

**NATIONAL ELECTRIFICATION ADMINISTRATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

1. GENERAL INFORMATION/ENTITY PROFILE

The National Electrification Administration (NEA) was originally created as a national government agency by virtue of Republic Act (RA) Nos. 2717 and 6038 dated June 19, 1960 and August 4, 1969, respectively. It existed as such for a period of more than 10 years. On August 6, 1973, Presidential Decree (PD) No. 269 was issued, converting NEA into a Government-Owned and/or Controlled Corporation (GOCC) with an authorized capital stock of P1 billion and declaring a national policy objective for the total electrification of the Philippines on an area coverage basis and the organization, promotion and development of viable rural Electric Cooperatives (ECs) to attain the said objective. Moreover, NEA is geared towards the uplifting of the standard of living in rural areas through the service of electricity. PD No. 1370, issued on May 2, 1978, increased NEA's capital stock to P2 billion.

On October 8, 1979, PD No. 1645 amended certain provisions in PD Nos. 269 and 1370 which raised NEA's authorized capital stock to P5 billion and expanded its functions to include the development of mini-hydro and dendro-thermal projects.

On June 8, 2001, RA No. 9136 or better known as the "Electric Power Industry Reform Act (EPIRA) of 2001" was enacted. Section 58 of the said law gave NEA an additional mandate as follows:

- 1.1. To prepare the ECs in operating and competing under the deregulated electricity market within five years from the effectivity of the act;
- 1.2. To strengthen the technical capability and financial viability of rural ECs; and
- 1.3. To review and upgrade regulatory policies with a view to enhancing the viability of the ECs as electric utilities.

The EPIRA increased NEA's authorized capital from P5 billion to P15 billion. However, no additional infusion was received from the National Government (NG). Administrative Order (AO) No. 112 dated December 7, 2004 directed the NEA to take full and sole authority and responsibility in the conversion of ECs into stock cooperatives. Pursuant to the AO, the NEA Board of Administrators promulgated the Guidelines in the Conduct of ECs Referendum (GCECR) to convert into either stock cooperative under the Cooperative Development Authority (CDA) or stock corporation under the Securities and Exchange Commission (SEC).

On September 2, 2005, Memorandum Order (MO) No. 187 was issued by the Office of the President setting the guidelines on the conversion of ECs. In compliance with the MO, the NEA Board of Administrators, in its Resolution No. 116 dated October 5, 2005, approved the amendment to the NEA GCECR.

On May 7, 2013, RA No. 10531, better known as the "National Electrification

Administration Reform Act of 2013”, was signed into law which aims to:

- a. Promote the sustainable development in rural areas through rural electrification;
- b. Empower and strengthen NEA to pursue the electrification program and bring electricity through the ECs as its implementing arm to the countryside and economically unviable areas; and
- c. Empower and enable ECs to cope with the changes brought about by the restructuring of the electric power industry pursuant to RA 9136.

RA No. 10531 further increased NEA’s authorized capital from P15 billion to P25 billion. However, as of December 31, 2019, the NG has made no additional subscription.

From April 1, 2000 to present, NEA’s registered address and principal place of business is No. 57 NEA Building, NIA Road, Government Center, Barangay Pinyahan, Diliman, Quezon City 1100.

The financial statements of NEA were approved and authorized for issue by the Board of Administrators on March 8, 2022 as shown in the Statement of Management’s Responsibility for Financial Statements.

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

The financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) which were prescribed by the Commission on Audit (COA) through COA Resolution No. 2014-003 dated January 24, 2014, COA Resolution No. 2017-006 dated April 26, 2017 and COA Resolution No. 2020-001 dated January 09, 2020. IPSASs consist of individual IPSASs and the accompanying Philippine Application Guidance (PAG) issued by COA.

The accounting policies are consistently applied throughout the year presented.

The financial statements are prepared based on historical cost, unless stated otherwise.

The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in Philippine Peso (P), which is also the country’s functional currency.

Amounts are rounded off to the nearest peso unless otherwise presented in the report.

The preparation of financial statements in compliance with adopted IPSASs requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Notes 6, 7, 8 and 9.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of accounting*

The financial statements are prepared on an accrual basis in accordance with IPSASs.

Since March 31, 2005, NEA has continuously used the Electronic New Government Accounting System (e-NGAS), an Accounting System developed by the COA.

3.2 *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.

In order to maximize interest income on deposits while funds are yet to be relented to the different ECs, these are temporarily placed in banks that offer the highest interest rate.

3.3 *Receivables*

Receivables which are expected to be realized within the normal operating cycle or one fiscal year are initially recognized at face value and subsequently measured at its net realizable value and classified as current assets in the statement of financial position. However, receivables beyond one year are classified as non-current assets.

An Allowance for Impairment Loss is provided at a rate of one percent (1%) of the estimated uncollectible receivables.

3.4 *Inventories*

Inventory is measured at cost upon initial recognition. To the extent that inventory is received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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

Inventory is recognized as expense when deployed for utilization or consumption in the ordinary course of operations of NEA.

Further, since the adaption of the e-NGAS in 2005, Office Supplies Inventory is generated by the system and is automatically computed based on weighted average cost of the items.

3.5 Property, Plant and Equipment

a. Recognition

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- i. tangible items;
- ii. held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- iii. 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 P15,000.00.

b. 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, its cost is its fair value as at recognition date.

Cost includes the following:

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

c. Measurement after recognition

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

When significant parts of PPE are required to be replaced at intervals, the NEA 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.

d. 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 management.

