



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

**BOY SCOUTS OF THE
PHILIPPINES**

For the Years Ended December 31, 2022 and 2021

EXECUTIVE SUMMARY

INTRODUCTION

The Boy Scouts of the Philippines (BSoP) is a public entity created by Commonwealth Act (CA) No. 111 entitled, “*An act to create a public corporation to be known as the Boy Scouts of the Philippines, and to define its powers and purposes,*” as amended by Presidential Decree (PD) No. 460 dated May 17, 1974 and Republic Act (RA) No. 7278 dated March 24, 1992. It is a non-stock, non-profit organization.

The BSoP was mandated to promote through organization and cooperation with other agencies, the ability of boys to do useful things for themselves and others, to train them in scout craft, and to inculcate in them patriotism, civic consciousness and responsibility, courage, self-reliance, discipline and kindred virtues, and moral values, using the methods which are in common use by boy scouts (Section 1, RA No. 7278).

The National Executive Board (NEB) is the governing and policy-making body of the BSoP composed of 44 members duly elected by the members of their respective scout organizations except the immediate past National President of the BSoP who was an ex-officio member and the Secretary of then Department of Education, Culture and Sports, now Department of Education (DepEd), and the National President of the Girl Scouts of the Philippines who are mandated members. The officers of the BSoP are members of the NEB who were elected from among themselves.

The BSoP, to carry out its mandate, was authorized under CA No. 111 and RA No. 7278 to have offices and conduct its business and affairs in Metropolitan Manila and in the regions, provinces, cities, municipalities, and barangays of the Philippines. As of December 31, 2022, the BSoP is composed of the BSoP-National Office (NO), National Scout Shop (NSS), ten Scouting Regions, and 124 Local Councils (LCs).

The BSoP-NO is the central administrative office and serves the National Council, the NEB and its committees, and the various LCs. It administers the nationwide scouting program and executes the policies and directives of the NEB. The Regional Offices (ROs) serve as an extension of the NO for administrative purposes, each being headed by a Regional Director.

With the exclusive authority and responsibility for the procurement, manufacture, sale and distribution of official scout items, the NSS basic objective is to make available nationwide good quality official scout items priced reasonably to make them affordable and at the same time develop the scout shop to realize its full potential as a source of revenue for the national organization and the local scout councils. (Section 6, Article X, National By-Laws [NBL]).

The LCs shall promote and supervise the scout program in the provinces or cities and their subdivisions in conformity with the provisions of the NBL. They shall promote and facilitate the local development and extension of the scouting movement and establish local responsibility for leadership and supervision of scouting operations. Subject to general rules and regulations adopted by the NEB, the LCs shall control the raising and expenditures of all funds for scout work in their respective Councils and within their jurisdiction.

As of December 31, 2022, the BSoP has a total of 139 manpower complement consisting of 97 regular employees and 42 contractual personnel.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2022	2021 (As Restated)	Increase/ (Decrease)
Assets	4,724,379,394	4,840,847,648	(116,468,254)
Liabilities	267,018,542	309,928,428	(42,909,886)
Net assets/equity	4,457,360,852	4,530,919,220	(73,558,368)

II. Comparative Financial Performance

	2022	2021	Increase/ (Decrease)
Revenue	161,465,701	143,677,823	17,787,878
Personnel services	52,546,072	57,914,260	(5,368,188)
Maintenance and other operating expenses	84,195,826	87,730,922	(3,535,096)
Financial expenses	15,824,632	3,182,566	12,642,066
Direct cost	26,378,145	2,053,651	24,324,494
Non-cash expense	64,735,658	63,524,945	1,210,713
Total expenses	243,680,333	214,406,344	29,273,989
Surplus/(Deficit) from current operations	(82,214,632)	(70,728,521)	(11,486,111)
Other Non-operating Income	8,031,059	5,807,391	2,223,668
Gains	763,185	342,543	420,642
Losses, discounts and rebates	(2,307)	(20,299)	17,992
Net Surplus/(Deficit) for the Period	(73,422,695)	(64,598,886)	(8,823,809)

III. Comparison of 2021 Budget and Actual Amounts

	Budget	Actual	Variance
Personnel services	81,602,900	52,546,072	29,056,828
Maintenance and other operating expenses	127,346,200	84,195,826	43,150,374
Financial expenses	19,354,300	15,824,632	3,529,668
Others	13,959,000	26,378,145	(12,419,145)
Capital outlay	14,922,600	737,303	14,185,297
Total	257,185,000	179,681,978	77,503,022

SCOPE OF AUDIT

The audit covered the examination, on a test basis, of transactions and accounts of BSoP for the calendar year (CY) 2022 to enable us to express an opinion on the financial statements for the years ended December 31, 2022 and 2021 in accordance with

International Standards of Supreme Audit Institutions. It was also conducted to determine the BSoP's compliance with pertinent laws, rules and regulations and adherence to prescribed policies and procedures.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements in view of the following:

1. The Property, Plant and Equipment (PPE) account with a carrying amount of P394.862 million was overstated by P16.740 million due to inclusion and non-derecognition of several semi-expendable properties in the PPE account which no longer meet the capitalization threshold of P50,000, contrary to the provisions of COA Circular No. 2022-004 dated May 31, 2022, which likewise overstated the Accumulated Depreciation, and Accumulated Surplus accounts by P14.315 million, and P2.050 million, respectively, while the Semi-Expendable Expense account was understated by P375,695.
2. The Sales Revenue, Cost of Sales, Output Tax and Input Tax accounts were overstated by P35.790 million; P16.305 million; P4.295 million; and P1.957 million, respectively, due to erroneous inclusions of sales from consigned goods in the Sales Revenue account and the corresponding costs thereof in the Cost of Sales account, which also understated the Fees and Commissions Income account by P21.823 million, contrary to Paragraphs 12, 28 and IG19 of the International Public Sector Accounting Standard (IPSAS) 9. Moreover, there was difficulty in accounting for the sales transactions pertaining to both consigned goods and merchandise inventory in view of the non-segregation of goods in the warehouse and non-marking thereof as either merchandise inventory or goods on consignment.
3. The Accumulated Depreciation account was overstated by P2.283 million (net) due to both non-recognition and over-recording of depreciation of various PPE items which likewise understated the Depreciation Expense and Accumulated Surplus accounts by P2.303 million (net) and P4.586 million (net), respectively, contrary to Paragraphs 43 and 66 of IPSAS 17.
4. The Trust Liabilities - Customers' Deposits Payable (TL-CDP) account having a balance of P20.718 million as of December 31, 2022 was understated by P1.213 million while the Unearned Income (UI) account was likewise understated by P1.898 million due to: (a) non-reversal of unreleased check representing refund of security deposit of P1.300 million and advance payment of P1.950 million or a total of P3.250 million; and (b) recording of advance payment and security deposit of one lessee totaling P138,545 despite the absence of actual payment thereof, contrary to Paragraph 27 of IPSAS 1 and COA Circular No. 2020-002, which likewise resulted in the understatement of the Cash in Bank (CIB) account and overstatement of the Operating Lease Receivable (OLR) account in the amounts of P3.250 million and P138,545, respectively.
5. The completeness and reliability of the Receivables – Receivable from Joint Venture (JV) Lease account having a balance of P97.788 million could not be

ascertained due to: (a) non-recognition of the 15 percent share of the BSoP on the (i) income from operations of Tower 3 for CY 2022, and (ii) net profits of the leasing operations of parking slots for CYs 2015 to 2022 of the Alphaland Makati Place (AMP) in view of the absence of pertinent reports and documents from AMP Inc. (AMPI) used as basis for computation and recording attributed to the lack of written agreement and/or unresolved second supplement to Joint Venture Agreement (JVA); and (b) adjustment of P3.530 million which reduced the receivable's balance by the same amount but with incomplete supporting documents, contrary to Paragraph 27 of IPSAS 1.

6. The faithful representation in the financial statements of the balance as at December 31, 2022 of the Cash and Cash Equivalent - CIB account amounting to P177.395 million could not be established due to a net variance of P13.647 million which includes: (a) various book reconciling items and errors in the total amount of P14.812 million, and stale checks of P106,158 that remained unadjusted as at year-end; and (b) unreconciled amount of P5.363 million caused by incomplete submission of Bank Reconciliation Statements (BRSs) of two significant bank accounts, contrary to Paragraph 27 of IPSAS 1. Moreover, the Cash and Cash Equivalent – CIB account was overstated by P50.561 million in view of the erroneous recognition of the special savings deposit account which likewise understated the Other Investment account by the same amount, contrary to Paragraph 3.10 of the Conceptual Framework for General Purpose Financial Reporting and the Revised Chart of Accounts (RCA) for Government Corporations under COA Circular No. 2020-002 dated January 28, 2020.

For the above observations, which caused the issuance of a qualified opinion, we recommended that Management:

- 1.1. Direct the Finance Division (FD) - Accounting to effect the necessary adjustment by debiting the Accumulated Depreciation, Accumulated Surplus, and Semi-Expendable Expense accounts in the amounts of P14.315 million; P2.050 million; and P375,695, respectively, and crediting the PPE account by P16.740 million to correct the misstatements so that the balances of the affected accounts shall be fairly presented in the financial statements as of December 31, 2022; and
- 1.2. Instruct the concerned personnel of FD-Accounting and Administration Division – Supply Unit to refer to COA Circular No. 2022-004 dated May 31, 2022 in the preparation of the reports and other forms required to be accomplished and maintained pertaining to the accounting, control and custodianship of Semi-Expendable Properties.
- 2.1. Direct the FD-NSS to:
 - a. Prepare the necessary adjusting entries by debiting the Sales Revenue and Output Tax accounts by P35.790 million and P4.295 million, respectively, and crediting the Cost of Sales, Input Tax and Fees and Commissions Income accounts by P16.305 million, P1.957 million and P21.823 million, respectively, to correct the misstatements so that the balances of the affected accounts shall be fairly presented in the financial statements;

- b. For the consigned goods other than the 239 items of goods examined by the audit team, direct the BSoP-NSS Accounting to review, validate and/or reconcile the BSoP-NSS records pertaining thereto, particularly, segregate the sales and cost of sales from those that pertained to consignment sales with that of sales of merchandise inventory, and thereafter, make the necessary adjustments to eliminate the overstatement of CY 2022 Sales Revenue and Cost of Sales, Output Tax, Input Tax accounts and understatement of Fee and Commission Income account; and
- 2.2. Require the concerned personnel of Property Management and Development Division (PMDD) – NSS - Warehouse to immediately segregate the storage for the items procured by the BSoP through Small Value Procurement, etc. from the consigned goods received by the NSS from various consignors in view of the difficulty of identifying such items caused by non-segregation, to ensure that all goods are properly accounted for and all procured items are sold first prior to sale of CGs.
- 3.1. Direct the FD- Accounting to:
 - a. Effect the necessary adjustments by debiting the Depreciation Expense and Accumulated Depreciation Accounts in the amounts of P2.303 million and, P2.283 million, respectively, and crediting the Accumulated Surplus account by P4.586 million to correct the misstatements so that the balances of the affected accounts shall be fairly presented in the financial statements as of December 31, 2022; and
 - b. Diligently monitor, update, and regularly compute the depreciation of the PPE items to ensure that all lapsing schedules reflect their correct valuations.
- 4.1. Require the FD-Accounting to effect the necessary adjustments to correct the misstatements by crediting the TL-CDP, UI, and OLR accounts in the amounts of P1.213 million; P1.898 million; and P138,545, respectively, and debiting the CIB account by P3.250 million, to fairly present the balances of the affected accounts in the financial statements as of December 31, 2022; and
- 4.2. Direct the PMDD to immediately collect the security deposit and advance payment totaling P144,748 (inclusive of VAT and escalation) from XXX Telecommunity Corporation in compliance with the terms initially agreed upon, and thereafter, submit to COA updates thereof.
- 5.1. Direct the FD – Accounting and the PMDD to:
 - a. Demand immediately from AMPI copies of duly signed documents and reports such as Income Statement, Ledgers, Schedule of Allocation of Direct Costs; copy of official receipts (ORs) for paid Real Property/Business Taxes and other expenses; and copy of existing lease contracts, to account for the correct amount of BSoP's share on the CY 2022 income from operations of Tower 3, and thereafter, record in the books to arrive at the correct amount of Receivable and Income from JV for CY 2022;

- b. In view of the absence of written agreement, seek the assistance of the Office of the Corporate Government Counsel (OGCC) in the drafting and finalization of such pending the settlement of second Supplement to JVA that would primarily specify the rights and obligations of the BSoP and the AMPI on the profit sharing, manner and period of remittance of BSoP's share, documents to be submitted by AMPI to BSoP, and other pertinent terms/conditions, to protect the interest of the BSoP. Consider in the agreement the reporting and remittance of BSoP's share on a monthly or quarterly basis instead of the existing practice which is semi-annual or annual, or more than a year;
 - c. Require AMPI to submit a signed report on the Income and Expenses of Tower 3 for CY 2021 with complete supporting documents such as ledgers and ORs for real property/business taxes, leasing expenses, and other expenses;
 - d. Demand from AMPI the submission of the duly signed copies of Reports on the leasing operations of the parking slots together with complete supporting documents for CYs 2019 to 2022 while supporting documents for the submitted Report on AMPI Parking Operations for CYs 2014 to 2018 for verification, recording and collection purposes;
 - e. Conduct inspection to determine the status of the leasing operations of the parking slots on Basements 1 to 3;
 - f. Seek assistance from OGCC as to Item 4 of the Supplement to JVA relative to the supposed monthly payment/remittance of the BSoP's 15 percent share on the net profits in the leasing operation of parking slots; and
 - g. Submit to COA the written status of the completion and finalization of the second supplement to JVA.
- 5.2. Make a strong representation to the concerned Officials of the AMPI to facilitate the submission of all pertinent reports and documents concerning the income sharing on the income from T3 operations and leasing operations of parking slots and the immediate remittance thereof; and to expedite the drafting, completion, and approval of written agreement or second supplement to JVA pertaining to the income sharing and other important matters relating thereto to protect the interest of the BSoP.
- 5.3. Hold accountable the officials and employees, if any, who have been remiss in the discharge of their official duties given the long delay on the finalization/completion of written agreement or second supplement to JVA containing the pertinent terms and conditions on the income sharing of Tower 3 operations.
- 6.1. Direct the FD - Accounting to:
- a. Continue the verification of the remaining book reconciling items of each bank account as well as the stale checks reported as outstanding, and thereafter, effect the necessary adjustments supported with complete

documents so that the balance of the CIB account shall be fairly presented in the financial statements as of December 31, 2022;

- b. Prepare and submit the complete BRSs of the bank accounts Land Bank of the Philippines (LBP)-General Fund and LBP-World Scout Bureau for CY 2022 to identify the book reconciling items to be adjusted in the books, and thereafter, submit to COA for verification and validation purposes; and
- c. Reclassify the CIB- Special Savings Deposit – Development Bank of the Philippines account with year-end balance of P50.561 million to Other Investments account to reflect the correct and proper classification of accounts in the books and financial statements, in compliance with the requirements of the RCA under COA Circular No. 2020-002.

SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

The other significant audit observations and recommendations that need immediate action are as follows:

- 7. Majority of the BSoP's Investment Properties (IPs) with total carrying amount of P3.570 billion remained idle for more than two to seven years as of December 31, 2022 due to inadequate policy, plan, and strategies of the Ways and Means Committee and Corporate Assets Management Committee(CAMC), contrary to Sections 10 and 11 of the National ByLaws of the BSoP and inconsistent with the declared policy of the State on the management and utilization the government's resources under Section 2 of Presidential Decree No. 1445, which resulted in the net deficit of P64.599 million and P73.423 million for Calendar Years 2021 to 2022 that could have been avoided had the use of its investment properties was maximized.
 - 7.1. We recommended that Ways and Means Committee and the CAMC:
 - a. Immediately conduct study on the best practices relating to management of IPs, and at the same time, revisit, and enhance the existing policies and strategies of the BSoP that will govern the management of the BSoP's corporate assets and the duties of the PMDD and other responsible persons in the planning, execution, implementation, monitoring, and evaluation stages relative to the lease of IPs, and thereafter, seek the approval of the National Executive Board;
 - b. Devise strategies that would give short-term and long-term solutions to the current issues on IPs so that these will be able to generate income to sustain the BSoP's operations; and
 - c. Henceforth, formalize the policy through the preparation and issuance of a Memorandum/Circular.
 - 7.2. We also recommended that Management direct the PMDD to:

- a. Check the status of the CDO Green Tower; commercial spaces of BP Hotel in Manila, 42 condominium units (Towers 1 and 2) and 32 parking spaces (Basements 4 and 5) in AMP, and thereafter, submit the status report to the CAMC for additional inputs in the formulation/enhancement of policies and strategies relating to the efficient and effective management of the IPs; and
 - b. Act in accordance with the policy, standards, and strategies set through strict enforcement thereof including contract stipulations, and monitoring of lessees' compliance thereof.
- 8. Stipulations in the lease contracts entered into by and between the BSoP and the various lessees such as (a) issuance of postdated checks by the latter to the former upon signing of the contract; and (b) imposition of penalty charges in case of delayed payment, were not strictly enforced by the BSoP while other lease contracts do not contain penalty clause in case of default or delayed payment which increased the outstanding OLR to P35.921 million as of December 31, 2022, thereby, exposing the agency to risk of non-collectibility and incurrence of collection costs to recover the receivables which might affect the long-term financial stability of the BSoP.
- 8.1. We recommended that Management:
 - a. Direct the PMMD to:
 - i. Immediately require the subject lessees to issue and deliver to the BSoP the required postdated checks equivalent to the monthly rental covering the unexpired period of the lease contracts in compliance with the provisions thereof to protect the interest of the BSoP; and
 - ii. Make representation with the concerned lessees for the amendment of the lease contracts and specifically incorporate therein penalty clause to be able to impose penalty charges to any lessee who fails to to pay the monthly rental within the agreed period to protect the interest of the BsoP;
 - b. Require the FD-Accounting to:
 - i. Immediately collect from lessee - XXX Makati the outstanding OLR of P21.046 million and strictly impose the agreed penalty of three percent per month and collect as well, in view of the continuous delay in the payment of monthly rental in compliance with the provision under Letter E of Article VI of the lease contract between BSoP and XXX Makati;
 - ii. Immediately collect from lessee - FFF Bank the outstanding lease receivable of P0.988 million representing the period of November and December 2022 and from all other lessees with existing payables to BSoP and include penalty charges for those with penalty clause in their respective contracts;

- iii. Assign specific personnel under the Finance - Collection and Disbursement Section who will focus on performing the collection procedures to ensure prompt collection and to facilitate the collection of long outstanding receivables; and
 - iv. Formulate a written collection policy that will include (i) specific collection procedures such as manner and timing of notification; (ii) enforcement of Lease Contract's stipulations as to prompt collections, strict imposition of penalties in cases of delay/default, and legal repercussions; (iii) persons responsible as well as the scope of authority, roles and responsibilities; and (iv) strict monitoring of the status of collections on a monthly basis by the middle-level and top management level of the BSoP, to strengthen the credit and collection arm of the BsoP.
 - c. Conduct confirmation and inquiry/reconciliation with lessee - Provincial Government of Nueva Ecija and Nueva Ecija Local Council relative to the status of rental payments in the previous years considering the long outstanding lease receivable of P1.312 million representing June 2021 and prior years and demand collection thereof.
- 9. The significant reports and documents required from LCs were not prepared and submitted to the BSoP-NO despite issuance of various Memoranda due to absence of specific guidelines on the purpose, implementation, and monitoring thereof, which was inconsistent with the various provisions of the Standard Local Council Constitution and Bylaws, which might impact the LCs' personnel in the discharge of their duties and functions towards compliance with the government laws, rules, and regulations particularly on the stewardship of economic resources.
- 9.1. We recommended that the BSoP - NO and concerned Division/s:
 - a. Set stricter guidelines in the submission of the required reports by formulating written policies or incorporating the following in any of the NO existing policies:
 - (i.) Specific Division/Unit, focal persons for each designated area, and the corresponding duties and responsibilities to ensure strict monitoring and implementation;
 - (ii.) Specific templates/formats of the required reports to achieve clarity and uniformity, and to facilitate the preparation and submission thereof;
 - (iii.) Set specific purpose and objective of the evaluation of the said reports which adds value to the operations of the LC as well as attainment of the strategic objective of the BSoP as one organization; and
 - (iv.) Possible sanctions in case of LCs' non-compliance.

- b. Incorporate the LC's compliance with the reportorial requirements as part of the performance evaluation or criteria for selection in the existing policies/activities of the NO such as the Spencer Lorillard Award to encourage strict compliance; and
- c. Consider requiring the LCs personnel performing accounting functions to undergo training/workshops, or the possibility of hiring a bookkeeper (if the LC's funds permit to do so) as one of the LC's personnel in view of the results of audit in the LCs where personnel are not familiar with the financial reporting and the applicable accounting rules and regulations.

SUMMARY OF UNSETTLED AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2022, the unsettled audit suspensions of BSoP – NO, Manila LC, Makati City LC, City of Mandaluyong LC and Quezon City LC amounted to P50,000, P425,084, P1.304 million, P344,198 and P0.951 million, respectively, while the unsettled audit disallowances of BSoP – NO, Caloocan City LC, and City of Mandaluyong LC amounted to P6.143 million, P54,704 and P7,100, respectively. The details are presented in Annex A, Part IV of this Report.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATION

Of the 76 audit recommendations embodied in the prior year's Annual Audit Report (AAR), of which 48 and 28 pertain to the BSoP-NO and the LCs, respectively, a total of 24 (NO - 18 and LCs - 6) were fully implemented and 52 (NO – 30 and LCs - 22) were not implemented. Details are presented in Part III of this Report.

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Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE NATIONAL EXECUTIVE BOARD

Boy Scouts of the Philippines
181 Natividad Almeda-Lopez Street,
Ermita, Manila City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the **Boy Scouts of the Philippines (BSoP)**, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the BSoP as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

The Property, Plant and Equipment account with a carrying amount of P394.862 million was overstated by P16.740 million due to inclusion and non-derecognition of several semi-expendable properties in the PPE account which no longer meet the capitalization threshold of P50,000, contrary to the provisions of COA Circular No. 2022-004 dated May 31, 2022 which likewise overstated the Accumulated Depreciation, and Accumulated Surplus accounts by P14.315 million, and P2.050 million, respectively, while the Semi-Expendable Expense account was understated by P375,695.

Likewise, the Sales Revenue, Cost of Sales, Output Tax and Input Tax accounts were overstated by P35.790 million; P16.305 million; P4.295 million; and P1.957 million, respectively, due to erroneous inclusions of sales from consigned goods in the Sales Revenue account and the corresponding costs thereof in the Cost of Sales account, which also understated the Fees and Commissions Income account by P21.823 million, contrary to Paragraphs 12, 28 and IG19 of the International Public Sector Accounting Standard (IPSAS) 9. Moreover, there was difficulty in accounting for the sales transactions

pertaining to both consigned goods and merchandise inventory in view of the non-segregation of goods in the warehouse and non-marking thereof as either merchandise inventory or goods on consignment.

Also, the Accumulated Depreciation account was overstated by P2.283 million (net) due to both non-recognition and over-recording of depreciation of various Property, Plant and Equipment items which likewise understated the Depreciation Expense and Accumulated Surplus accounts by P2.303 million (net) and P4.586 million (net), respectively, contrary to Paragraphs 43 and 66 of IPSAS 17.

In addition, the Trust Liabilities - Customers' Deposits Payable account having a balance of P20.718 million as of December 31, 2022 was understated by P1.213 million while the Unearned Income account was likewise understated by P1.898 million due to: (a) non-reversal of unreleased check representing refund of security deposit of P1.300 million and advance payment of P1.950 million or a total of P3.250 million; and (b) recording of advance payment and security deposits of one lessee totalling P138,545 despite the absence of actual payment thereof, contrary to Paragraph 27 of IPSAS 1 and COA Circular No. 2020-002, which likewise resulted in the understatement of the Cash in Bank account and overstatement of the Operating Lease Receivable account in the amounts of P3.250 million and P138,545, respectively.

Further, the completeness and reliability of the Receivables – Receivable from Joint Venture Lease account having a balance of P97.788 million could not be ascertained due to: (a) non-recognition of the 15 percent share of the BSoP on the (i) income from operations of Tower 3 for CY 2022, and (ii) net profits of the leasing operations of parking slots for CYs 2015 to 2022 of the Alphaland Makati Place (AMP) in view of the absence of pertinent reports and documents from AMP Inc. used as basis for computation and recording attributed to the lack of written agreement and/or unresolved second supplement to Joint Venture Agreement; and (b) adjustment of P3.530 million which reduced the receivable's balance by the same amount but with incomplete supporting documents, contrary to Paragraph 27 of IPSAS 1.

Furthermore, the faithful representation in the financial statements of the balance as at December 31, 2022 of the Cash and Cash Equivalents - Cash in Bank (CIB) account amounting to P177.395 million could not be established due to a net variance of P13.647 million which includes: (a) various book reconciling items and errors in the total amount of P14.812 million, and stale checks of P106,158 that remained unadjusted as at year-end; and (b) unreconciled amount of P5.363 million caused by incomplete submission of Bank Reconciliation Statements of two significant bank accounts, contrary to Paragraph 27 of IPSAS 1. Moreover, the Cash and Cash Equivalent – CIB account was overstated by P50.561 million in view of the erroneous recognition of the special savings deposit account which likewise understated the Other Investment account by the same amount, contrary to Paragraph 3.10 of the Conceptual Framework for General Purpose Financial Reporting and the Revised Chart of Accounts for Government Corporations under COA Circular No. 2020-002 dated January 28, 2020.

We were not able to perform alternative procedures to determine if any adjustments to the Receivables-Receivable from JV accounts are necessary due to the status of the records of the Finance Division – Accounting.

We conducted our audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the BSoP in accordance with the Revised Code of Conduct and Ethical Standards for the Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

In our report dated June 10, 2022, we expressed a qualified opinion on the CY 2021 financial statements because: (a) the Accumulated Depreciation accounts for Property, Plant and Equipment (PPE) and Investment Property (IP) and Depreciation Expense accounts were understated in the amounts of P18.023 million; P12.018 million; and P3.067 million, respectively, while the Accumulated Surplus account was overstated by P26.974 million due to non-recognition as well as erroneous recording of depreciation for various PPE and IP items; and (b) the Inter-agency Payables account was understated in the total amount of P3.039 million while the balances of other affected accounts were misstated by the corresponding amounts due to: (a) non-adjustment of unreleased checks of P320,761 for remittances to SSS and Pag-ibig; (b) unrecorded Income Tax Expense amounting to P1.512 million, erroneous recording of tax remittances of P148,341, and noted negative balances of P0.531 million on some Inter-agency Payables accounts; and (c) non-accrual of Value Added Tax Payable of P1.049 million.

The BSoP had already made the necessary adjustments in the books to correct the misstatements noted and restated the CY 2021 financial statements. Accordingly, our present opinion on the restated CY 2021 financial statements, as presented herein, is no longer modified concerning these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BSoP'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 BSoP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BSoP's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BSoP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BSoP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BSoP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

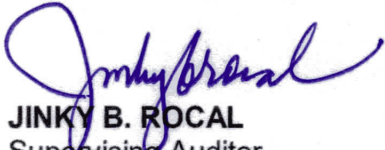
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022, required by the Bureau of Internal Revenue as disclosed in Note 38

to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with IPSASs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT



JINKY B. ROCAL

Supervising Auditor

Audit Group D – VFP/PRA/BSoP

Corporate Government Audit Sector – Cluster 6

July 06, 2023



Boy Scouts of the Philippines

National Office

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Boy Scouts of the Philippines is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021, 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 BSoP'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 BSP or to cease operations, or has no realistic alternative but to do so.

The National Executive Board is responsible for overseeing the BSoP's financial reporting process.

The National Executive Board 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 BSoP in accordance with the International Standards of Supreme Audit Institutions, and in its report to the National Executive Board, has expressed its opinion on the fairness of presentation upon completion of such audit.


DALE B. CORVERA

National President/Chairman of the Board

Mar. 27, 2023

Date Signed


DIOSDADO M. SAN ANTONIO

OIC-Secretary General

Mar. 27, 2023

Date Signed


DIANARA R. BANEZ

Accountant

Mar. 27, 2023

Date Signed

BOY SCOUTS OF THE PHILIPPINES
STATEMENTS OF FINANCIAL POSITION

As at December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	6	288,915,685	328,997,284
Financial assets	7	9,652,022	9,787,697
Receivables	8	266,139,605	242,620,260
Inventories	9	12,945,218	30,815,940
Other current assets	10	25,528,479	30,066,226
Total Current Assets		603,181,009	642,287,407
Non-Current Assets			
Investment property - net	11	3,717,275,766	3,780,525,373
Property, plant and equipment - net	12	394,862,187	408,974,436
Intangible assets	13	81,900	81,900
Deferred tax assets	14	8,978,532	8,978,532
Total Non-Current Assets		4,121,198,385	4,198,560,241
TOTAL ASSETS		4,724,379,394	4,840,847,648
LIABILITIES			
Current Liabilities			
Financial liabilities	15	77,609,063	101,153,796
Inter-agency payables	16	7,939,449	13,819,663
Intra-agency payables	17	78,206,870	71,977,859
Deferred credits/unearned income	18	21,108,499	31,103,936
Provisions	19	18,400,631	18,138,046
Total Current Liabilities		203,264,512	236,193,300
Non-Current Liabilities			
Trust liabilities	20	32,164,619	37,338,914
Other payables	21	31,589,411	36,396,214
Total Non-Current Liabilities		63,754,030	73,735,128
TOTAL LIABILITIES		267,018,542	309,928,428
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		4,457,360,852	4,530,919,220
NET ASSET/EQUITY			
Accumulated surplus	22	4,457,360,852	4,530,919,220
TOTAL NET ASSETS/EQUITY		4,457,360,852	4,530,919,220

The notes on pages 12 to 63 form part of these financial statements.

BOY SCOUTS OF THE PHILIPPINES
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021
REVENUE			
Service income	25	5,303,570	8,025,090
Business income	26	156,162,131	135,147,244
Shares, grants and donations	27	-	505,489
TOTAL REVENUE		161,465,701	143,677,823
LESS: CURRENT OPERATING EXPENSES			
Personnel services	28	52,546,072	57,914,260
Maintenance and other operating expenses	29	84,195,826	87,730,922
Financial expenses	30	15,824,632	3,182,566
Direct costs	31	26,378,145	2,053,651
Non-cash expenses	32	64,735,658	63,524,945
TOTAL CURRENT OPERATING EXPENSES		243,680,333	214,406,344
SURPLUS/(DEFICIT) FROM CURRENT OPERATIONS		(82,214,632)	(70,728,521)
Other non-operating income	33	8,031,059	5,807,391
Gains	34	763,185	342,543
Losses	35	(2,307)	(238)
Discounts and rebates	36	-	(20,061)
SURPLUS/(DEFICIT) BEFORE TAX		(73,422,695)	(64,598,886)
Income tax expense		-	-
SURPLUS/(DEFICIT) AFTER TAX		(73,422,695)	(64,598,886)
Net assistance/subsidy		-	-
NET SURPLUS/(DEFICIT) FOR THE PERIOD		(73,422,695)	(64,598,886)

The notes on pages 12 to 63 form part of these financial statements.

