for Administration and Finance and the Artistic Sectors. The Governing Body consists of members appointed by the President of the Philippines.

33. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The *original budget* reflected in the SCBAA for the year ended December 31, 2023 is the proposed Corporate Operating Budget (COB) for the year 2023 and was submitted to the Department of Budget and Management (DBM) for review/evaluation while the *final budget* is the amount as approved by DBM on May 3, 2023. The proposed/original COB is prepared considering: (1) the CCP's various programs, projects and activities in pursuance of its mandate; (2) the projected revenues and other sources of income to finance and support these programs; (3) actual expenses on previous years; and (4) effects of inflation. Aside from the COB, the CCP had received subsidy appropriated for the implementation of programs.

Changes between the original and final budget are due to the following:

- a. CCP's revenue target for CY 2023 amounted to P258.686 million as submitted and approved by the DBM. Actual revenue recognized for the year amounted to P213.050 million.
- b. The approved budget amount of P1.541 billion was sourced from CCP's corporate fund, current year's subsidy, Tobacco Inspection Fee and prior year's continuing appropriation.
- c. Material differences between the actual expenses as against the budget pertained to the following:
 - Personnel services – The CCP implemented the approved Tier 1 level of Governance Commission on GOCCs CPCS during the year. The balance pertained to unfilled positions as of the reported year.
 - Maintenance and other operating expenses – favorable results of P118.193 million was achieved from the cost-cutting measures as well as the effect of the deferment of projects due to the proposed rehabilitation of the CCP Main Building.
 - Capital outlay – to be collected in the succeeding years since the release of the funds from the DBM for Capital outlay items are dependent upon the submission of billing statements, contracts and purchase orders.

34. SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATION NO. 15-2010

Revenue Regulation (RR) No. 21-002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the IPSASs and such other standards and/or conventions.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

34.1 Value Added Tax (VAT)

Details of the CCP's net revenues/receipts and output Value Added Tax (VAT) declared in the CCP's VAT returns filed are in the following page:

Particulars	2023	2022
Sales of services	157,236,206	115,804,995
Sale to government	294,794	-
VAT exempt sales	-	113,853,992
Total Gross Receipts	157,531,000	229,658,987
Less: VAT exempt sales	-	113,853,992
Total Vatable Gross Receipts	157,531,000	115,804,995
Multiply by: Tax rate	12%	12%
Total Output Tax for the year	18,903,720	13,896,599

Particulars	2023	2022
Output VAT declared for the year	18,903,720	13,896,599
Less: Balance of input VAT at the end of the year	-	-
Total	18,903,720	13,896,599
Value Added Tax Payable for the year		
Less: VAT Payments for the current year		
1st Quarter	4,059,296	2,675,386
2nd Quarter	5,061,378	2,824,548
3rd Quarter	4,376,171	3,267,980
October and November	-	3,526,861
VAT withheld on sales to government	13,511	29,657
VAT Payable (October to December 2023)	5,393,364	1,572,167

34.2 Taxes and licenses

This includes all other taxes, local and national, including licenses and permit fees lodged under the 'Taxes, insurance premiums and other fees' account under the 'Maintenance and other operating expenses' section in the Statement of Financial Performance.

	Amount Paid
National	6,967,915
Local	46,845
BIR annual registration fee	500
	6,920,570

34.3 Withholding taxes

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

a. Withholding Tax on Compensation

Withholding tax on Compensation	2023
Total Withheld tax for the year	11,534,909.00
Less: Payments made from January to November	10,048,996.00
Withholding Tax Still Due and Payable	1,485,913.00

b. Expanded Withholding Tax

Expanded Withholding Tax	2023
Total Withheld tax for the year	19,975,918.00
Less: Payments made from January to November	14,561,974.00
Withholding Tax Still Due and Payable	5,413,944.00

c. Final Withholding Taxes

Final Withholding Tax	2023
Total Withheld tax for the year	1,525,559.00
Less: Payments made from January to November	1,012,529.00
Withholding Tax Still Due and Payable	513,030.00

d. Withholding Taxes – Percentage

Withholding Percentage	2023
Total Withheld tax for the year	3,609,369.00
Less: Payments made from January to November	2,191,869.00
Withholding Tax Still Due and Payable	1,417,500.00

e. Withholding Taxes – VAT

Withholding VAT	2023
Total Withheld tax for the year	12,601,711.00
Less: Payments made from January to November	10,664,892.00
Withholding Tax Still Due and Payable	1,936,819.00

35. COMPLIANCE WITH GSIS LAW, REPUBLIC ACT (RA) NO. 8291

The CCP complied with Section 14.1 of RA No. 8291 which provides that each government agency shall remit directly to the GSIS the employees' and government agency's

contributions within the first 10 days of the calendar month following the month to which the contributions apply. For CY 2023, the CCP collected and remitted the employees' premium contributions and employer's shares in the amount of P25.355 million and P25.442 million, respectively.

36. COMPLIANCE WITH GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) and PAG-IBIG LAWS

The CCP is compliant with the GSIS guidelines on the collections and remittances of GSIS contributions pursuant to RA No. 8291, otherwise known as the GSIS Act of 1997. For CY 2023, the CCP remitted the monthly contributions for life and retirement in the total amount of P25.442 million.

The CCP is also compliant with Rule VII, Section 3 of the RIRR of RA No. 9679 in the collection and remittance of contributions to the Pag-IBIG Fund.

37. INSURANCE OF GOVERNMENT PROPERTIES WITH THE GSIS

The CCP complied with the law and regulations on the insurance of all insurable assets as required under RA No. 656, otherwise known as the "Property Insurance Law", as amended by PD No. 245 dated July 13, 1973.

In CY 2023, the CCP insured its properties totaling P541.104 million with the GSIS, as presented below.

Property Insured	Amount Insured	Premium Paid
Building	470,992,408	3,103,965
Visual Arts	63,220,200	379,321
Vehicles	6,891,048	108,427
	541,103,656	3,591,713