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

ii. Depreciation method

The straight-line method of depreciation is adopted.

iii. Estimated useful life

The NEA uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA, as shown below:

Assets	Estimated Useful Life (In Years)
Buildings	30
Land Improvements	10
Furniture and Fixtures	10
Communication Equipment	10
Motor Vehicles	7
Office Equipment	5
IT Equipment and Software	5
Technical Equipment	5
Other Machinery and Equipment	5

iv. Residual value

The NEA uses a residual value equivalent to ten percent of the cost of the PPE.

e. Derecognition

The NEA 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. The difference between the net disposal proceeds and the carrying amount of the asset is treated as gain or loss when the asset is derecognized.

3.6 Foreign Currency Transactions

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

At each reporting date:

- a. Foreign currency monetary items are translated using the closing rate;
- b. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- c. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items, or 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.

3.7 Income and Expenses

Income includes both revenues and gains. Revenue arises in the course of the ordinary activities of the agency while gains include those arising on the disposal of non-current assets.

Income is recognized when earned or collected. It is measured at fair value of the consideration received or still collectible in the future. Interest income on overdue accounts is recognized only upon receipt of actual payment or when arrangements are formalized for its renewal, extension or restructuring.

Donations in cash or in kind are recognized as income upon receipt.

Expenses are recognized upon receipt of goods or utilization of services.

3.8 Budget Information

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

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared and presented showing the original and final budget and the actual amounts. Disclosures in the Notes to Financial Statements serve as explanation of the reasons for material differences between the budget and actual amounts. (See also Note No. 26)

4. PRIOR PERIOD ADJUSTMENTS

The details of the account are as follows:

Particulars	2021	2020
Adjustment on Subsidy	62,795,861	28,509,621
Subsidiary Ledger Adjustment	0	651,019
Adjustment on Interest Income on Deposits	5,733,763	2,070,230
Other Prior Year's Expenses	24,470,388	7,552,116
GSIS All-Risk Insurance	882,645	899,850
Conversion of Advances by NG into Subsidy	0	10,869,482,000
Reclassification- Other Payables	0	78,570,127
Interest on Rural Electrification (RE) Loans	0	58,881,560
Other Prior Year's Adjustment	138,000	33,869,427
Adjustment on the provision of impairment loss	0	32,755,235
Sub-Total	94,020,657	11,113,241,185
Remittance of Unutilized Subsidy "Bayanihan to Heal as One Act" (RA 11469)	0	(1,261,050,000)
Remittance of Unutilized Subsidy per AO No. 41 s. 2021 and DBM NBC No. 586	(41,393,300)	0
Adjustment on Tax	(6,280,137)	0
Adjustment on Government Equity	0	(177,560,560)
Adjustment on Allowance for Impairment Loss	(4,908,801)	
Subsidiary Ledger Adjustment	(1,344,415)	(4,242,976)
Adjustment on Payables	(326,617)	0
Adjustment on Property, Plant and Equipment	(154,026)	(26,326)
Sub-Total	(54,407,296)	(1,442,879,862)
Total	39,613,361	9,670,361,323

As a result, there was a P24.508 million net addition to the 2021 beginning balance of Retained Earnings. This was mainly due to the net effect of the subsidiary ledger adjustments made in NEA's books of accounts and remittance of unutilized subsidy to the NG amounting to P41.393 million in compliance with Administrative Order No. 41 s. 2021 "Directing All Agencies of the Executive Department to Identify Savings from Their Respective Appropriations under the General Appropriations Act (GAA) for Fiscal Year 2020, for Consideration in the Augmentation of Deficiencies in Items of Appropriations

Therein, In View Of The Coronavirus Disease 2019 (COVID-19) Pandemic” and DBM NBC No. 586.

5. CASH AND CASH EQUIVALENTS

Breakdown of this account is as follows:

Particulars	2021	2020
<i>Cash on Hand</i>		
Cash – Collecting Officers	0	307,118
Petty Cash Fund	49,954	90,265
Sub-Total	49,954	397,383
<i>Cash in Bank</i>		
Local Currency - Current Account	2,036,347,520	2,874,604,514
Local Currency - Savings Account	341,645,903	432,678,412
Foreign Currency - Savings Account	897,038	848,017
Sub-Total	2,378,890,461	3,308,130,943
<i>Cash Equivalents</i>		
Special Savings Deposits	631,526,231	546,040,490
Foreign Currency - Time Deposit	7,737,596	7,313,876
Sub-Total	639,263,827	553,354,366
Total	3,018,204,242	3,861,882,692

Cash on Hand represents Petty Cash Fund and undeposited collections of Cash – Collecting Officers as a result of the Imprest System where daily receipts on collections are deposited intact on the next banking day.

Local Currency – Current Account – consists of funds to finance the day to day operational expenses of the Agency and for loans to be granted to ECs. This account also includes subsidy receipts from the NG for the Sitio Electrification Project (SEP), Barangay Line Enhancement Project (BLEP), Yolanda Resettlement and Rehabilitation Plan (YRRP), Modular Generating Sets (GenSet), Quick Response Fund (QRF), EC Emergency and Response Fund (ECERF), EU ASEP and EC Trust Fund.

Local Currency – Savings Account consists of accounts maintained with the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), and Philippine Veterans Bank (PVB), mostly for loans to be granted to ECs and for operational expenditures of the agency.

Foreign Currency – Savings Account consists of LBP Dollar Account - NEA Invitation for Bid (IFB) 80 Bid Fund.