BOY SCOUTS OF THE PHILIPPINES
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Accumulated surplus/(deficit)	Government equity	TOTAL
BALANCE AT January 1, 2021	4,632,688,189	-	4,632,688,189
Changes in Net assets/equity for CY 2021			
Add/(Deduct):			
Surplus/(Deficit) for the period, as restated	(64,598,886)	-	(64,598,886)
Unrealized gain on change of fair value - AFS	345,481		345,481
BALANCE AT DECEMBER 31, 2021	4,568,434,784	-	4,568,434,784
Adjustments:			
Add/(Deduct):			
Prior period errors	(37,515,564)	-	(37,515,564)
Adjustment to revaluation surplus	-	-	-
RESTATED BALANCE AT DECEMBER 31, 2021	4,530,919,220	-	4,530,919,220
Changes in Net Assets/Equity for CY 2022			
Add/(Deduct):			
Surplus/(Deficit) for the period	(73,422,695)	-	(73,422,695)
Unrealized gain on change of fair value - AFS	(135,673)	-	(135,673)
BALANCE AT DECEMBER 31, 2022	4,457,360,852	-	4,457,360,852

The notes on pages 12 to 63 form part of these financial statements.

BOY SCOUTS OF THE PHILIPPINES
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Proceeds from sale of goods and services	44,121,652	5,918,690
Collection of revenue	98,113,049	102,296,479
Receipt of intra-agency fund transfers	1,159,159	2,105,468
Trust receipts	274,137	1,670,885
Other receipts	494,094	139,064,603
Total Cash Inflows	144,162,091	251,056,125
Adjustments	1,341,561	(4,946,727)
Adjusted Cash Inflows	145,503,652	246,109,398
Cash Outflows		
Payment of expenses	(113,352,582)	(114,010,266)
Purchase of inventories	(7,524,067)	(21,910,616)
Prepayments	(892,456)	(507,311)
Payment of accounts payable	(16,662,269)	(8,172,402)
Remittance of personnel benefit contributions and mandatory deductions	(2,136,788)	(2,720,992)
Other disbursements	(44,802,318)	(125,990,339)
Total Cash Outflows	(185,370,480)	(273,311,926)
Adjustments	(280,466)	1,195,317
Adjusted Cash Outflows	(185,650,946)	(272,116,609)
Net Cash Provided by/(Used in) Operating Activities	(40,147,294)	(26,007,211)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Outflows		
Purchase/construction of property, plant and equipment	(737,303)	(10,925,577)
Total Cash Outflows	(737,303)	(10,925,577)
Adjusted Cash Outflows	(737,303)	(10,925,577)
Net Cash Provided by/(Used in) Investing Activities	(737,303)	(10,925,577)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows		
Proceeds from issuance of capital stock and other equity securities	42,120	1,420
Total Cash Inflows	42,120	1,420
Adjusted Cash Inflows	42,120	1,420
Net Cash Provided by/(Used in) Financing Activities	42,120	1,420
Net increase/(decrease) in cash and cash equivalents	(40,842,477)	(36,931,368)
Effects of exchange rate changes on cash and cash equivalents	760,878	342,305
Cash and cash equivalents, January 1	328,997,284	365,586,347
Cash and Cash Equivalents, December 31	288,915,685	328,997,284

The notes on pages 12 to 63 form part of these financial statements.

BOY SCOUTS OF THE PHILIPPINES
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2022
(In Philippine Peso)

		BUDGETED AMOUNTS		Actual amounts on comparable basis	Difference of final budget and actual
Particulars	Notes	Original	Final		
RECEIPTS					
Service income	25	9,610,000	9,610,000	5,303,570	4,306,430
Business income	26	208,667,400	232,178,800	156,162,131	76,016,669
Other non-operating income	33	-	-	8,031,059	(8,031,059)
Gains	34	-	-	763,185	(763,185)
Total Receipts		218,277,400	241,788,800	170,259,945	71,528,855
PAYMENTS					
Personnel services	28	81,602,900	81,602,900	52,546,072	29,056,828
Maintenance and other operating expenses	29	100,170,300	127,346,200	84,195,826	43,150,374
Capital outlay		14,642,600	14,922,600	737,303	14,185,297
Financial expenses	30	7,902,600	19,354,300	15,824,632	3,529,668
Others	31	13,959,000	13,959,000	26,378,145	(12,419,145)
Total Payments		218,277,400	257,185,000	179,681,978	77,503,022
NET RECEIPTS/PAYMENTS		-	(15,396,200)	(9,422,033)	(5,974,167)

The notes on pages 12 to 63 form part of these financial statements.

BOY SCOUTS OF THE PHILIPPINES
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION/AGENCY PROFILE

The financial statements of the Boy Scouts of the Philippines (BSoP) were authorized for issue on March 27, 2023 as shown in the Statement of Management's Responsibility for Financial Statements signed by Hon. Dale B. Corvera, the BSoP National President/Chairman of the Board, Mr. Diosdado M. San Antonio, the Officer-in-Charge – Office of the Secretary General/Authorized Representative, and Ms. Dianara R. Bañez, the Accountant.

The BSoP is a public entity created by Commonwealth Act (CA) No. 111, entitled "*An act to create a public corporation to be known as the Boy Scouts of the Philippines, and to define its powers and purposes,*" as amended by Presidential Decree (PD) No. 460 dated May 17, 1974 and Republic Act (RA) No. 7278 dated March 24, 1992. It is a non-stock, non-profit organization.

The mandate of the BSoP is to promote through organization and promotion with other agencies, the ability of the boys to do useful things for themselves and others, to train them in scout craft, and to inculcate in them patriotism, civic consciousness and responsibility, courage, self-reliance, discipline and kindred virtues, and moral values, using the method which are in common use by the boy scouts (Section 1, RA No. 7278).

To carry out its mandate, the BSoP was authorized under CA No. 111 and RA No. 7278 to hold office and conduct its business and affairs in Metropolitan Manila and in the regions, provinces, cities, municipalities, and barangays of the Philippines. As of December 31, 2022, the BSoP is composed of the BSoP-National Office (NO), National Scout Shop (NSS), and 124 Local Councils (LCs).

The BSoP-NO is the central administrative office. It serves the National Council (NC), the National Executive Board (NEB) and its committees, and the various LCs. The NO administers the national scouting program and executes the policies and directives of the NEB. As extension of the NO for administrative purposes are the 10 scouting regions, each headed by a Regional Director.

The NSS' basic objective is to make available nationwide good quality official scout items priced reasonably to make them affordable. At the same time, it shall develop the NSS to realize its full potential as a source of revenue for the national organization and the Local Scout Councils [Section 6, Article X, National By-Laws (NBL)].

In conformity with the provisions of the By-Laws, the NEB granted Charters to the 124 LCs giving jurisdiction over the territory described and during the term specified in the Charter. They shall promote and supervise the scout program in the provinces or cities and their subdivisions in conformity with the provisions of the NBL. Also, the LCs shall exercise control in the raising and expenditure of all funds for local scouts under their work jurisdiction. Likewise, the annual financial statements of receipts and expenditures, assets and liabilities, duly audited and approved by the Local Council Executive Board shall be

made by the LCs and copies thereof shall be submitted to the Regional Offices concerned and the NO (Article X, Standard Local Council Constitution and By-Laws).

The Agency's registered Office is located at 181 Natividad A. Lopez St., Ermita, Manila.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The 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 BSoP 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 that is the date that the BSoP commits to purchase or sell the asset.

The BSoP's financial assets include: cash and short-term deposits; trade and other receivables; and 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. 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 taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the BSoP has the positive intention and ability to hold these 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 taking into account 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.

iii. Derecognition

The BSoP derecognizes a financial asset or where applicable, a part of a financial asset or part of the BSoP of similar financial assets when:

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

2. The BSoP 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 BSoP assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

1. The debtors or a group of debtors are experiencing significant financial difficulty.
2. Default or delinquency in interest or principal payments.
3. The probability that debtors will enter bankruptcy or other financial reorganization.
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

v. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the BSoP 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 BSoP 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. Loans together with the associated allowance are written-off when there is no realistic prospect of future recovery and all collaterals have been realized or transferred to the BSoP. 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. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or 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.

The BSoP's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, 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 entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

2. Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

iii. Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

d. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3.3 Cash and Cash Equivalents

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

3.4 Inventories

i. Initial recognition and measurement

The cost of inventories shall comprise of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition, excluding storage cost, administrative overheads that do not contribute to bringing inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, transport, handling and other costs directly attributable to the acquisition of finished goods. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase (Paragraphs 18, 19, and 25 - IPSAS 12).

Inventories held for consumption of the BSoP are measured at cost upon initial recognition. To the extent that inventories 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.

ii. Subsequent measurement

Inventories shall be measured at lower of cost and net realizable value. However, where inventories are acquired through a non-exchange transaction, their costs shall be measured at their fair value as at the date of acquisition (Paragraphs 15 and 16 - IPSAS 12).

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

iii. Cost formulas

The weighted average method shall be used for costing of inventories. This method calls for the re-calculation of the average cost of all items in stock after every purchase. Therefore, the weighted average cost is the total cost of all units subsequent to the latest purchase, divided by their total number of units available.

Inventories that are held for consumption are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the BSoP.

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 are depreciated over its estimated useful life of 30 to 50 years.

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 BSoP uses the following criteria to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations (inventory):

A property (land or a building – or part of a building – or both) shall be recorded and classified as Investment Property if it is held to earn rentals or for capital appreciation or both rather than for:

- a. Use in the production or supply of goods or services, or for administrative purposes; or
- b. Sale in the ordinary course of operations.

3.6 Property, Plant and Equipment

i. Recognition

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

The characteristics of PPE are as follows:

- 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 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.

ii. Measurement at recognition

An item recognized as 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 PPE acquired through non-exchange transaction, the cost is its fair value as at recognition date.

Cost includes the following:

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

iii. Measurement after recognition

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

When significant parts of PPE are required to be replaced at intervals, the BSoP recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

iv. Depreciation

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

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

- 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 the BSoP.

Depreciation starts on the second month from the date of acquisition.

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for BSoP operation.

v. **Estimated useful life**

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

Buildings	- 30 years
Heavy equipment	- 10 years
Motor vehicles	- 7 years
Furniture and fixtures	- 10 years
Office equipment	- 5 years
Leasehold asset improvements	- 30 years

vi. **Residual value**

The BSoP uses a residual value equivalent to 10 percent of the cost of the PPE.

vii. **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.

viii. **Derecognition**

The BSoP derecognizes items of 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 - BSoP as a lessor - Operating lease**

Leases in which the BSoP 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 PPE are applied to similar assets leased by the entity.

3.8 Intangible Assets

i. Recognition and measurement

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

Intangible assets acquired separately are initially recognized at cost.

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

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

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

- i. Recognized as an expense when incurred if it is research expenditure;
- ii. Recognized as an expense when incurred if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset; and
- iii. Added to the carrying amount of the acquired in-process research or development project if it is a development expenditure that satisfies the recognition criteria for intangible assets.

a. Intangible assets acquired through non-exchange transactions

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

b. Internally generated intangible assets

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

i. Recognition of an expense

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

ii. Subsequent measurement

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

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

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

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

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

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

3.9 Provisions, Contingent Liabilities and Contingent Assets

a. Provisions

Provisions are recognized when the BSoP has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the Statement of Financial Performance, net of any reimbursement.

Provisions are reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

b. Contingent liabilities

The BSoP does not recognize a contingent liability, but discloses details of any contingencies in the notes to financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c. Contingent assets

The BSoP does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the BSoP in the notes to financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.10 Changes in Accounting Policies

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

The BSoP 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.

3.11 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 exchange 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 rate at the date when 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.

3.12 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:

- i. It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- ii. 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 BSoP satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

c. Measurement of revenue from non-exchange transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

d. Measurement of liabilities on initial recognition from non-exchange transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

e. Gifts and donations

The BSoP recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

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

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which are ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values are ascertained by reference to quoted prices in an active and liquid market.

f. Transfers

The BSoP recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

g. Services-in-kind

Services in-kind are not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

h. Transfers from other government entities

Revenue from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the BSoP and can be measured reliably.

3.13 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 BSoP 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. Interest income

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

d. Dividends

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

e. 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.

f. Royalties

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

3.14 Budget Information

The annual budget is prepared on a cash basis and is published in 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 comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the notes to the annual financial statements.

3.15 Related Parties

The BSoP 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 BSoP, or vice versa.

Members of key management are regarded as related parties and comprise the members of the Planning and Management Committee of the BSoP such as the Secretary-General and Directors and its controlled entities.

3.16 Employee Benefits

The employees of the BSoP are members of the Bank of the Philippine Islands Retirement Program, which provides life and retirement insurance coverage.

The BSoP 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 revenues and expenses during the period.

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

Adjustments for changes in accounting policies and restatements to correct errors in prior years are made retrospectively to the extent practicable using Accumulated Surplus (Deficit) account. The effects of changes in accounting estimates and correction of errors affecting the current year's accounts are reflected using the current year's accounts.

Generally, increase and decrease of such accounts are effects of transactions not taken, recorded and posted from previous reporting periods, errors in posting duly adjusted when discovered and proposed adjustments after previous financial statements were submitted.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

5.1 Risk Management Framework

The NEB has overall responsibility for the establishment and oversight of the BSoP's risk

management framework. The Board has established the BSoP's assets, liability, credit and operational risk committees, which are responsible for developing and monitoring the BSoP's risk management policies in their specific areas.

All Board committees have executive and non-executive members and report regularly to the NEB on their activities.

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

The BSoP's audit committee is responsible for monitoring compliance with the agency's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risk faced by the BSoP. The BSoP's audit committee is assisted in these functions by the Internal Audit and Compliance Departments. Both Departments undertake both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee and/or the Board.

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 in the following tables.

	Note	2022	2021 (As Restated)
Financial assets			
Cash and cash equivalents	6	288,915,685	328,997,284
Financial assets	7	9,652,022	9,787,697
Receivables - net	8	266,139,605	242,620,260
		564,707,312	581,405,241
Financial liabilities			
Financial liabilities	15	77,609,063	101,153,796
Inter-agency payables	16	7,939,449	13,819,663
Trust liabilities	20	32,164,619	37,338,914
		117,713,131	152,312,373

5.2 Credit Risk

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

On-going credit evaluation is performed on the financial condition of loans and other receivable and, where appropriate, obtaining additional collateral is requested to cover the loans. Also, the BSoP manages its credit risk by depositing its cash with high credit quality

banking institutions.

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

a. Credit risk exposure

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

	Note	2022	2021 (As Restated)
Financial assets			
Cash and cash equivalents	6	288,915,685	328,997,284
Financial assets	7	9,652,022	9,787,697
Receivables – net*	8	266,139,605	242,620,260
		564,707,312	581,405,241

**Receivables, net of allowance for impairment amounting to P7,657,612 for the years ended December 31, 2022 and 2021.*

b. Management of credit risk

The NEB has delegated primary responsibility for the management of credit risk to its BSoP's Credit Committee. A separate Credit Department, reports to the BSoP Credit Committee. The Risk Management Department is a newly-established department where the Credit Risk Unit, an independent unit, is placed and supports the credit risk management structure of the BSoP. The overall credit risk management structure of the BSoP takes into consideration the following controls, among others:

- Formulating credit policies in consultation with the business units, covering collateral requirements, credit assessment, risk scoring and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirement.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Branch Managers and Area Heads. Larger facilities require approval by Credit Committee and/or the BSoP, as appropriate.
- Reviewing and assessing credit risk. Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentration of exposures to counterparties, geographies and industries (loans and advances), and by issuer, credit rating band, and market liquidity.
- Developing and maintaining the BSoP's credit risk scoring in order to categorize exposures according to the degree of risk of financial loss faced

and to focus management on the attendant risks. The risk scoring system is used in determining where impairment provisions may be required against specific credit exposures.

- Reviewing compliance with agreed exposure limit, including those for selected industries, and product types. Regular reports are provided to Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialized skills to business units to promote best practice throughout the BSoP in the management of credit risk.
- Conducting weekly Credit Committee meeting and Loan Committee meetings.

All personnel-in-charge in lending are required to implement the BSoP's credit policies and procedure, with credit approval authorities delegated from the Credit Committee.

Regular audits of the Credit Group and the BSoP Credit processes are undertaken by the Internal Audit.

- Impaired Loans and Receivables

Impaired loans and securities are loans and securities for which the BSoP determines that it is probable that it will be unable to collect all principal and interest due according to contractual terms of the loans/securities agreement(s).

- Past Due but not Impaired Loans

Loans and securities where contractual interest or principal payments are past due but the BSoP believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of amounts owed to the BSoP.

- Loans with Renegotiated Terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the BSoP has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

- Allowances for Impairment

The BSoP establishes an allowance for impairment losses that represent its estimate of incurred losses in its loan portfolio. The main component of this allowance is specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogenous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

- Write-off Policy

The BSoP writes off a loan/security balance (and any related allowances for impairment losses) when the Credit Committee determines that the loans/securities are finally uncollectible. This is determined after considering information like the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from the loan collateral will not be sufficient to pay back the entire exposure.

For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.

The BSoP holds collateral against loans and receivables from customers/borrowers in the form of mortgage interest over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

The write-off of dormant receivable accounts, and the like are governed by the guidelines and procedures laid down under COA Circular No. 2016-005 dated December 19, 2016.

- Settlement Risk

The BSoP's activities may give rise to risk at the time of settlement of transaction and trades. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. For certain types of transactions, the BSoP 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 obligations. 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 Risk Committee.

c. 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 the BSoP'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 the BSoP's financial strength and undermine public confidence.

d. Credit quality of financial assets

The table below shows the credit quality by class of financial assets for the years ended December 31, 2022 and 2021.

2022					
<u>Neither past due nor impaired</u>					
	High Grade	Standard Grade	Sub Standard Grade	Past due but not impaired	Total
Financial assets					
Cash and cash equivalents	288,915,685	-	-	-	288,915,685
Loans and receivables-net	-	-	-	145,740,740	145,740,740
Lease receivables-net	-	35,921,305	-	-	35,921,305
Other receivables-net	-	-	-	84,477,560	84,477,560
Financial assets	9,652,022	-	-	-	9,652,022
	298,567,707	35,921,305	-	230,218,300	564,707,312

2021 (As Restated)					
<u>Neither past due nor impaired</u>					
	High Grade	Standard Grade	Sub Standard Grade	Past due but not impaired	Total
Financial assets					
Cash and cash equivalents	328,997,284	-	-	-	328,997,284
Accounts receivables-net	-	-	-	147,486,634	147,486,634
Lease receivables-net	-	12,091,350	-	-	12,091,350
Other receivables-net	-	-	-	83,042,276	83,042,276
Financial assets	9,787,697	-	-	-	9,787,697
	338,784,981	12,091,350	-	230,528,910	581,405,241

Cash with banks and cash equivalents and restricted cash equivalents are classified as high grade since these are deposited and invested with banks with good credit rating. Available For Sale (AFS) investments are assessed as high grade since these are instruments from companies with good financial capacity.

High grades receivables pertain to those receivables from client or customers that consistently pay before maturity date. Standard grade receivables include receivables that are collected on their due dates even without an effort from the BSoP to follow them up while receivables with substandard grade are collected on their due dates provided that the BSoP made a persistent effort to collect them are included under substandard grade receivables. Past due receivables include those that are past due but are still collectible.

e. Aging analysis

An aging analysis of the BSoP's receivables as of the years ended December 31, 2022 and 2021 are as follows:

	2022	2021 (As Restated)
Outstanding Receivables: *		
Current Accounts	-	-
Past due accounts:		
1-30 days past due	11,963,346	6,514,424
31-90 days past due	13,613,781	2,440,614

		2021
	2022	(As Restated)
Over 90 days past due	240,562,478	233,665,222
	266,139,605	242,620,260

* Receivables net of allowance for impairment amounting to 7,657,612 for the years ended December 31, 2022 and 2021.

f. Impairment assessment

The BSoP 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 BSoP in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment. Under specific/individual assessment, the BSoP 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 BSoP 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 have not yet occurred; and (c) the expected receipts and recoveries once impaired.

5.3 Liquidity Risk

Liquidity risk is the risk that the BSoP might encounter difficulty in meeting obligation from its financial liabilities.

a. Management of liquidity risk

The BSoP'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 BSoP's reputation.

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

The daily liquidity positions monitored and regular liquidity testing are conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the BSoP. Daily reports cover the liquidity position of the BSoP.

b. Exposure to liquidity risk

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

The liquidity management policy of the BSoP is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. The BSoP's funding requirements is 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 Asset Liability Committee headed by the BSoP-National President with most of the Executive Committee as members. The following table summarizes the maturity profile of the BSoP's financial liabilities as at December 31, 2022.

	On demand	Less than 3 months	3-12 months	1-5 years	Total
Accounts payable and other liabilities:					
Accounts payable	-	18,502,046	(1,631,463)	9,391,667	26,262,250
Due to related parties	51,346,813	-	-	-	51,346,813
Total	51,346,813	18,502,046	(1,631,463)	9,391,667	77,609,063

5.4 Market Risks

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

Management of Market Risk

The management of interest rate risk against interest gap limits is supplemented by monitoring the sensitivity of the BSoP'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 the BSoP'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 the BSoP's operations and are faced by all business entities.

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

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

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

Compliance with mandatory standards is supported by a program of periodic reviews undertaken by the Internal Audit. The results of the Internal Audit reviews are discussed with the Management of the BSoP, with summaries to the Audit Committee and Senior Management of the BSoP.

6. CASH AND CASH EQUIVALENTS

The Cash and Cash Equivalents consist the following:

	2022	2021 (As Restated)
Cash on hand		
Cash-collecting officers	4,525,914	4,105,770
Petty cash fund	451,550	405,089
	4,977,464	4,510,859
Cash in bank		
Cash in bank-local currency, current account (LCCA)	172,824,992	153,246,236
Cash in bank-foreign currency, savings account	4,569,680	4,787,568

	2022	2021 (As Restated)
	177,394,672	158,033,804
Cash equivalents		
Time deposits-local currency (LC)	106,543,549	166,452,621
	288,915,685	328,997,284

In conformity with IPSAS 3, the Cash and Cash Equivalents account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	327,801,967
Adjustments of petty cash	(13,834)
Adjustments of cash in bank-LCCA	1,209,151
Restated amount as of December 31, 2021	328,997,284

Cash in banks accounts earn interest at the respective bank deposit rates. Short-term cash investments are made for varying periods up to three months depending on the immediate cash requirement of the BSoP, and earn interest at the respective short-term investment rates.

Time Deposit-LC account represents placement of the BSoP's time deposit account with the Land Bank of the Philippines (LBP) amounting to P106.543 million and P166.453 million as of December 31, 2022 and 2021, respectively, with interest rate of 1.35 percent per annum.

Interest income earned from deposits amounted to P1.820 million and P1.500 million for the years ended December 31, 2022 and 2021, respectively.

7. FINANCIAL ASSETS

	2022	2021
Financial assets - AFS securities	9,652,022	9,787,697
	9,652,022	9,787,697

AFS investments represent various investments in quoted shares of stock. Quoted shares are carried at fair value with AFS reserve presented as a separate account in fund balance. Management believes that any impairment loss on the investments will not have a material impact on the BSoP's financial statements.

Unrealized gain or loss on AFS investments are affected by several factors, all of which are relative to the economy. The movements on gain or loss affecting the valuation of the investments are as follows:

Current Investments (AFS)

	2022	2021
Beginning balance	9,787,697	9,442,215
Add: Additional investments		
Fair value increase	(135,673)	345,482
Adjustments	(2)	
Less: Fair value decrease	-	-
	9,652,022	9,787,697

8. RECEIVABLES

This account consists the following:

	2022	2021 (As Restated)
Loans and receivable accounts - net	145,740,740	147,486,634
Lease receivable - net	35,921,305	12,091,350
Other receivables - net	84,477,560	83,042,276
	266,139,605	242,620,260

In conformity with IPSAS 3, the Receivables account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	245,784,942
Adjustments/recording of loans and receivable accounts – net	(3,529,490)
Adjustments/recording of lease receivables – net	370,717
Adjustments/recording of other receivables – net	(5,909)
Restated amount as of December 31, 2021	242,620,260

8.1 Loans and receivable accounts

	2022	2021 (As Restated)
Accounts receivable	55,610,003	57,355,897
Allowance for impairment - accounts receivable	(7,657,612)	(7,657,612)
Net value - Accounts receivable	47,952,391	49,698,285
Receivables from joint ventures	97,788,349	97,788,349
Allowance for impairment - receivables from joint ventures	-	-
Net value - Loans and receivable	97,788,349	97,788,349
	145,740,740	147,486,634

In conformity with IPSAS 3, the Loans and Receivable account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	151,016,124
Adjustments/recording of accounts receivables – net	507
Adjustments/recording of receivable from joint ventures – net	(3,529,997)
Restated amount as of December 31, 2021	147,486,634

8.2 Lease Receivables

	2022	2021 As Restated
Operating lease receivable	35,921,305	12,091,350
Allowance for impairment - operating lease receivable	-	-
Net value - Operating lease receivable	35,921,305	12,091,350

In conformity with IPSAS 3, the Lease Receivables account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	11,720,633
Adjustment/recording of operating lease receivable	370,717
Restated amount as of December 31, 2021	12,091,350

8.3 Other Receivables

	2022	2021 (As Restated)
Receivables – disallowances/charges	20,660	409,133
Due from officers and employees	2,153,948	1,077,069
Allowance for impairment - due from officers and employees	-	-
Other receivables	82,302,952	81,556,074
Allowance for impairment - other receivables	-	-
Net value - Other receivables	84,477,560	83,042,276

In conformity with IPSAS 3, the Other Receivables account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	83,048,185
Adjustments/recording of due from officers and employees account	(5,909)
Restated amount as of December 31, 2021	83,042,276

9. INVENTORIES

	2022	2021
Inventory held for sale		
Carrying amount, January 1	29,230,549	11,661,338
Additions/acquisitions during the year	7,854,674	19,622,861
Adjustments	(473,214)	-
<i>Expenses during the year except write-down</i>	(26,378,145)	(2,053,650)
Carrying amount, December 31	10,233,864	29,230,549
Inventory held for distribution		
Carrying amount, January 1	-	-
Additions/acquisitions during the year	473,214	-
<i>Expenses during the year except write-down</i>	-	-
<i>Adjustments</i>	-	-
Carrying amount, December 31	473,214	-
Inventory held for consumption		
Carrying amount, January 1	1,532,445	1,390,664
Additions/acquisitions during the year	1,267,288	141,781
<i>Expenses during the year except write-down</i>	(689,495)	-
<i>Adjustments</i>	-	-
Carrying amount, December 31	2,110,238	1,532,445
Semi-expendable Machinery and Equipment		
Carrying amount, January 1	26,607	-
Additions/acquisitions during the year	74,956	26,607
<i>Expenses during the year except write-down</i>	-	-

	2022	2021
<i>Allowance for impairment</i>	-	-
Carrying amount, December 31	101,563	26,607
Semi-expendable furniture, fixtures and books		
Carrying amount, January 1	26,339	7,589
Additions/acquisitions during the year	-	18,750
<i>Expenses during the year except write-down</i>	-	-
<i>Allowance for impairment</i>	-	-
Carrying amount, December 31	26,339	26,339
	12,945,218	30,815,940

Management believes that the carrying amounts of inventories are not in excess of net realizable value. The cost of inventories charged to cost of goods sold and expenses amounted to P26.378 million and P2.053 million in CYs 2022 and 2021, respectively.

10. OTHER CURRENT ASSETS

This account consists the following:

	2022	2021 (As Restated)
Advances	51,056	139,682
Prepayments	22,678,762	27,127,883
Deposits	2,798,661	2,798,661
	25,528,479	30,066,226

In conformity with IPSAS 3, the Other Current Assets account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	30,422,074
Adjustment/recording of advances	(190,122)
Adjustment/recording of prepayments	(165,726)
Restated amount as of December 31, 2021	30,066,226

Advances include those that are still unliquidated by the Disbursing Officers in the BSoP-NO as of December 31, 2022 amounting to P51,056. Prepayments include prepaid insurance premiums for buildings including building improvements, and vehicles. Deposits account represents bill and meter deposits for electric and telephone services.

11. INVESTMENT PROPERTY

	2022		
	Investment property - land	Investment property- building	Total
Carrying amount, January 1, 2022	1,560,135,002	2,220,390,371	3,780,525,373
Additions/acquisitions	-	-	-
Transfers from inventories/owner-occupied property	-	-	-
Other changes	-	(13,782,390)	(13,782,390)
Total	1,560,135,002	2,206,607,981	3,766,742,983

	2022		
	Investment property - land	Investment property- building	Total
Disposals			
Depreciation (As per Statement of Financial Performance)	-	(49,467,217)	(49,467,217)
Impairment loss (As per Statement of Financial Performance)	-	-	-
Transfers to inventories/owner-occupied property	-	-	-
Other changes	-	-	-
Carrying Amount, December 31, 2022 (As per Statement of Financial Position)	1,560,135,002	2,157,140,764	3,717,275,766
Gross Cost	1,560,135,002	2,552,809,965	4,112,944,967
<i>Accumulated depreciation</i>	-	(395,669,201)	(395,669,201)
<i>Accumulated impairment loss</i>	-	-	-
Carrying Amount, December 31, 2022 (As Per Statement of Financial Position)	1,560,135,002	2,157,140,764	3,717,275,766
	2021 (As Restated)		
	Investment property - land	Investment property -building	Total
Carrying amount, January 1, 2021	1,560,135,002	2,183,288,176	3,743,423,178
Additions/acquisitions	-	95,382,190	95,382,190
Transfers from inventories/owner-occupied property	-	-	-
Other changes	-	-	-
Total	1,560,135,002	2,278,670,366	3,838,805,368
Disposals			
Depreciation (As per Statement of Financial Performance)	-	(47,998,420)	(47,998,420)
Impairment loss (As per Statement of Financial Performance)	-	-	-
Transfers to inventories/owner-occupied property	-	-	-
Other changes	-	(10,281,575)	(10,281,575)
Carrying Amount, December 31, 2021 (As per Statement of Financial Position)	1,560,135,002	2,220,390,371	3,780,525,373
Gross Cost	1,560,135,002	2,566,592,355	4,126,727,357
<i>Accumulated depreciation</i>	-	(346,201,984)	(346,201,984)
<i>Accumulated impairment loss</i>	-	-	-
Carrying Amount, December 31, 2021 (As Per Statement of Financial Position)	1,560,135,002	2,220,390,371	3,780,525,373

In conformity with IPSAS 3, the Investment Property account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	3,790,806,948
Adjustment/recording of accumulated depreciation- investment property-buildings	(10,281,575)
Restated amount as of December 31, 2021	3,780,525,373

The properties of the BSoP were valued using the zonal value as provided for by the Bureau of Internal Revenue (BIR) since the fair market value of the properties was not readily available or cannot be determined using similar properties that were on sale as of December 31, 2015, except for properties located at Don Apolinar Velez Street, Cagayan

De Oro City and certain condominium units in Alphaland Makati Place (AMP), Makati City which were both valued using fair market value as of December 31, 2014.