Cash Equivalents include Special Savings Deposits (SSD) and Foreign Currency – Time Deposit. SSD account refers to High yield Peso fixed term deposit accounts while Foreign Currency – Time Deposit pertains to Special Max US TD-IFB 72 Bid Documents both maintained with DBP.

6. RECEIVABLES

This account is broken down as follows:

Particulars	2021	2020
Current Receivables		
Loans Receivables	1,968,181,691	1,929,919,509
Other Receivables	3,123,162,225	2,804,026,821
Sub-Total	5,091,343,916	4,733,946,330
Non-Current Receivables		
Loans Receivables	9,064,520,998	9,676,202,752
Sub-Total	9,064,520,998	9,676,202,752
Total	14,155,864,914	14,410,149,082

6.1 Loans Receivables (Current)

This account represents the portion of long-term loans receivables due within one year as follows:

Particulars	2021	2020
Loans Receivable - Power Sector Assets and Liabilities Management Corporation (PSALM)	2,155,490,219	2,155,490,219
Loans Receivable – EC	247,521,296	205,841,607
Loans Receivable - Nueva Ecija II Electric Cooperative, Inc. (NEECO II)	18,183,818	16,941,623
Matured Loans Receivable - Others	13,098,087	13,098,087
Loans Receivable - Municipal System	4,586,174	4,586,174
Total Loans Receivables	2,438,879,594	2,395,957,710
Less: Allowance for Impairment Loss	(470,697,903)	(466,038,201)
Net Loans Receivables	1,968,181,691	1,929,919,509

Loans Receivable - PSALM are unpaid balance of the total ECs loans assumed by PSALM by virtue of RA No. 9136.

The RA provides that all outstanding financial obligations of the ECs to NEA and other government agencies incurred for the purpose of financing rural electrification programs shall be assumed by PSALM in accordance with the program approved by the President of the Philippines.

On August 28, 2002, Executive Order (EO) No. 119 was issued by then President Gloria Macapagal-Arroyo to provide for a restructuring program for ECs. Under Section 5 of said EO, the assumption by PSALM of the rural electrification (RE) loans shall be effective only upon compliance with enumerated terms and conditions, which include among others, the approval by the Energy Regulatory Commission (ERC) of the reduction of EC rates commensurate with the resulting savings due to removal of the amortization payment on the RE loan.

On October 11, 2002, the ERC issued the "Guidelines for the Implementation of the Reduction in Rates of the EC Due to the Condonation of the Debt" and its amendments took effect on November 15, 2002. The reduction in rates referred to in EO 119 took effect on various dates from March 2003 up to January 2004 upon the issuance by the ERC of the Provisional Authority (PA) for each EC.

On October 3, 2003, NEA and PSALM Corporation entered into a Memorandum of Agreement (MOA) to lay down the operational legal framework upon which the financial obligations of ECs to NEA shall be lawfully assumed by PSALM. The assumed loans shall be paid for the period of 10 years without any interest thereon.

On September 2, 2005, EO No. 460 amending EO No. 119 was issued by then President Gloria Macapagal-Arroyo retroacting the assumption of the RE loans by PSALM to the effectivity of the EPIRA. However, on May 9, 2007, EO No. 622 was issued repealing EO No. 460 and reinstating the provision in the EO No. 119 that the effectivity of the assumption of RE Loans by PSALM shall be upon approval by the ERC of the reduction in the EC rates commensurate with the resulting savings due to the removal of the amortizations payments on RE loans or upon issuance by the ERC of PAs to reduce rates to each and every EC.

From June 27, 2001 until the issuance of PAs to reduce rates beginning March 2003 to January 2004 by the ERC, NEA continued to accrue and collect from all ECs loan amortizations due as provided in Section 6, Rule 31, IRR of EPIRA which states that "Nothing in this Rule, however, shall mean that ECs are not obliged to pay the NEA with respect to all financial obligations assumed by PSALM, if the amortization cost component of the ECs' tariff is still collected from the consumers." These collections were being contested by the PSALM and claimed that collections made before the ERC issuance of PA to reduced rate were part of the assumed loans.

The dormant account started in 2014 due to PSALM's refusal to pay because of the differences in the interpretation of the effectivity/cut-off date of the assumption of loans. Since then, the NEA had explored all possible means of settlement with PSALM which ended up with the filing of arbitration case with the OGCC on November 22, 2018.

To date, both parties are still waiting for the decision of the OGCC on the arbitration case filed.

Loans Receivable - EC refers to the *Stand-By Credit Facility (SCF)* which is a credit facility that would strengthen the ECs' creditworthiness with the GENCOs and Market Operator.

Terms:

- One-year credit line; renewable;
- One half of one percent interest rate per month on the amount withdrawn;
- One and a half percent default charge per month;
- Two percent service charge on the approved facility; and
- Payable within 90 days after each availment.

Loans Receivables - NEECO II Loan pertains to the sales price of the electric system of the defunct Nueva Ecija III Electric Cooperative, Inc. (NEECO III) which was *taken* over by NEA and later sold to NEECO II. The sales price consists of the book value of P208.4 million plus interest income of P111.8 million less payments previously made by NEECO III of P11.3 million. The Deed of Conditional Sale

approved on January 24, 2006 provides that the sale price shall be payable over 25 years at seven percent interest per annum. Repayment of principal commenced on January 31, 2008 while payment of the monthly interest started in January 2006.