The Investment Properties consist the following:

	Investment property - land	Investment property (IP) - buildings	Accumulated depreciation –IP- buildings	Total
Libsong, Lingayen, Pangasinan	1,824,000	-	-	1,824,000
Reyes St., Poblacion Oeste, Dagupan City	1,911,000	-	-	1,911,000
No. 28, Gov. Pack Rd, Baguio City	140,736,432	-	-	140,736,432
Km. 5, La Trinidad, Benguet	750,000	-	-	750,000
Taft Street, Tuguegarao, Cagayan	3,867,500	-	-	3,867,500
Barrio Atate, Palayan City, Nueva Ecija	49,297,680	-	-	49,297,680
Barrio Sibul Spring, San Miguel, Bulacan	8,200,000	-	-	8,200,000
Barrio Sabale, Baler Aurora, Quezon	468,000	-	-	468,000
Bo. Sambat Ibaba, Batangas, Batangas	25,500	-	-	25,500
Camilmil, Calapan, Oriental Mindoro	20,000,000	-	-	20,000,000
Hilltop, Batangas, Batangas City	5,184,000	-	-	5,184,000
Sitio Abuyod Teresa, Rizal	33,000,000	-	-	33,000,000
Flores Street, Pasig City	1,218,780	-	-	1,218,780
Barrio Dogongan, Daet, Camarines Norte	12,008,400	-	-	12,008,400
Barangay Matobato, Calbayog City	43,285,500	-	-	43,285,500
Capitol Hills Scout Camp, Cebu City	1,144,550,000	-	-	1,144,550,000
CPG North City of Tagbilaran	386,650	-	-	386,650
JA Clarin cor. M. Paras St. Tagbilaran City	64,800	-	-	64,800
San Antonio, Sibulan, Negros Oriental - Lot 3317	1,014,000	-	-	1,014,000
San Antonio, Sibulan, Negros Oriental - Lot 3279	462,400	-	-	462,400
Capitol Grounds, Malaybalay, Bukidnon	2,376,000	-	-	2,376,000
Carmen, Tacurong, Sultan Kudarat	4,552,560	-	-	4,552,560
Roxas Avenue, Davao City - lot # 1-a	19,494,000	-	-	19,494,000
Roxas Avenue, Davao City - lot # 1-b	12,996,000	-	-	12,996,000
V. Sotto St., Digos, Davao del Sur	15,000,000	-	-	15,000,000
Alubuhid, Buenavista, Agusan Del Norte	1,081,800	-	-	1,081,800
Iligan City	4,880,000	-	-	4,880,000
Don Apolinar Velez St., Cagayan De Oro City	31,500,000	55,901,000	(14,533,468)	72,867,532
Makati Property - AMPI	-	2,178,157,055	(313,654,616)	1,864,502,439
Ermita, Manila – BSoP-NO	-	237,152,110	(55,730,746)	181,421,364
Tower 1 & 2 Fit- Out Costs, AMP-Makati City	-	81,599,800	(11,750,371)	69,849,429
Total	1,560,135,002	2,552,809,965	(395,669,201)	3,717,275,766

Land at revalued amount

On August 28, 2008, the BSoP entered into a Memorandum of Agreement with Empire East Land Holdings, Inc., the Developer, wherein, the BSoP agreed to transfer, assign and convey absolutely and perpetually, in favor of the Developer, all its rights, title and interest in 10,221.8 square meters of its land located in Ermita, Manila in exchange for a 16-storey office building to be constructed by the Developer on the 1,500 square meters portion of the land, out of the total 11,721.8 square meters land area. The office building, with an estimated cost of P449.500 million shall be built in accordance with the plans and specifications as mutually agreed upon by both parties.

As part of the consideration for the conveyance of the subject property, the Developer paid P2 million to the BSoP. Furthermore, after the BSoP has obtained, to the satisfaction of the Developer, written approval by the President of the Philippines of this Agreement and the conveyance of the title of the lot to the Developer, the Developer shall pay the BSoP the amount of P18 million. The aforementioned amounts shall form part of the consideration for the conveyance of the title of the lot to the Developer and compensation under this Agreement and the purchase price of the lot to be reflected in the Deed of Absolute Sale over the lot.

In 2011, the 11,721.8 square meters portion of the said land had a fair value of P538.400 million. The BSoP allocated the fair value of P538.400 million to amount transferred as "Construction in Progress" of P469.430 million (equivalent to 10,221.8 square meters assigned to the Developer) since the construction of the building is on-going and the estimated time of completion is expected on the second quarter of 2012 and the remaining P68.97 million was retained to the "Land" account (equivalent to 1,500 square meters where the building under construction is located).

The Investment Property in AMPI amounting to P2.274 billion pertains to a portion of the 15 percent share of the BSoP in the Joint Venture Agreement (JVA) with AMPI dated June 30, 2008. The amount includes value of the investment property of the BSoP at AMPI consisting of the third floor of The Podium, 42 condominium units in Tower 1 and Tower 2, 36 parking slots, and 15 percent share of the Tower 3 commercial spaces.

12. PROPERTY, PLANT AND EQUIPMENT

	2022							Total
	Land and land improvements	Leased assets improvements	Infrastructure assets	Buildings and other structures	Machinery and transportation equipment	Furniture, fixtures and books	Construction in progress	
Carrying amount, January 1, 2022	77,439,167	91,481,473	177,146	219,718,904	12,366,748	4,211,541	3,579,457	408,974,436
Additions/acquisitions	-	-	-	-	761,321	42,856	-	804,177
Total	77,439,167	91,481,473	177,146	219,718,904	13,128,069	4,254,397	3,579,457	409,778,613
<i>Disposals</i>								
Depreciation	(1,628,792)	(3,697,238)	-	(8,940,616)	(668,129)	(333,666)	-	(15,268,441)
Impairment loss	-	-	-	-	-	-	-	-
Adjustments	-	(1,433,077)	-	1	(452,865)	-	2,237,956	352,015
Carrying amount, December 31, 2022	75,810,375	86,351,158	177,146	210,778,289	12,007,075	3,920,731	5,817,413	394,862,187
Gross Cost	108,741,784	124,211,840	5,225,012	336,862,151	48,358,641	18,680,289	5,817,413	647,897,130
Accumulated depreciation	(32,931,409)	(37,860,682)	(5,047,866)	(126,083,862)	(36,351,566)	(14,759,558)	-	(253,034,943)
Carrying amount, December 31, 2022	75,810,375	86,351,158	177,146	210,778,289	12,007,075	3,920,731	5,817,413	394,862,187

2021 (As Restated)								
	Land and land improvements	Leased assets improvements	Infrastructure assets	Buildings and other structures	Machinery and transportation equipment	Furniture, fixtures and books	Construction in progress	Total
Carrying amount, January 1, 2021	79,154,319	93,725,680	249,614	225,534,519	7,053,373	1,179,816	2,130,010	409,027,331
Additions/acquisitions	-	-	-	-	5,443,859	18,135	5,450,667	10,912,661
Total	79,154,319	93,725,680	249,614	225,534,519	12,497,232	1,197,951	7,580,677	419,939,992
<i>Disposals</i>								
<i>Depreciation</i>	(1,785,720)	(3,709,840)	-	(8,643,364)	(1,375,651)	(11,950)	-	(15,526,525)
<i>Impairment loss</i>	-	-	-	-	-	-	-	-
<i>Adjustments</i>	70,568	1,465,633	(72,468)	2,827,749	1,245,167	3,025,540	(4,001,220)	4,560,969
Carrying amount, December 31, 2021	77,439,167	91,481,473	177,146	219,718,904	12,366,748	4,211,541	3,579,457	408,974,436
Gross Cost	108,741,784	125,644,918	5,225,012	336,862,151	48,055,596	18,637,433	3,579,457	646,746,351
Accumulated depreciation	(31,302,617)	(34,163,445)	(5,047,866)	(117,143,247)	(35,688,848)	(14,425,892)	-	(237,771,915)
Carrying amount, December 31, 2021	77,439,167	91,481,473	177,146	219,718,904	12,366,748	4,211,541	3,579,457	408,974,436

In conformity with IPSAS 3, the Property, Plant and Equipment account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	426,201,197
Adjustment/recording of accumulated depreciation-other land improvements	70,568
Adjustment/recording of accumulated depreciation-power supply systems	(72,468)
Adjustment/recording of accumulated depreciation-buildings	1,607
Adjustment/recording of accumulated depreciation-other structures	(298,858)
Adjustment/recording of accumulated depreciation-office equipment	(79,771)
Adjustment/recording of accumulated depreciation-other machinery and equipment	(12,550,747)
Adjustment/recording of accumulated depreciation-motor vehicle	(295,791)
Adjustment/recording of accumulated depreciation-furniture and fixture	(4,264,143)
Adjustment/recording of accumulated depreciation-leased asset improvements	32,555
Adjustment/recording of construction in progress	230,287
Restated amount as of December 31, 2021	408,974,436

13. INTANGIBLE ASSETS

	2022			2021		
	Computer software	Other intangible assets	Total	Computer software	Other intangible assets	Total
Carrying amount, January 1	69,004	-	69,004	69,004	-	69,004
Additions-internally developed	-	-	-	-	-	-
Additions-purchased/acquired thru exchange on non-exchange transaction	-	12,896	12,896	-	12,896	12,896
Reversal of amortization to retain residual value	-	-	-	-	-	-
Total	69,004	12,896	81,900	69,004	12,896	81,900
<i>Disposals</i>	-	-	-	-	-	-
<i>Amortization recognized (As per Statement of Financial Performance)</i>	-	-	-	-	-	-
<i>Impairment loss (As per Statement of Financial Performance)</i>	-	-	-	-	-	-
<i>Other changes</i>	-	-	-	-	-	-

	2022			2021		
	Computer software	Other intangible assets	Total	Computer software	Other intangible assets	Total
Carrying amount, December 31 (As per Statement of Financial Position)	69,004	12,896	81,900	69,004	12,896	81,900
Gross Cost	1,460,036	12,896	1,472,932	1,460,036	12,896	1,472,932
Accumulated amortization (including accumulated impairment loss)	(1,391,032)	-	(1,391,032)	(1,391,032)	-	(1,391,032)
Carrying Amount, December 31 (As per Statement of Financial Position)	69,004	12,896	81,900	69,004	12,896	81,900

Intangible assets amounting to P1.460 million were assessed to have a useful life of five years. These comprised of computer software and the TRACC accounting system of the National Scout Shop.

14. DEFERRED TAX ASSETS - MINIMUM CORPORATE INCOME TAX (MCIT)

Section 27(E) of the National Internal Revenue Code provides that MCIT of two percent of the gross income as of the end of the taxable year is imposed on a taxable corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operation, when the MCIT is greater than Regular Corporate Income Tax (RCIT) for the taxable year.

An excess of the MCIT over RCIT shall be carried forward on an annual basis and credited against RCIT for three immediately succeeding taxable year. Details of the Agency's MCIT are as follows:

Taxable Year incurred	Amount	Applied/Expired	Expiry
December 2019	3,487,334	-	December 2022
December 2020	1,511,881	-	December 2023
December 2021	1,397,490	-	December 2024
December 2022	1,385,782	-	December 2025

DEFERRED TAXES

The components of the BSoP's Deferred Tax Assets and Deferred Tax Liabilities that were recognized are summarized below.

	2022	2021
Balance, January 1	8,978,532	6,536,246
Additions	-	2,442,286
Reversal	-	-
Balance, December 31	8,978,532	8,978,532

15. FINANCIAL LIABILITIES

This account consists the following:

	2022	2021 (As Restated)
Payables	77,609,063	101,153,796
	77,609,063	101,153,796

In conformity with IPSAS 3, the Financial Liabilities account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	96,902,845
Adjustments/recording of Payables	4,250,951
Restated amount as of December 31, 2021	101,153,796

15.1 Payables

The details of this account are presented below:

	2022	2021 (As Restated)
Accounts payable	26,262,250	20,331,902
Due to officers and employees	108,842	1,134,689
Awards/rewards payable	(13,893)	40,714
Insurance/reinsurance premiums payable	(10,586)	(10,586)
Other financial liabilities	1,085,292	1,105,292
Payables to joint ventures	50,177,158	78,551,785
	77,609,063	101,153,796

In conformity with IPSAS 3, the Payables account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	96,902,845
Adjustment/recording of accounts payable	(1,991,550)
Adjustment/recording of awards/rewards payable	40,714
Adjustment/recording of payable to joint ventures	6,201,787
Restated amount as of December 31, 2021	101,153,796

Accounts payable and other liabilities are non-interest bearing and payable upon demand by creditors. Trade payables consist of obligations in the normal course of operation.

16. INTER-AGENCY PAYABLES

This account consists the following:

	2022	2021
Due to BIR	1,296,893	5,763,029
Due to Pag-IBIG	266,045	102,607
Due to PhilHealth	69,428	(10,291)
Due to SSS	178,056	(263,771)
Due to national government agencies (NGAs)	5,548,706	9,581,358
Due to other government corporations	1,005,408	415,573
Value added tax payable	1,086,794	(256,961)
Income tax payable	(1,511,881)	(1,511,881)
	7,939,449	13,819,663

These represent liabilities to various government entities. The Due to BIR is composed of Withholding Tax on Compensation, Expanded Withholding Taxes, and Withholding Tax on Government Money Payments representing the Value Added Taxes (VAT).

17. INTRA-AGENCY PAYABLES

This account consists the following:

	2022	2021 (As Restated)
Due to central/home/head office	57,917,810	53,659,655
Due to NSS	20,289,060	18,318,204
	78,206,870	71,977,859

In conformity with IPSAS 3, the Intra-agency Payables account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	71,976,359
Adjustment/recording of due to NSS	1,500
Restated amount as of December 31, 2021	71,977,859

18. DEFERRED CREDITS/UNEARNED INCOME

This account consists the following:

	2022	2021 (As Restated)
Output tax	10,747,550	19,063,694
Other deferred credits	-	12,040,242
Unearned revenue/income	10,360,949	-
	21,108,499	31,103,936

In conformity with IPSAS 3, the Deferred Credits/Unearned Income account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	31,488,202
Adjustments/recording of output tax	(384,266)
Restated amount as of December 31, 2021	31,103,936

Other Deferred Credits pertain to one-month advance rental collected from lessees upon signing of contracts for the lease of the BSoP properties.

19. PROVISIONS

This account consists the following:

	2022	2021
Leave benefits payable	4,775,532	4,918,242
Retirement gratuity payable	13,625,099	13,219,804
	18,400,631	18,138,046

Leave Benefits Payable represents the accrual of the current value of the earned leave credits of employees.

20. TRUST LIABILITIES

This account consists the following:

	2022	2021
Trust liabilities	10,898,960	11,984,519
Customers' deposits payable	20,717,780	24,944,757
Guaranty/security deposits payable	547,879	409,638
	32,164,619	37,338,914

20.1 Trust Liabilities

The details of this account are presented below:

	2022	2021
Philippine scouting magazine	30,451	30,451
Deposit for BSoP coca cola environment project	9,479,072	9,985,561
Deposit for ticket to life	39,680	39,680
Deposit for calamity fund	413,758	413,759
Deposit for international activities	51,208	51,208
Deposit for MOP youth empowerment (online infra)	1,024,738	1,024,738
Marawi	59,080	59,080
World scout environment project	304,571	304,571
24th world scout jamboree	52,058	52,058
Scout donation platform of the world organization scout movement	(293,432)	(1,798)
Bids and wards committee - sale of bidding documents	(34,093)	72,000
Local council payment for late & expired authority to print	14,465	(114,000)
RCIT & travel expenses – foreign	(92,816)	(92,815)
25th world scout jamboree	(149,780)	160,026
	10,898,960	11,984,519

Trust Liabilities pertain to deposits collected in advance by the BSoP for its various special projects, which include Coca Cola Environment Project, and 25th World Scout Jamboree, among others.