Matured Loans Receivable – Others are composed of the following:

- a. Private Franchise Loans – These are loans granted to private franchise owners to operate and maintain an electric system. The operation of Private Franchise was approved by the President of the Philippines under the regime of President Ferdinand Marcos and the Certificate of Public Convenience and Necessity was granted by the Public Service Commission.
- b. School Reforestation Loans - loans granted to various Educational Institutions/Agricultural Schools all over the country to finance the establishment of the Dendrothermal Tree Plantation Program of the government.
- c. Social Program Loans - loans granted to ECs in Bulacan, Rizal and Cavite. Manila Electric Corporation (MERALCO) was mandated to take over ECs within a radius of 60 kilometers of Metro Manila. MERALCO assumed repayment of electrification loans but did not assume repayment of Social Program Loans.

These loans were released in the early sixties and remained dormant for more than 15 years. NEA have exerted all possible efforts to collect these outstanding loan balances but failed. For fair presentation in the Financial Statements, the Legal Services Office, in coordination with the Finance Services Department, is in the process of gathering necessary documents to support our request for write-off pursuant to COA Circular No. 2016-005.

Loans Receivable - Municipal System were granted in the early sixties to finance the construction and/or improvement of electric systems of about 91 municipalities all over the country. However, with the enactment of PD 269 mandating NEA to electrify the country through the different ECs, the franchises granted to the municipal electric systems were effectively cancelled. The cancellation of the said franchises did not stop NEA from demanding payments. In NEA's desire to collect these accounts, the NEA Board, in its meeting on November 29, 1990, agreed that the loans be settled under the government's Debt Relief Program (DRP). On April 28, 1994, NEA submitted to the BTr the certification needed under the DRP. Unfortunately, not a single LGU availed of the program.

In view of the failure to have the accounts settled under the DRP, the NEA Legal Services Office pursued collection of these accounts using legal remedies available under the Loan Contract. Again, on March 11, 2011, NEA sought the assistance of the Department of Finance (DOF) in the collection of the LGUs accounts through DRP.

The NEA Board, in its meeting on October 11, 2011 approved the request of government schools and municipalities for the condonation of interests and

surcharges on their loans after the payment of the principal subject to the approval by the COA.

For fair presentation in the Financial Statements, the Legal Services Office and the Finance Services Department are in the process of gathering necessary documents to support our request for write-off pursuant to COA Circular No. 2016-005.

6.2 *Loans Receivable (Non-Current)*

This account consists of the following receivables:

Particulars	2021	2020
Electric Cooperatives		
Rural Electrification (RE) Loans	6,563,102,978	6,883,913,950
Calamity Loans	1,167,534,372	1,289,148,017
GenSets	1,004,895,312	1,093,807,996
Single Digit Systems Loss Program	124,599,173	186,520,530
Others	(55)	(2,643)
Sub-Total	8,860,131,780	9,453,387,850
Others		
NEECO II Loan	204,389,218	222,814,902
Sub-Total	204,389,218	222,814,902
Total	9,064,520,998	9,676,202,752

Rural Electrification (RE) Loans are loans intended to address the technical and operational requirements of the ECs and comprise the major lending concern of NEA. The amount represents releases after June 26, 2001.

a. *RE Loan-Working Capital for ECs*

Objective:

- To establish a credit facility for ECs to finance the prudential requirement and security payment with Wholesale Electricity Spot Market (WESM)/Power Generation Companies (GENCOs)/National Grid Corporation of the Philippines (NGCP); The timely payment of power account for special/retirement package of EC employees; and for tax obligations.

Terms:

- Five and a half percent interest rate per annum or NEA prevailing interest rate at the time of drawdown for repayment period up to two years or six percent interest per annum or NEA prevailing interest rate at the time of drawdown for repayment period of three to five years;
- Eighteen percent default charge per annum;
- Maximum of five years repayment period; and
- Validity period of two years.

b. *RE Loan – Capital Projects*

Objective:

- To finance the Capital Expenditures (CAPEX) projects of ECs

Terms:

- Six percent interest rate per annum NEA prevailing interest rate at the time of drawdown;
- Twelve percent default charge per annum;
- Maximum of 15 years repayment period but not to exceed the remaining franchise life of the EC;
- Maximum of one year grace period; and
- Validity period of three to five years.

Calamity Loans are loans granted to calamity-affected ECs for the immediate repair of damaged distribution lines and restoration of power.

Terms:

- Three and one fourth percent interest rate per annum;
- Maximum of 10 years repayment period but not to exceed the remaining franchise life of the EC;
- Maximum of one year grace period; and
- Validity period of one year.

Single Digit System Loss Program (SDSLP) is a loan intended to assist the ECs in the reduction of the national average systems loss and to attain a single digit level. Loanable amount depends on NEA's evaluation of the project.

Terms:

- Five and a half percent interest rate per annum or NEA prevailing interest rate at the time of drawdown for repayment period up to two years or six percent interest per annum or NEA prevailing interest rate at the time of drawdown for repayment period of three to 10 years;
- Maximum of 10 years repayment period but not to exceed the remaining franchise life of the EC;
- Maximum of six months grace period; and
- Validity period of two years.

Generator Sets Program (GenSets) is a loan facility intended to provide immediate relief or alternative measure to supply the needed power in each of the franchise areas of ECs in Mindanao

Terms:

- Interest rate of four percent per annum;
- 10 percent default charge per annum;

- Maximum of 15 years repayment period;
- Two years grace period;
- The EC has the option to return the GenSets; and
- In case of rescission of the contract due to pre-termination, any difference between the appraised value and the outstanding loan shall be for the account of the EC.

6.3 Other Receivables

This account consists of the following:

Particulars	2021	2020
Receivables from Various ECs	3,095,256,060	2,775,914,207
Receivables from NPC	25,351,080	25,351,080
Miscellaneous Receivables	48,006,576	49,095,671
Total Other Receivables	3,168,613,716	2,850,360,958
Less: Allowance for Impairment Loss	(45,451,491)	(46,334,137)
Net Other Receivables	3,123,162,225	2,804,026,821

Receivables from Various ECs consist of subsidy releases under SEP and BLEP, YRRP, NHA Resettlement, QRF, Philippine Counterpart on the JICA Donation for BARMM, and ECERF.

Receivables from National Power Corporation (NPC) represent release of fund for Office of the Presidential Adviser on the Peace Process (OPAPP) - Payapa at Masaganang Pamayanan (PAMANA). On June 20, 2014, NEA entered into a Memorandum of Agreement with NPC for the construction of Power Plant Facilities including supply, delivery, erection or installation test commissioning of Diesel Genset, and Auxiliaries for Languyan Town. On August 11, 2014, NEA released to NPC the amount of P25.351 million.

Miscellaneous Receivables substantially consist of advance payments made by NEA for and on behalf of the ECs for brokerage, handling, demurrage, storage and other charges incurred in the withdrawal from the Bureau of Custom's custody of various equipment and materials, such as STC 48 package Power Transformers, Wood Poles, Dodecagonal Distribution Poles–Galvanized, etc., and insurance premium.

7. INVENTORIES

This account consists of:

Particulars	2021	2020
Inventory Held for Sale	4,876,379	4,876,379
Inventory Held for Consumption		
Office Supplies Inventory	1,097,755	1,390,865
Other Supplies Inventory	594,986	420,396
<i>Sub-Total</i>	1,692,741	1,811,261
Total Inventories	6,569,120	6,687,640
Less: Allowance for Impairment Loss	(4,876,379)	(4,876,379)
Net Inventories	1,692,741	1,811,261

Inventory Held for Sale account pertains to the cost of equipment and materials damaged/burned in NUVELCO Staging Area amounting to P1.224 million.

This also includes Merchandise Inventory in Transit pertaining to the Equipment and Materials in-Transit (EMIT) account amounting to P3.652 million which remains dormant for more than 10 years. On September 14, 2010, NEA requested COA the relief from accountability for the loss of these equipment and materials. On December 23, 2013, NEA received COA Decision No. 2013-247 denying NEA's request for authority to write-off the EMIT account amounting to P3.652 million which remains dormant for more than 10 years because of COA's existing regulations which pertain only to the write-off of unliquidated cash advances and dormant accounts receivable. Said amount was reinstated as EMIT account for adjustment.

Adjustments were effected by closing the difference between the actual payments made by NEA to contractors against the rates used in costing equipment and materials under IFB 38, which was part of the COA Audit Observation Memorandum (AOM) No. 2007-016 dated March 12, 2007.

JEV No. 2018-05-002793 dated May 11, 2018 was prepared taking up Allowance for Impairment Loss for the account Inventory Held for Sale in the amount of P4.876 million per COA's recommendation under AOM No. 2018-17 (2017) dated May 7, 2018.

Inventory Held for Consumption account is non-financial asset that will be used or consumed in the normal course of business which includes Office Supplies Inventory and Other Supplies Inventory accounts.

8. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the years ended December 31, 2021 and 2020 are as follows:

Particulars	Land and Land Improvements	Buildings	Office Equipment Furniture and Fixtures	Transportation Equipment	Machinery and Equipment	Other Property and Equipment	Total
Cost							
January 1, 2021	36,996,775	295,930,920	67,829,187	33,703,530	16,731,351	335,305	451,527,068
Additions	0	344,520	3,810,455	7,586,600	0	0	11,741,575
Retirement/Adjustment	0	0	(2,715,008)	(2,081,386)	(149,742)	0	(4,946,136)
December 31, 2021	36,996,775	296,275,440	68,924,634	39,208,744	16,581,609	335,305	458,322,507
Accumulated Depreciation							
January 1, 2021	695,330	180,730,304	48,446,442	28,133,201	11,726,898	246,599	269,978,774
Charge for the year	0	9,217,696	2,969,896	940,909	1,047,189	0	14,175,690
Retirement/Adjustment	0	0	75,238	(1,873,247)	0	0	(1,798,009)
December 31, 2021	695,330	189,948,000	51,491,576	27,200,863	12,774,087	246,599	282,356,455
Carrying amount, December 31, 2021	36,301,445	106,327,440	17,433,058	12,007,881	3,807,522	88,706	175,966,052

Particulars	Land and Land Improvements	Buildings	Office Equipment Furniture and Fixtures	Transportation Equipment	Machinery and Equipment	Other Property and Equipment	Total
Cost							
January 1, 2020	36,996,775	286,320,813	64,407,715	33,036,084	16,605,924	344,098	437,711,409
Additions	0	9,747,856	4,024,619	1,500,000	198,898	0	15,471,373
Reclassification	0	(137,749)	(603,147)	(832,554)	(73,471)	(8,793)	(1,655,714)
December 31, 2020	36,996,775	295,930,920	67,829,187	33,703,530	16,731,351	335,305	451,527,068

Particulars	Land and Land Improvements	Buildings	Office Equipment Furniture and Fixtures	Transportation Equipment	Machinery and Equipment	Other Property and Equipment	Total
Accumulated Depreciation							
January 1, 2020	695,330	172,165,016	43,988,779	26,861,445	9,874,900	254,513	253,839,983
Charge for the year	0	8,650,004	4,457,662	1,271,756	1,854,199	0	16,233,622
Retirement/Adjustment	0	(84,716)	0	0	(2,201)	(7,914)	(94,831)
December 31, 2020	695,330	180,730,304	48,446,442	28,133,201	11,726,898	246,599	269,978,774
Carrying amount, December 31, 2020	36,301,445	115,200,616	19,382,746	5,570,329	5,004,453	88,706	181,548,295

Land consists of site of *NEA building* under TCT No. 233258 acquired on January 11, 2002 from the National Housing Authority with an acquisition cost of P36.2 million.