20.2 Customers' Deposits Payable

	2022	2021
Customers' deposits payable	20,717,780	24,944,757
	20,717,780	24,944,757

Customers' Deposits Payable comprises of the security deposits collected from the lessees.

21. OTHER PAYABLES

This account consists the following:

	2022	2021 (As Restated)
Other payables	31,589,411	36,396,214
	31,589,411	36,396,214

In conformity with IPSAS 3, the Other Payables account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	32,582,384
Adjustments/recording of other payables	3,825,500
Adjustments/recording of due to national fund for council operations (NAFCO) account	5,690
Adjustments/recording of due to local councils account	(17,360)
Restated amount as of December 31, 2021	36,396,214

The details of this account are presented below:

	2022	2021 (As Restated)
Due to world scout bureau	27,060,532	27,060,532
NAFCO	(11,315,242)	(11,596,899)
Due to LCs	15,313,557	16,215,902
Others	530,564	4,716,679
	31,589,411	36,396,214

Due to World Scout Bureau comprises of the P5 fee collected from each Scout for payment of membership fee in the World Organization Scout Movement (WOSM).

22. ACCUMULATED SURPLUS/(DEFICIT)

The Accumulated Surplus (AS) account consists of the accumulated earnings of the BSoP, prior period adjustments, effect in changes in accounting policy, and changes in

available for sale securities. The Revaluation Surplus account was lumped to AS account in the previous years for presentation purposes though maintained in a separate Subsidiary Ledger.

	Accumulated Surplus
Balance, January 1, 2021	4,632,688,189
Prior period adjustments	-
Other adjustments due to revaluation surplus and change in Available for Sale (AFS) securities	-
Balance, January 1, 2021 as restated	4,632,688,189
Surplus/(Deficit) for 2021	(64,598,886)
Other adjustments due to revaluation surplus and change in AFS securities	345,481
Adjustments due to prior period errors:	
Overstated depreciation expenses	2,553,200
Overstated rent/lease income	(138,393)
Overstated representation and transportation allowance	(18,000)
Overstated share in the profit of joint venture	(3,151,783)
Overstated transportation allowance	1,828
Refund of scout membership fees	(3,838,025)
Understated depreciation expense-investment property	(29,490,521)
Understated electric and water consumption	(347,026)
Understated electricity expenses	(22,051)
Understated freight charges	(35,657)
Understated interest income	183
Understated internet subscription expenses	(30,121)
Understated major events and convention expenses	(793,842)
Understated miscellaneous income	1,238,447
Understated other financial charges	(120)
Understated other MOOE	(26,067)
Understated power supply system fees	453
Understated printing and publication expenses	(18,360)
Understated r&m-buildings and other structures	(30,000)
Understated real property taxes	(5,889,126)
Understated registration fees	87,190
Understated rent/lease income	864,000
Understated repairs and maintenance	(359,625)
Understated salaries and wages	(1,500)
Understated sales revenue	2,930,815
Understated traveling expenses-local	(52,664)
Understated taxes, duties and licenses	(13,004)
Understated water expenses	(1,756)
Understated insurance premiums	(279,162)
Understated depreciation expenses	(801,303)
Overstated repairs and maintenance	230,287
Understated office supplies expense	(86,861)
Overstated office supplies expense	3,000
Sub-total (prior period adjustments)	(37,515,564)
Balance December 31, 2021 as restated	4,530,919,220
Surplus/(Deficit) for 2022	(73,422,695)
Other adjustments	(135,673)
Balance, December 31, 2022	4,457,360,852

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

	2022	2021 (As Restated)
Net income for the period	(73,422,695)	(64,598,886)
Adjustments for non-cash items:		
Depreciation expense	64,735,658	63,524,945
Gain/loss of foreign exchange (FOREX)	(760,878)	(342,305)
Discounts and rebates	-	20,061
(Increase) decrease in investments	135,675	(345,482)
(Increase) decrease in receivables	(23,519,345)	101,050,468
(Increase) decrease in inventories	17,870,722	(17,756,349)
(Increase) decrease in other current assets	4,537,747	(16,724,202)
Increase (decrease) in financial liabilities	(23,544,733)	43,695,507
Increase (decrease) in inter-agency payables	(5,880,214)	(4,711,120)
Increase (decrease) in intra-agency payables	6,229,011	3,259,490
Increase (decrease) in deferred credits/ unearned revenue/income	(9,995,437)	(580,627)
Increase (decrease) in provisions	262,585	(78,424)
Other adjustments	3,204,610	(132,420,287)
Net cash flow provided by (used in) operating activities	(40,147,294)	(26,007,211)

24. RELATED PARTY DISCLOSURES

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operational decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The sales and purchases from related parties are made at normal market prices. Outstanding balances at the end of the year are unsecured, interest free and settlements are made through cash and offsetting of accounts. There have been no guarantees provided or received for any related parties' receivables or payables. For the years ended December 31, 2022 and 2021, the BSoP has not recorded any impairment of receivables relating to the amounts owned by related parties.

Due to related parties represent the accumulated share of the WOSM and the LCs on the registration fees collected and remitted to the NO. The total amount due to WOSM and LCs as of December 31, 2022 and 2021 are as follows:

	2022	2021 (As Restated)
Due to World Scout Bureau	27,060,532	27,060,532
Due to LCs	15,313,557	16,215,902
	42,374,089	43,276,434

The BSoP considers all employees holding director positions up to Secretary General as key management personnel. The compensation of the key management personnel of the

BSoP are as follows:

	2022	2021
Salaries and wages	7,210,957	8,337,613
Other short-term benefits	2,893,265	4,141,440
	10,104,222	12,479,053

25. SERVICE INCOME

	2022	2021
Permit fees	300,000	310,000
Registration fees	5,003,570	7,715,090
	5,303,570	8,025,090

A substantial portion of the Service Income comes from Membership Registrations undertaken by the 124 Local Councils nationwide. The membership is voluntary as approved by the Department of Education (DepEd), however, pursuant to Presidential instructions, the Department of the Interior and Local Government (DILG) supports the scouting movement and enjoins all Provincial Governors, City Mayors, Municipal Mayors, Punong Barangays and other concerned officials through undertaking the actions laid down in DILG Memorandum Circular No. 2018 -11.

The annual membership rates for scouts and scouters together with the distribution thereof, covered by BSoP-NO Memorandum Nos. 5, series of 2015; 8 and 22 series of 2016; 17 and 18 series of 2019, and 69 series of 2021 dated January 22, 2015; January 20, 2016; March 30, 2016, February 27, 2019 and October 18, 2021, respectively, issued by the BSoP-NO, are shown below:

Classification	Rate/ Year	To be Remitted to the NO			Total	LC Share
		Due to FAP*	WOSM Share	NO Share		
Scouts	P50	-	-	-	-	P50
Scouters: Unit Leaders/Assistants (ULs/AULs), Community Based ULs/AULs	P60	P5	-	P30	P35	P25
Rover Peers, Unit Committee Chairman/ Members, Institutional Committee Members, Circle Executive Committee, Circle Managers (CM) / Assistant CM, Institutional Head, Institutional Representative, District Commissioners, Municipal/District Chairman, Council Member at Large/ District Member at Large, Support Staff	P100	P5	-	P50	P55	P45
NO Staff	P200	-	-	P200	P200	-
Regional Office (RO)/Local Council (LC) Staff, Council Scout Executive (CSE), Officers-in-charge (OIC), Field Scout Executive (FSE)	P200	P5	-	P100	P105	P95
Regional Council Chairman (RCC), National Office Director (NODIR), Regional Scout Directors (RSD), Camp Managers (CMP MGRS)	P400	P5	-	P200	P205	P195
Council Chairman	P500	P5	-	P250	P255	P245
NEB Member	P1,000	P5	-	P995	P1,000	-
Institutional Charter Fee	P10	-	-	-	-	P10

*Financial Assistance Program

26. BUSINESS INCOME

This account consists the following:

	2022	2021
Sales revenue	49,725,132	4,183,292
Sales discounts and sales returns	(9,660,749)	(780,368)
Net sales –sales of scout merchandise	40,064,383	3,402,924
Sales revenue- BP Int'l Hotel Makiling	18,339,602	3,840,673
Total Sales revenue	58,403,985	7,243,597
Other Business Income:		
Rent/lease income	84,089,872	92,524,784
Waterworks system fees	524,722	572,872
Power supply system fees	11,273,435	1,848,544
Dividend income	49,887	2,311
Interest income	1,820,230	1,500,841
Share in the profit/revenue of joint venture	-	31,454,295
	156,162,131	135,147,244

Sales revenue from sale of scout merchandise pertains to the proceeds (in cash or on account), from the sale of BSoP's badges, uniforms, insignia, and any other Boy Scouts supplies and paraphernalia, being sold by the BSoP – NSS.

Sales revenue from BP International Hotel Makiling at Los Baños, Laguna pertains to the income from the food, lodging and accommodation of the hotel being managed by the JVA Harmony, Hotel Inc. per Memorandum of Agreement.

Rent/Lease income pertains to the income generated from lease of various Investment Properties of the BSoP.

27. SHARES, GRANTS AND DONATIONS

	2022	2021
Income from grants and donations in cash	-	505,489
	-	505,489

28. PERSONNEL EXPENSES

This line item consists of:

	2022	2021
Salaries and wages	26,113,024	28,829,177
Other compensation	15,728,848	18,586,609
Personnel benefit contributions	2,775,682	2,711,943
Other personnel benefits	7,928,518	7,786,531
	52,546,072	57,914,260

28.1 Salaries and Wages

	2022	2021
Salaries and wages - regular	26,113,024	28,829,177
	26,113,024	28,829,177

Salaries and wages are remunerations of employees equivalent to their basic salaries applied over their office attendance. There was no overtime pay paid to any of the BSoP's personnel. Overtime charges were compensated through Compensatory Time-Off after application of their respective Compensatory Overtime Credits.

28.2 Other Compensation

	2022	2021
Personnel economic relief allowance	2,404,406	2,610,988
Representation allowance	1,628,470	1,702,500
Transportation allowance	837,163	1,071,713
Clothing/uniform allowance	600,000	672,000
Productivity incentive allowance	485,000	530,000
Hazard pay	-	1,929,479
Longevity pay	1,817,283	1,215,125
Year-end bonus	2,176,414	2,373,511
Cash gift	503,000	530,000
Mid-year bonus	2,267,134	2,421,988
Other bonuses and allowances	3,009,978	3,529,305
	15,728,848	18,586,609

Other Compensation account is composed of both De Minimis benefits and other taxable benefits. De Minimis benefits are remunerations that are not taxable unless they exceeded the prescribed limit under BIR Revenue Regulation No. 5-2011, otherwise, it will form part of the gross taxable compensation of the employee.

28.3 Personnel Benefit Contributions

	2022	2021
Pag-IBIG contributions	121,100	120,200
PhilHealth contributions	521,229	429,805
Employees compensation insurance premiums	2,133,353	2,161,938
	2,775,682	2,711,943

Personnel Benefits Contributions are government-mandated employer's share for its employee's premiums to Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (Pag-IBIG), and Social Security System (SSS).

28.4 Other Personnel Benefits

	2022	2021
Retirement gratuity	4,343,420	4,286,775
Terminal leave benefits	1,664,562	2,291,651
Other personnel benefits	1,920,536	1,208,105
	7,928,518	7,786,531

The BSoP has a funded contributory defined benefit retirement plan covering substantially all of its regular employees. Retirement benefit costs are determined in accordance with an actuarial study. They are based on years of service rendered and the employee's final compensation prior to retirement.

29. MAINTENANCE AND OTHER OPERATING EXPENSES

The line item consists of:

	2022	2021
Traveling expenses	2,558,217	1,126,150
Training and scholarship expenses	382,640	49,589
Supplies and materials expenses	2,783,300	1,822,483
Utility expenses	20,975,136	6,192,181
Communications expenses	2,566,076	2,607,089
Awards/rewards, prizes and indemnities	933,334	825,963
Survey, research, exploration and development expenses	41,000	158,289
Professional services	14,357,469	13,479,805
General services	3,452,452	3,354,104
Repairs and maintenance	3,077,138	1,465,215
Assistance/subsidy/contribution	145,202	6,946,390
Taxes, insurance premiums and other fees	10,731,623	4,580,823
Other maintenance and operating expenses	22,192,239	45,122,841
	84,195,826	87,730,922

29.1 Travelling Expenses

	2022	2021
Traveling expenses - local	2,334,706	1,126,150
Traveling expenses - foreign	223,511	-
	2,558,217	1,126,150

Travelling Expenses are costs incurred in the transport or movement of employees, directors and delegated individuals within and outside the country. These consist of per diem, fare, lodging and other related expenses.

29.2 Training and Scholarship Expenses

	2022	2021
Training expenses	382,640	49,589
	382,640	49,589

Training and Scholarship Expenses pertain to trainings being conducted by the BSoP for the promotion of the welfare of the youth and in pursuit of its ultimate goal to empower them to become responsible citizens as they become adult. It also includes the continuous development of the BSoP staff to advance their knowledge in scouting.

29.3 Supplies and Materials Expenses

	2022	2021
Office supplies expenses	689,495	743,547
Fuel, oil and lubricants expenses	1,347,788	841,735

	2022	2021
Linens and beddings expenses	48,214	-
Semi-expendable machinery and equipment expenses	65,078	70,634
Semi-expendable furniture, fixtures and books expenses	484,937	33,204
Electrical supplies and materials expenses	91,892	108,568
Other supplies and materials expenses	55,896	24,795
	2,783,300	1,822,483

29.4 Utility Expenses

	2022	2021
Water expenses	1,191,001	894,021
Electricity expenses	19,784,135	5,298,160
	20,975,136	6,192,181

The substantial increase in electricity and water expenses is due to the consumption of BSoP's lessee at AMPI Podium- Level 3. The lessee's electric and water consumption is also billed by the BSoP for collections. Refer to Note 26 – Power Supply System Fees account.

29.5 Communication Expenses

	2022	2021
Postage and courier services	553,211	527,971
Telephone expenses	999,155	1,250,169
Internet subscription expenses	1,013,710	828,949
	2,566,076	2,607,089

29.6 Awards/Rewards, Prizes and Indemnities

	2022	2021
Awards/rewards expenses	933,334	825,963
	933,334	825,963

29.7 Survey, Research, Exploration and Development Expenses

	2022	2021
Research, exploration and development expenses	41,000	158,289
	41,000	158,289

29.8 Professional Services

	2022	2021
Legal services	600,000	600,000
Auditing services	6,000,657	4,993,166
Consultancy services	739,286	-
Other professional services	7,017,526	7,886,639
	14,357,469	13,479,805

Other professional services account is composed of salaries granted pursuant to the contract of service and job order personnel of the BSoP.

29.9 General Services

	2022	2021
Environment/sanitary services	72,746	79,500
Security services	3,280,086	3,102,997
Other general services	99,620	171,607
	3,452,452	3,354,104

29.10 Repairs and Maintenance

	2022	2021
Repairs and maintenance-buildings and other structures	972,898	738,989
Repairs and maintenance-machinery and equipment	1,573,038	291,110
Repairs and maintenance-transportation equipment	491,024	417,360
Repairs and maintenance-furniture and fixtures	-	17,756
Repairs and maintenance-semi-expendable machinery and equipment	40,178	-
	3,077,138	1,465,215

29.11 Assistance/Subsidy/Contribution

	2022	2021
Subsidy to operating units	-	-
Assistance/subsidies/contribution-others	145,202	6,946,390
	145,202	6,946,390

This account pertains to the financial assistance given to the scout or to his family in case of accident during scouting activities covering medical reimbursement for inpatient, outpatient, and accident/natural death of the scout pursuant to the revised FAP policy embodied under National Office Memorandum No. 14, series of 2016.