Buildings represent the cost of the NEA building, which includes the costs of services related to the preparation of detailed engineering design, consultancy services and the actual construction cost of the building. The construction started in June 1998 and was finished in late 2000.

9. OTHER ASSETS

Particulars	2021	2020
Current Portion		
Prepayments	3,886,643	3,553,491
Deposits	650,000	650,000
Sub-Total	4,536,643	4,203,491
Non-Current Portion		
Idle Land-Tandang Sora	9,500,000	9,500,000
Deferred Charges	2,585,208	2,585,208
Receivables Included in NEA's Bail-Out Program	1,285,594	1,285,594
Investment in Gasifier and Equipment Manufacturing Corp. (GEMCOR)	1,038,000	1,038,000
Foreclosed Land	25,800	25,800
Others	4,504,128	1,509,172
Sub-Total	18,938,730	15,943,774
Less: Allowance for Impairment Loss	(4,908,801)	0
Non-Current Assets, Net	14,029,929	15,943,774
Total	18,566,572	20,147,265

Other Assets consist of the following:

9.1 Lot area of approximately 2.5 hectares located in Tandang Sora, Quezon City with TCT No. 26581 acquired on November 28, 1989 for P9.5 million. However, the said lot is under court litigation pending before the Supreme Court, docketed as G.R. No. 112876, entitled Manuel Silvestre Bernardo, et al vs. Court of Appeals, et al. The case is being handled for NEA by the Office of the Government Corporate Counsel (OGCC).

9.2 Deferred Charges include miscellaneous deposits to PLDT, MERALCO, and IFB incidental costs.

9.3 Investment in GEMCOR was an investment made in GEMCOR for 938 shares with P1,000 par value.

9.4 Foreclosed Properties-Bani/Bolinao with a book value of P25,800 were acquired in 1967 by virtue of Sheriff's Certificate of Sale issued by the Court of First Instance of Pangasinan. The corresponding Declaration of Real Property (DRP) was issued to NEA. Under the said DRP, most of the lands located at Catuday, Bolinao, Pangasinan are classified as forest and pasture lands. Verifications made on the records of the Regional Office I of the Department of Environment and Natural Resources (DENR) revealed that most of the properties are within the Alienable and Disposable (A and D) zones. The cluster on Utilization and Disposal of NEA's Acquired and Foreclosed Property is working on the possibility of titling or turnover of the same to the DENR.

Others – these include unserviceable properties which were reclassified to Other Assets in compliance with Section 143 of Manual of New Government Accounting System as recommended by COA under AOM No. PE2-2016-36(15) dated April 25, 2016.

10. FINANCIAL LIABILITIES

This account represents various payables as follows:

Particulars	2021			2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Payable	56,343,298	0	56,343,298	54,227,881	0	54,227,881
Due to Officers and Employees	45,232,384	82,708,640	127,941,024	43,294,695	74,438,489	117,733,184
Interest Payable on Foreign Loans	11,786	0	11,786	11,786	0	11,786
Total	101,587,468	82,708,640	184,296,108	97,534,362	74,438,489	171,972,851

Accounts Payable pertains to accrual of expenses for 2021 and 2020.

Due to Officers and Employees represents liabilities to officers and employees for salaries, benefits and other emoluments including cash equivalent of the employees leave credits as of reporting date.

11. INTER-AGENCY PAYABLES

This account consists of payables due to the following:

Particulars	2021	2020
Due to Bureau of the Treasury (BTr)	0	838,937,884
Due to Bureau of Internal Revenue (BIR)	4,466,634	3,507,033
Due to Government Service Insurance System	4,377,451	2,256,055
Due to Home Development Mutual Fund	281,619	352,133
Due to Philippine Health Insurance Corporation	262,255	225,652
Income Tax Payable	58,120,491	67,821,003
Total	67,508,450	913,099,760

Due to BTr are advances made by BTr on the repayment of NEA's foreign loans from United States Agency for International Development (USAID), International bank for

Reconstruction and Development (IBRD), Overseas Economic Cooperation Fund (OECF) and Organization of the Petroleum Exporting Countries (OPEC); guaranteed loans from Asian Development Bank (ADB), Export Development Canada (EDC), United Kingdom (UK), Kreditanstalt für Wiederaufbau (KfW), French, China and domestic loans from Citibank and Union/Filipinas Bank.

NEA requested for conversion into subsidy the payable to NG, including interest, totaling P18.162 billion. After series of meetings held between and among NEA, BTr, and DOF to discuss the said request for conversion, and other issues and concerns, DOF, in its letter dated November 28, 2017 considered NEA's request for conversion into subsidy amounting to P14.915 billion. The balance of P3.246 billion is payable in four annual installments of P811 million plus interest.

On July 31, 2018, NEA made its first installment payment amounting to P982.24 million (inclusive of interest on advances amounting to P170.58 million). In CY 2021, NEA had fully paid the amount of P3.246 billion leaving a zero balance of Inter – Agency Payables – Due to BTr as of December 31, 2021.