29.12 Taxes, Insurance Premiums and Other Fees

	2022	2021
Taxes, duties and licenses	8,457,150	2,579,792
Fidelity bond premiums	119,407	139,117
Insurance expenses	2,155,066	1,861,914
	10,731,623	4,580,823

Taxes, Duties and Licenses account is comprised of mayor's permit, community tax certificates, clearances and other local taxes.

29.13 Other Maintenance and Operating Expenses

	2022	2021
Advertising, promotional and marketing expenses	19,380	10,200
Printing and publication expenses	-	11,307
Representation expenses	331,357	222,109
Transportation and delivery expenses	19,902	38,891
Rent/lease expenses	44,643	516,068
Membership dues and contributions to organizations	1,152,200	17,439,932
Subscription expenses	982,156	-
Documentary stamps expenses	223,570	-

	2022	2021
Major events and conventions expenses	7,021,400	4,630,782
Other maintenance and operating expenses	12,397,631	22,253,552
	22,192,239	45,122,841

Membership dues and contributions to organizations account is comprised of annual membership fee to WSB, Los Baños Science Community Foundation, Inc. and annual association dues of the BSoP-owned condominium units, parking spaces, and podium at Alphaland Makati Place.

Other Maintenance and Operating expenses account include the BSoP petty operating expenses and the financial assistance grant of not more than P1 million for each LC through the Grant-In-Aid Program.

30. FINANCIAL EXPENSES

	2022	2021
Management supervision/trusteeship fees	15,813,031	3,181,637
Interest expenses	-	-
Bank charges	8,686	950
Other financial charges	2,915	(21)
	15,824,632	3,182,566

Management Supervision/Trusteeship Fees account is composed of the share of JVA Harmony Hotel, Inc. (formerly El Cielito Hotels, Inc.) in managing BP Hotel International per Memorandum of Agreement entered into between JVA Harmony, Hotel, Inc. and the BSoP.

The increase in Management Supervision/Trusteeship Fees account in CY 2022 is brought by the increase in the sales revenue of the BP International Hotel Makiling which has a direct effect on the share of the JVA Harmony Hotels Inc.

31. DIRECT COSTS

	2022	2021
Cost of sales	26,378,145	2,053,651
	26,378,145	2,053,651

32. NON-CASH EXPENSES

This account consists the following:

	2022	2021
Depreciation-investment properties	49,467,217	47,998,420
Depreciation-land improvements	1,628,792	1,785,720
Depreciation-infrastructure assets	-	-
Depreciation-buildings and other structures	8,940,616	8,643,365
Depreciation-machinery and equipment	275,262	759,116
Depreciation-transportation equipment	273,214	557,657
Depreciation-furniture, fixtures and books	333,666	11,950
Depreciation-leased assets improvements	3,697,238	3,709,839

	2022	2021
Depreciation-other property, plant and equipment	119,653	58,878
	64,735,658	63,524,945

33. OTHER NON-OPERATING INCOME

	2022	2021
Miscellaneous income	8,031,059	5,807,391
	8,031,059	5,807,391

34. GAINS

	2022	2021
Gain on foreign exchange (FOREX)	763,185	342,543
	763,185	342,543

35. LOSSES

	2022	2021
Loss on FOREX	2,307	238
	2,307	238

36. DISCOUNTS AND REBATES

	2022	2021
Rebates	-	20,061
	-	20,061

37. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

By way of RA No. 397 passed by the Philippine Congress on June 18, 1949, the BSoP was granted 6,669.0181 hectares of land in the Municipality of Laak, Compostela Valley Province. The land was placed by the Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Program of the Comprehensive Agrarian Reform Act through the voluntary offer to sell scheme and on July 12, 1993, a single title was issued to numerous beneficiaries as co-owners of the subject property. However, prior to the issuance of title, a portion consisting of 90 hectares of land was utilized by the BSoP for rubber plantation and was later on compensated for that portion. The BSoP is claiming for fair and just compensation on the remaining landholding acquired by way of RA No. 397 and filed a case against the LBP and DAR.

The DAR Adjudication Board (DARAB) Central Office rendered a decision on February 9, 2006 stating that the subject landholding is compensable and should be valued by the DAR through their Provincial Agrarian Reform Office (PARO) of Davao Del Norte and by the LBP. The DAR-PARO and the LBP filed for a motion for reconsideration which was

denied in a resolution promulgated on October 4, 2006. The BSoP has elevated the matter to the Court of Appeals (CA) and on the decision dated February 26, 2009, the CA found no compelling reason to reverse the resolution of the DARAB Central Office dated February 9, 2006. On March 26, 2009, the DAR-PARO filed for a motion for reconsideration with the CA which was denied on August 3, 2009.

On September 11, 2009, the DAR has elevated the matter to the Honorable Court by filing for a motion for extension of time to file for a petition for review on certiorari, however, in a letter dated September 18, 2009, the DAR resolved not to elevate the CA's decision and resolution dated February 26, 2009. On December 7, 2009, the Honorable Court has considered the case closed and terminated.

On October 29, 2011, the total area monetized is 2,438.9940 hectares in which the BSoP received the amount of P45.506 million. In addition, full payment for the total area monetized as of December 31, 2013 was collected with a total amount of P2.110 million. The remaining 3,776.5837 hectares are still subject to payment by the LBP and the amount of which cannot be measured reliably as at December 31, 2014.

The PARO of Compostella Valley issued to the LBP an Order to Deposit dated December 2, 2014 amounting to P19.259 million. However, there was no settlement made because the LBP deemed it proper to await the DAR's position on their letter query/clarification dated December 10, 2014 before taking action on the claim. On May 14, 2015, the DAR requested for legal opinion from the Department of Justice on various points which has yet to be issued.

By virtue of the Writ of Execution dated May 20, 2013 issued by the Honorable Maria Clarita Casuga-Tabin, Presiding Judge of Branch 4, Municipal Trial Court in Cities, Baguio City, the FMSG Realty Development Corporation was directed to pay the amount of P3.224 million with respect to the awarded damages inclusive of Attorney's Fee. On May 25, 2017, the BSoP received P3.376 million as payment for awarded damages which included its corresponding interest. Also, the BSoP was able to collect proceeds from garnishment amounting to P67,170 on June 2, 2017.

On March 19, 2008, the DepEd issued an order for the implementation of no collection of fees policy in all public elementary and secondary schools pursuant to the constitutional mandate for the provision of free public education at the elementary and secondary levels and to meet the country's target in the "Education for All Plan 2015" and the "Millennium Development Goals". The order prohibited the BSoP from collecting membership fees from school children in public schools enrolling in pre-school up to Grade IV during the enrollment period and at any time during the school year. For grade and year levels beyond Grade IV, no collection of any type should be undertaken during the enrollment period and the first month of classes. Starting on the second month of classes, contributions may be made, but only on a voluntary basis.

38. SUPPLEMENTARY INFORMATION UNDER BUREAU OF INTERNAL REVENUE (BIR) REVENUE REGULATION (RR) NO. 15-2010

The BIR RR No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended by BIR 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 and accrued during the year in addition to what is required under the IPSAS and such other standards and/or conventions.

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

38.1 Value-Added Tax

The National Internal Revenue Code of 1997 provides for the imposition of Value Added Tax (VAT) on sales of goods and services.

38.1.1 Output VAT

The BSoP's output VAT for the year ended December 31, 2022 amounted to P12.722 million.

38.1.2 Input VAT

Movement for Input VAT for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021 (As Restated)
Beginning balance	18,194,985	3,822,137
Current year's domestic purchases/payments	7,802,387	21,184,460
Adjustment	(1,921,793)	(376,438)
Total Input VAT	24,075,579	24,630,159
Less: Current year application	(14,149,772)	(6,435,174)
	9,925,807	18,194,985

In conformity with IPSAS 3, the Other Current Assets account is restated as follows:

	Amount
Unrestated amount as of December 31, 2021	18,382,715
Adjustment/recording of Input Tax	(187,730)
Restated amount as of December 31, 2021	18,194,985

38.2 All other Local and National Taxes

All other local and national taxes paid for the years ended December 31, 2022 and 2021 consist of:

	2022	2021
Permit fees	1,923,392	1,688,237
Community tax certificate	10,500	10,500
Real property taxes	6,087,006	812,942
BIR annual registration	1,500	1,500
Others	434,752	66,613
	8,457,150	2,579,792

The above local and national taxes are presented as "Taxes, Duties and Licenses" under the Maintenance and Other Operating Expenses.

38.3 Withholding Taxes

Withholding taxes paid or accrued for the year ended December 31, 2022 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	876,457	97,270	973,727
Expanded withholding tax	1,222,438	154,705	1,377,143
VAT and other percentage taxes withheld	3,008,568	525,345	3,533,913
	5,107,463	777,320	5,884,783

39. SUPPLEMENTARY INFORMATION UNDER BIR RR NO. 19-2011

The BIR RR No. 19-2011 that prescribes the use of new income tax forms starting in Calendar Year (CY) 2011 became effective on December 9, 2011. Companies are now required to include, as part of the notes to financial statements, the schedules and information on taxable income and deductions.

Below is the additional information required by BIR RR No. 19-2011. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

39.1 Sales/Revenue/Receipts/Fee

The BSoP's taxable and exempt revenues, fees, sales or fees for the year ended December 31, 2022 are as follows:

	Taxable	Tax Exempt	Total
Service revenue	-	5,303,570	5,303,570
Business income	156,162,131	-	156,162,131
Gain on Foreign Exchange	763,185	-	763,185
Miscellaneous Income	8,031,059	-	8,031,059
	164,956,375	5,303,570	170,259,945

39.2 Cost of Sales/Services

The BSoP has deductible cost of goods sold or services amounting to P26.378 million for the year ended December 31, 2022.

39.3 Deductible Operating Expenses

Details of Deductible Operating Expenses are as follows:

Account	Per Financial Statement
Salaries and wages	26,113,024
Other compensation	15,728,848
Personnel benefit contributions	2,775,682
Other personnel benefits	7,928,518

Account	Per Financial Statement
Travelling expenses	2,558,217
Training and scholarship expenses	382,640
Supplies and materials expenses	2,783,300
Utility expenses	20,975,136
Communication expenses	2,566,076
Awards/rewards, prizes and indemnities	933,334
Survey, research, exploration and development expenses	41,000
Professional services	14,357,469
General services	3,452,452
Repairs and maintenance	3,077,138
Assistance/Subsidy/Contribution	145,202
Taxes, insurance premiums and other fees	10,731,623
Other maintenance and operating expenses	22,192,239
Financial expenses	15,824,632
Depreciation	64,735,658
	217,302,188

39.4 Tax Cases

On October 26, 2018, the BSoP received a Final Demand Letter (FLD)/Final Assessment Notice (FAN) on Deficiency Tax for the year ending December 31, 2015 from the BIR.

Deficiency Tax Assessment

Under the FAN, BSoP is being assessed for alleged deficiency on Income Tax, VAT, and Expanded Withholding Tax.

Last September 18, 2020, an Appeal on the denial of protest to the FLD/FAN was submitted to the Office of the Commissioner of BIR. Thereafter, the Revenue Regional Director of BIR Region 6 through the Revenue District Officer of Revenue District Office (RDO) No. 33 was also furnished with a copy of the Appeal on the Denial of the Protest to the FLD for Deficiency Tax Ending December 31, 2015.

Subsequently, on December 18, 2020, a reply on the Appeal on the Denial of Protest Letter was received from the BIR RDO No. 33 recommending the cancellation of the alleged deficiency on Income Tax and on VAT.

Status of Unsettled Audit Suspensions and Disallowances As of December 31, 2022

I. Notices of Suspensions (NS)

NS No. / Date	Persons Responsible	Nature of Suspension	Amount	Status
BSoP - National Office				
NS No. 2020-019(NO) 09/11/2020	Payee, Acting Director - Field Operations Division, Accountant, Secretary General	Cash prize during the 2019 Search for ten Outstanding Boy Scouts of the Philippines (TOBs)	P25,000	The Notice of Settlement of Suspension/ Disallowance/ Charge (NSSDC) was issued on June 30, 2023.
NS No. 2020-018(NO) 09/11/2020	Payee, Acting Director - Field Operations Division, Accountant, Secretary General	Cash prize during the 2019 Search for ten Outstanding Boy Scouts of the Philippines (TOBs)	25,000	Documents were submitted but still inadequate per validation.
Sub-total			50,000	
BSoP - Manila City Local Council				
NS No. 22-001(2019-2020) MC 10/14/2022	Payee/Council Executive, Council Auditor, Council Treasurer, Council Chairmen	Scout Monthly allowance of the Council Scout Executive for the period February 2019 – September 2020	20,000	
NS No. 22-002(2020) MC 10/14/2022	Council Treasurer, Bookkeeper/Payee	Salaries of various employees for the period April 2020	76,976	
NS No. 22-003(2020) MC 10/14/2022	Payee/Council Executive, Council Auditor, Council Treasurer, Council Chairman	Scout Salaries of employees for the period February 1 – May 15, 2019	262,609	
NS No. 22-004(2020) MC 10/14/2022	Payee, Council Executive, Council Treasurer	Scout Salaries of probationary employees for the period April 1 – 15, 2019	5,500	
NS No. 22-005(2020) MC 10/14/2022	Payee/Council Executive, Council Auditor, Council Treasurer, Council Chairman	Scout Salaries of a Contract of Service employee for the period February – March 2019	12,000	
NS No. 22-006(2020) MC 10/14/2022	Payee, Council Treasurer, Council Chairmen,	Scout Salaries of a Contract of Service employee for the period February –	48,000	

NS No. / Date	Persons Responsible	Nature of Suspension	Amount	Status
		March 2020 and May – October 2020		
		Sub-total	425,085	
BSoP - Makati City Local Council				
NS No.22-001(2018-2019) MCLC 01/25/2022	1 st Vice Chairman, OIC-Council Scout Executive, Council Treasurer, Council Auditor, Payee	Disbursements representing registration fees, travel expenses, and scouting activities	1,303,850	The NSSDC for the P754,187 was issued on June 30, 2023 while Notice of Disallowance (ND) Nos. 23-001 (2018-2019 and 23-002 (2018-2019) were both issued on March 17, 2023 amounting to P457,763 and P1,250, respectively. The validation of the documents to support the remaining P90,650 is still on-going.
BSoP - City of Mandaluyong Local Council				
NS No. 22-001 (2019) (CMLC) 08/05/2022	Council Scout Executive, Payee	Food expenses during the Pre-Jamboree JFMS and Patrol/Crew Leader Training Course (PLTC/CLTC)	20,000	Validation of the submitted documents is still on-going.
NS No. 22-002 (2020) (CMLC) 08/05/2022	Council Scout Executive, Payee	Payment of food and transportation during the JOTA-JOTI and Donning of ATC graduates on October 17-18, 2020	13,970	-do-
NS No. 22-003 (2019) (CMLC) 08/05/2022	Council Scout Executive, Payee	Transportation expenses for the period August and December 2019	2,532	-do-
NS No. 22-004 (2019) (CMLC) 08/05/2022	Council Scout Executive, Payee	Payment of food and drinks during the Commissioners' Meeting and donation to flood victims in Ormoc City	11,445	-do-
NS No. 22-005 (2019) (CMLC) 08/05/2022	Council Scout Executive, Payee	Payment of food during the Basic Training Course (BTC) on September 13 – 15, 2019	7,480	-do-
NS No. 22-006 (2019 - 2020) (CMLC) 08/05/2022	Council Scout Executive, Payee	Telephone expenses	50,400	-do-

NS No. / Date	Persons Responsible			Nature of Suspension	Amount	Status
NS No. 22-007 (2020) (CMLC) 08/05/2022	Council Payee	Scout	Executive,	Expenses during the Relief Operation "Oplan Rolly" at Cabuyao Laguna on November 20, 2020	20,966	-do-
NS No. 22-008 (2019) (CMLC) 08/05/2022	Council Payee	Scout	Executive,	Expenses during the 60 th Annual Scout Executive Conference (ANSEC)	16,000	-do-
NS No. 22-009 (2019) (CMLC) 08/05/2022	Council Payee	Scout	Executive,	Expenses incurred during the Scout Memorial Day and JOTA-JOTI	32,857	-do-
NS No. 22-010 (2019) (CMLC) 08/05/2022	Council Executive/Payee		Scout	Payment of materials and labor for the construction of eight pieces of cabinets	58,817	-do-
NS No. 22-011 (2019) (CMLC) 08/05/2022	Council Payee	Scout	Executive,	Expenses during the 17 th National Jamboree at Botolan, Zambales	109,731	-do-
Sub-total					344,198	
BSoP- Quezon City Local Council						
NS No. 22-001 (2019) (QCLC) 08/23/2022	Council Council Assistance Chairman, Payee	Scout	Executive, Treasurer, Auditor, Vice	Expenses incurred during the International Ski Camp at Seoul, South Korea on January 11-17, 2020	336,000	
NS No. 22-002 (2019) (QCLC) 08/23/2022	Council Council Assistance Chairman, Payee	Scout	Executive, Treasurer, Auditor, Vice	Expenses incurred during the International Ski Camp at Seoul, South Korea on January 11-17, 2020	360,000	
NS No. 22-003 (2019) (QCLC) 09/06/2022	Council Council Assistance Chairman, Payees	Scout	Executive, Treasurer, Auditor, Vice	Expenses incurred during the 60 th Annual National Scout Executives Conference at Ormoc City on November 5 – 8, 2019	255,000	
Sub-total					951,000	
Grand total					P3,074,133	

II. Notices of Disallowance (ND)

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
BSoP - National Office				
ND No. 22- 001 (2019) 02/07/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	Honoraria granted during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	P 5,000	Under Appeal to the OCD.
ND No. 22-002 (2019) 02/07/2022	-do-	-do-	35,000	Under Appeal to the OCD.
ND No. 22-003 (2019) 02/07/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-004 (2019) 02/07/2022	-do-	-do-	15,000	Under Appeal to the OCD.
ND No. 22-005 (2019) 02/07/2022	-do-	-do-	35,000	Under Appeal to the OCD.
ND No. 22-006 (2019) 02/07/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-007 (2019) 02/07/2022	-do-	-do-	35,000	Under Appeal to the OCD.
ND No. 22-008 (2019) 02/07/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-009 (2019)	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-010 (2019) 02/07/2022	-do-	-do-	25,000	Under Appeal to the OCD.
ND No. 22-011 (2019) 02/08/2022	-do-	-do-	25,000	Under Appeal to the OCD.
ND No. 22-012 (2019) 02/08/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-013 (2019)	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-014 (2019) 02/08/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-015 (2019) 02/08/2022	-do-	-do-	35,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-016 (2019) 02/08/2022	-do-	Honoraria granted during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	3,000	Under Appeal to the OCD.
ND No. 22-017 (2019) 02/08/2022	-do-	-do-	3,000	Under Appeal to the OCD.
ND No. 22-018 (2019) 02/08/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-019 (2019) 02/08/2022	-do-	-do-	35,000	Under Appeal to the OCD.
ND No. 22-020 (2019) 02/08/2022	Director for Field Operations Division, Accountant, Director for Finance Division, Members of the National Executive Board, Payee	-do-	25,000	Under Appeal to the OCD.
ND No. 22-021 (2019) 03/10/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-022 (2019) 03/10/2022	Director for Field Operations Division, OIC – Office of the FOD, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-023 (2019) 03/10/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	25,000	Under Appeal to the OCD.
ND No. 22-024 (2019) 03/10/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-025 (2019) 03/10/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	18,000	Under Appeal to the OCD.
ND No. 22-026 (2019) 03/10/2022	-do-	-do-	15,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-027 (2019) 03/10/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General Members of the National Executive Board, Payee	Honoraria granted during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	3,000	Under Appeal to the OCD.
ND No. 22-028 (2019) 03/10/2022	-do-	-do-	3,000	Under Appeal to the OCD.
ND No. 22-029 (2019) 03/10/2022	Director for Field Operations Division, OIC – Office of the FOD, Accountant, Secretary General, Director for Administration, OIC- Office of the Secretary General Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-030 (2019) 03/11/2022	Acting Director for Field Operations Division, OIC – Office of the Acting Director for FOD, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-031 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	35,000	Under Appeal to the OCD.
ND No. 22-032 (2019) 03/10/2022 03/11/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-033 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-034 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Director for Finance Division, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-035 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-036 (2019)	Director for Field Operations Division, Accountant,	Honoraria granted during the	35,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
03/11/2022	Director for Finance Division, Secretary General, Members of the National Executive Board, Payee	implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)		
ND No. 22-037 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-038 (2019) 03/11/2022	-do-	-do-	9,000	Under Appeal to the OCD.
ND No. 22-039 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Director for Finance Division, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-040 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-041 (2019) 03/11/2022	Director for Field Operations Division, Field Services Executive, OIC-Office of the FOD, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	35,000	Under Appeal to the OCD.
ND No. 22-042 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	25,000	Under Appeal to the OCD.
ND No. 22-043 (2019) 03/11/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-044 (2019) 03/11/2022	-do-	-do-	3,000	Under Appeal to the OCD.
ND No. 22-045 (2019) 03/11/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-046 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Director for Finance Division, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-047 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Secretary General,	Honoraria granted during the implementation of	21,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
	Members of the National Executive Board, Payee	BsoP Membership Campaign (SMGCP) Scout Growth Program		
ND No. 22-048 (2019) 03/11/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-049 (2019) 03/11/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-050 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Field Services Executive, OIC- Office of the FOD, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-051 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-052 (2019) 03/11/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-053 (2019) 03/11/2022	-do-	-do-	15,000	Under Appeal to the OCD.
ND No. 22-054 (2019) 03/11/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-055 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-056 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-057 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Director for Administration, OIC- Office of the Secretary General, Members of the	Honoraria granted during the implementation of BsoP Scout Membership Growth	15,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
	National Executive Board, Payee	Campaign Program (SMGCP)		
ND No. 22-058 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	35,000	Under Appeal to the OCD.
ND No. 22-059 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Director for Administration, OIC-Office of the Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-060 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Finance, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-061 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-062 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Finance, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-063 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-064 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Finance, Secretary General, Members of the National Executive Board, Payee	-do-	35,000	Under Appeal to the OCD.
ND No. 22-065 (2019) 03/14/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-066 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-067 (2019) 03/14/2022	-do-	Honoraria granted during the implementation of	21,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
		BsoP Membership Campaign (SMGCP) Scout Growth Program		
ND No. 22-068 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Field Services Executive, OIC-Office of the FOD, Secretary General, Members of the National Executive Board, Payee	-do-	9,000	Under Appeal to the OCD.
ND No. 22-069 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	3,000	Under Appeal to the OCD.
ND No. 22-070 (2019) 03/14/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-071 (2019) 03/14/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-072 (2019) 03/14/2022	-do-	-do-	35,000	Under Appeal to the OCD.
ND No. 22-073 (2019) 03/14/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-074 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Finance, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-075 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Director for Administration, OIC-Office of the Secretary General, Members of the National Executive Board, Payee	-do-	9,000	Under Appeal to the OCD.
ND No. 22-076 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-077 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Finance, Secretary General, Members of the National Executive Board, Payee	Honoraria granted during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	9,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-078 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-079 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-080 (2019) 03/14/2022	-do-	-do-	3,000	Under Appeal to the OCD.
ND No. 22-081 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payees	-do-	35,000	Under Appeal to the OCD.
ND No. 22-082 (2019) 03/14/2022	-do-	-do-	35,000	Under Appeal to the OCD.
ND No. 22-083 (2019) 03/14/2022	-do-	-do-	15,000	Under Appeal to the OCD.
ND No. 22-084 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Finance, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-085 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	3,000	Under Appeal to the OCD.
ND No. 22-086 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-087 (2019) 03/14/2022	-do-	-do-	21,000	Under Appeal to the OCD.
ND No. 22-088 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-089 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Director for Finance, Members of the National Executive Board, Payee	Honoraria granted during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	15,000	Under Appeal to the OCD.
ND No. 22-090 (2019) 03/14/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-091 (2019) 03/15/2022	-do-	-do-	5,000	Under Appeal to the OCD.
ND No. 22-092 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Field Services Executive, OIC- Office of the FOD, Secretary General, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-093 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Director for Administration, OIC- Office of the Secretary General, Members of the National Executive Board, Payee	-do-	3,000	Under Appeal to the OCD.
ND No. 22-094 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-095 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-096 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Director for Finance Division, Members of the National Executive Board, Payee	-do-	21,000	Under Appeal to the OCD.
ND No. 22-097 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Director for Finance Division, Members of the National Executive Board, Payee	-do-	25,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-098 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Director of Administration – Office of the SG, Members of the National Executive Board, Payee	Honoraria granted during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	21,000	Under Appeal to the OCD.
ND No. 22-099 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	25,000	Under Appeal to the OCD.
ND No. 22-100 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-101 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Director of Administration – Office of the SG, Members of the National Executive Board, Payee	-do-	5,000	Under Appeal to the OCD.
ND No. 22-102 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	15,000	Under Appeal to the OCD.
ND No. 22-103 (2019) 03/15/2022	Director for Field Operations Division, Accountant, Secretary General, Director of Administration – Office of the SG, Members of the National Executive Board, Payee	-do-	35,000	Under Appeal to the OCD.
ND No. 22-104 (2019) 03/15/2022	Director for Field Operations Division, Field Service Executive-OIC-FOD, Accountant, Secretary General, Members of the National Executive Board, Payee	-do-	35,000	Under Appeal to the OCD.
ND No. 22-105 (2019) 03/15/2022	Director for Field Operations Division, Field Service Executive-OIC-FOD, Accountant, Secretary General, Director of Administration – Office of the SG, Members of the National Executive Board, Payee	-do-	35,000	Under Appeal to the OCD.
ND No. 22-106 (2019) 03/15/2022	-do-	-do-	25,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-107 (2019) 03/15/2022	Director for Field Operations Division, Field Service Executive-OIC-FOD, Accountant, Secretary General, Director of Administration – Office of the SG, Members of the National Executive Board, Payee	Honoraria granted during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	15,000	Under Appeal to the OCD.
ND No. 22-108 (2020) 04/01/ 2022	Regional Scout Director, Director for Field Operations Division, Accountant, Secretary General, Members of the National Executive Board, Payees	Honoraria granted to the Council Scout Executives , Field Scout Executives, Council Staff and Registration Officers of various Local Councils in National Capital Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	224,000	Under Appeal to the OCD.
ND No. 22-109 (2020) 04/04/ 2022	Regional Scout Director, Director for Field Operations Division, Accountant, Secretary General, National President, Members of the National Executive Board, Payees	Honoraria granted to the Council Scout Executives , Field Scout Executives, Council Staff and Registration Officers of various Local Councils in Ilocos Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	94,000	Under Appeal to the OCD.
ND No. 22-110(2020) 04/05/ 2022	Regional Scout Director, Director for Field Operations Division, Accountant, Secretary General, National President, Members of the National Executive Board, Payees	Honoraria granted to the Council Scout Executives , Field Scout Executives, Council Staff and Registration Officers of various Local Councils in Eastern and Western Visayas Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	544,000	Under Appeal to the OCD.
ND No. 22-111(2020) 04/07/ 2022	OIC-Regional Scout Director, Director for Field Operations Division,	Honoraria granted to the Council Scout Executives , Field	340,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-112(2020) 04/11/ 2022	Accountant, Secretary General, National President, Members of the National Executive Board, Payees Regional Scout Director, Director for Field Operations Division, Accountant, Secretary General, National President, Members of the National Executive Board, Payees	Scout Executives, Council Staff and Registration Officers of various Local Councils in Central Luzon Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP) Honoraria granted to the Council Scout Executives , Field Scout Executives, Council Staff and Registration Officers of various Local Councils in Northeastern Luzon Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	284,000	Under Appeal to the OCD.
ND No. 22-113(2020) 04/11/ 2022	Regional Scout Director, Director for Field Operations Division, Regional Field Scout Executive, Accountant, Secretary general, National President, Members of the National Executive Board, Payees	Honoraria granted to the Council Scout Executives , Field Scout Executives, Council Staff and Registration Officers of various Local Councils in Southern Tagalog Region and Bicol Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	764,000	Under Appeal to the OCD.
ND No. 22-114(2020) 04/12/ 2022	Regional Scout Director, Director for Field Operations Division, Regional Field Scout Executive, Accountant, Secretary general, National President, Members of the National Executive Board, Payees	Honoraria granted to the Council Scout Executives , Field Scout Executives, Council Staff and Registration Officers of various Local Councils in Eastern Mindanao Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	350,000	Under Appeal to the OCD.

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
ND No. 22-115(2020) 04/12/ 2022	OIC-Regional Scout Director, Director for Field Operations Division, Accountant, Secretary general, National President, Members of the National Executive Board, Payees	Honoraria granted to the Council Scout Executives , Field Scout Executives, Council Staff and Registration Officers of various Local Councils in Western Mindanao Region during the implementation of BsoP Scout Membership Growth Campaign Program (SMGCP)	256,000	Under Appeal to the OCD.
ND No. 21001(NO) (2020) 08/27/2021	Various Payees	Unauthorized payment of Meal and Transportation Allowances to BSoP regular employees.	813,400	The NSSDC was issued on June 30, 2023.
ND No. 21002(NO) (2020) 08/27/2021	Various Payees	Unauthorized payment of Meal and Transportation Allowances to BSoP Contract of Service/Job Order employees.	567,300	-do-
ND No. 2019-001 (NO) 5/6/2019	Former Acting Director for Economic Enterprise, former Acting Director for Finance, Secretary General, Director for Administration, former National Treasurer, former Acting Accountant-Disbursement, former Senior Bookkeeper, former Accounting Clerk and Former Acting Budget Officer	Unauthorized increase in the salaries of two Senior Management Officials for the months of March and May of CY 2019.	64,826	The liable persons were no longer in service in the BSoP, however, the amount disallowed will be deducted from their receivables from the BSoP according to the accountant. For validation.
Sub-total			6,143,526	
BSoP - City of Mandaluyong Local Council				
ND No. 22-001(2019)(CMLC)	Council Scout Executive, Payee/Local Council Board Members	Registration Fees of the Local Council Board Members	7,100	
BSoP - Caloocan City Local Council				
ND No. 2018-001- (LC) 10/5/2018	Assistant Treasurer	Incomplete submission of supporting documents for various transactions of BSoP – Caloocan City Local Council.	21,921	The liable person filed an appeal Memorandum to Commission on Audit with motion for exclusion

ND No. / Date	Persons Liable	Nature of Disallowance	Amount	Status
				from liability on April 11, 2019.
ND No. 2019-001- (LC) 2/4/2018	Assistant Treasurer	Issued in placed of the unsettled amount of NS No. 2018-001-(LC)	32,783	The liable person filed an appeal Memorandum to COA with motion for exclusion from liability on April 11, 2019.
Sub-total			54,704	
Grand total			P6,205,330	