Furthermore, Special Allotment Release Order (SARO) No. BMB-C-19-0011828 dated September 8, 2019 was received by NEA for the conversion of NG Advances into subsidy amounting to P4.05 billion. This was recorded under JEV No. 2019-09-006304 on September 30, 2019.

Likewise, on March 5, 2020, SARO No. BMB-C-20-0001581 was issued to NEA converting the amount of P10.869 billion NG Advances into subsidy. This was recorded under JEV No. 2020-06-002133.

12. TRUST LIABILITIES

This account consists of trust liabilities to the following:

Trust Liabilities		
EU-ASEP	180,684,464	0
EC Trust Fund – ALECO	143,613,895	143,351,417
BTr-Modular	113,148,320	91,594,893
Trust Liabilities – ECs Collateral	5,944,575	5,944,575
Trust Liabilities – Others	2,861,143	1,492,148
Sub-Total	446,252,397	242,383,033
Guaranty/Security Deposits Payable		
Performance/Bidders Bonds	321,254	331,254
Retention Payable	789,907	1,217,297
Sub-Total	1,111,161	1,548,551
Total	447,363,558	243,931,584

EC Trust Fund - ALECO pertains to the fund entrusted by Albay Electric Cooperative, Inc. (ALECO) to NEA.

EU ASEP refers to the receipt of donation - initial pre-financing payment for I-PURE Mindanao (1st Tranche - EUR 3,177,054.68).

BTr - Modular pertains to the Mindanao Modular Generator Sets Program established in CY 2013 by the Aquino Administration to provide an immediate relief or an alternative measure to supply the needed power in each of the franchised areas of ECs in Mindanao.

Trust Liabilities – ECs Collateral includes cash deposit from ECs for the cash equivalent of the appraised value of the properties mortgaged to NEA.

Trust Liabilities - Others include liabilities for amounts withheld in trust for the account of entities intended to pay specific obligations, such as loans to Provident Fund and payments to NEA Employees Multi-Purpose Cooperative (EMPC) and Samahan ng mga Kawaning Makareporma ng NEA (SAMAKAREN).

Performance/Bidders Bonds is used to record the incurrence of liability arising from the receipt of cash to guaranty that (a) the winning bidder shall enter into contract with NEA; and (b) performance by the contractor of the terms of the contract.

Retention *Payable* pertains to the retention money from payments made to contractors, suppliers and other creditors covering rural electrification, mini-hydro and dendro-thermal and other projects of NEA.

13. OTHER PAYABLES

This account represents payables due to the NG and other agencies. Details are as follows:

Particulars	2021	2020
Dividends Payable	17,597,490	17,597,490
Undistributed Collections	665,635	183,447
Miscellaneous Payables	36,549	36,549
Total	18,299,674	17,817,486

Dividends Payable pertains to prior years' corporate dividends unremitted to the National Government as a result of COA audit on NEA's compliance to the Revised Implementing Rules and Regulations (RIRR) of RA 7656 or Dividend Law for calendar years 2013 to 2018.

Undistributed Collections pertains to online deposits/collections whose payor are not yet identified.

Miscellaneous Payables include payables on tax adjustment of retired/separated NEA employees.

14. DEFERRED CREDITS

This account represents the balance of the advance/excess payments made by ECs on their loan amortizations due. The advance/excess payments will be applied once the EC fails to pay the amortizations due on time. The balance of this account is P476,107,257 and P420,735,264 for CYs 2021 and 2020, respectively.

15. SERVICE AND BUSINESS INCOME

This account includes the following:

Particulars	2021	2020
Interest Income	546,355,095	616,478,472
Service Income	50,624,798	27,396,165
Total	596,979,893	643,874,637

Interest Income pertains to the interest earned on all interest-bearing loans for rural electrification purposes.

Service income pertains to the service fees being charged on the subsidy releases to the ECs.

16. PERSONNEL SERVICES

This account consists of:

Particulars	2021	2020
Salaries and Wages	171,219,088	163,541,724
Other Compensation	79,767,339	76,865,643
Other Personnel Benefits	30,623,787	29,340,942
Personnel Benefits Contribution	22,119,377	21,798,467
Total	303,729,591	291,546,776

16.1 Other Compensation

Particulars	2021	2020
Productivity Incentive Allowance	42,837,109	42,606,167
Year End Bonus	15,094,271	13,956,299
Personnel Economic Relief Allowance	7,229,689	6,973,529
Representation Allowance	3,614,250	3,393,375
Transportation Allowance	3,487,250	3,127,273
Honoraria	2,308,000	2,755,500
Clothing/Uniform Allowance	1,858,000	1,752,000
Cash Gift	1,554,000	1,474,000
Hazard Pay	1,284,000	797,500
Overtime and Night pay	415,770	0
Longevity Pay	45,000	15,000
Other Bonuses and Allowances	40,000	15,000
Total	79,767,339	76,865,643

16.2 Other Personnel Benefits

Particulars	2021	2020
Terminal Leave Benefits	23,313,370	22,095,109
Other Personnel Benefits	7,310,417	7,245,833
Total	30,623,787	29,340,942

16.3 Personnel Benefit Contributions

Particulars	2021	2020
Life and Retirement Insurance Contributions	19,338,096	19,058,885
PhilHealth Contributions	2,075,181	2,068,482
Pag-IBIG Contributions	358,900	330,100
ECC Contributions	347,200	341,000
Total	22,119,377	21,798,467

17. MAINTENANCE AND OTHER OPERATING EXPENSES

Breakdown is as follows:

Particulars	2021	2020
Professional Services	23,929,062	27,332,774
General Services	19,072,869	16,019,419
Traveling Expenses	14,188,731	7,913,940
Repairs and Maintenance	4,662,086	8,334,943
Utility Expenses	5,781,024	5,362,876
Training Expenses	7,327,473	5,295,035
Communication Expenses	4,775,579	4,829,974
Supplies and Materials Expenses	5,974,851	4,773,498
Taxes and Licenses (Note 27.2)	2,513,615	3,031,443
Insurance Premiums and Other Fees	2,005,798	1,783,397
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses	158,867	118,374
Other Maintenance and Other Operating Expenses	8,834,834	2,724,194
Total	99,224,789	87,519,867

17.1 Professional Services

Particulars	2021	2020
Consultancy Services	3,429,139	15,672,407
Auditing Services	12,372,519	11,660,367
Legal Services	40,500	0
Other Professional Services	8,086,904	0
Total	23,929,062	27,332,774

17.2 General Services

Particulars	2021	2020
Security Services	5,774,419	5,806,009
General Services	7,662,550	5,113,384
Janitorial Services	5,635,900	5,100,026
Total	19,072,869	16,019,419

17.3 Traveling Expenses

Particulars	2021	2020
Traveling Expenses- Local	14,188,731	7,913,940
Total	14,188,731	7,913,940

17.4 Repairs and Maintenance

Particulars	2021	2020
Repairs and Maintenance- IT Equipment and Software	1,751,286	6,891,952
Repairs and Maintenance- Furniture and Fixtures	531,950	584,870
Repairs and Maintenance- Office Building	1,854,646	559,096
Repairs and Maintenance- Motor Vehicles	523,624	299,025
Repairs and Maintenance- Communication Equipment	580	0
Total	4,662,086	8,334,943

17.5 Utility Expenses

Particulars	2021	2020
Electricity Expenses	4,615,385	4,613,321
Water Expenses	1,165,639	749,555
Total	5,781,024	5,362,876

17.6 Communication Expenses

Particulars	2021	2020
Telephone Expenses- Landline	2,244,004	2,225,819
Internet Expenses	1,152,931	1,329,711
Telephone Expenses- Mobile	956,365	955,031
Postage and Deliveries	422,279	319,413
Total	4,775,579	4,829,974

17.7 Supplies and Materials Expenses

Particulars	2021	2020
Office Supplies Expenses	2,847,925	2,703,774
Gasoline, Oil and Lubricants Expenses	2,046,180	1,115,157
Drugs and Medicines Expenses	0	87,013
Other Supplies Expenses	1,080,746	867,554
Total	5,974,851	4,773,498

17.8 Insurance Premiums and Other Fees

Particulars	2021	2020
Insurance Expenses	1,422,195	1,352,181
Fidelity Bond Premiums	583,603	431,216
Total	2,005,798	1,783,397

17.9 Other Maintenance and Other Operating Expenses

Particulars	2021	2020
Printing and Binding Expenses	296,850	357,368
Rent Expenses	308,378	236,521
Subscription Expenses	5,894,433	186,068
Advertising Expenses	93,032	55,024
Representation Expenses	18,659	8,085

Particulars	2021	2020
Membership Dues to Organizations	44,000	0
Other Maintenance and Operating Expenses	2,179,482	1,881,128
Total	8,834,834	2,724,194

18. FINANCIAL EXPENSES

Particulars	2021	2020
Interest Expenses	8,720,264	40,064,726
Bank Charges	31,700	46,545
Total	8,751,964	40,111,271

19. NON-CASH EXPENSES

Particulars	2021	2020
Depreciation	14,175,915	16,200,719
Impairment Loss	4,659,701	3,532,041
Total	18,835,616	19,732,760

20. FINANCIAL ASSISTANCE

20.1 Subsidy from National Government

Particulars	2021	2020
Subsidy from National Government	778,754,169	1,441,278,788
Total	778,754,169	1,441,278,788

The details of the account are as follows:

Particulars	2021	2020
FY 2017-2019 Subsidy	756,475,412	0
Repairs & Rehabilitation of LASURECO Bldg.	22,278,757	0
FY 2020 Subsidy	0	786,179,039
EC Emergency and Response Fund	0	250,000,000
Philippine Counterpart on the JICA Donation for BARMM	0	145,837,000
Quick Response Fund	0	107,781,538
Electrification of LGU/NGOs Resettlement Sites	0	98,966,700
NDRRM Fund for MRRRP for 2020 GAA	0	45,932,228
Restoration of Damaged Distribution Lines in Region IV B	0	6,582,283

Less:

Particulars	2021	2020
Financial Assistance to NGOs/POs	1,401,684,444	749,984,369
Tax Subsidy for the Donated Transportation Equipment	0	20,160,824
Total	1,401,684,444	770,145,193
Financial Assistance	(622,930,275)	671,133,595

Subsidy from National Government represents subsidy receipts from the NG for the implementation of electrification projects upon receipt of the Notice of Cash Allocation (NCA).

Financial Assistance to NGOs/POs pertains to subsidy granted to various ECs. This account is recognized in the books upon liquidation of the subsidy releases to ECs.

21. NON-OPERATING INCOME, GAIN OR LOSS

21.1 Other Non-Operating Income

Particulars	2021	2020
Interest Income on Deposits	12,511,050	15,249,454
Miscellaneous Income	15,995,074	9,526,362
Total	28,506,124	24,775,816

Miscellaneous Income consists of income from training fees, space rental, photocopying, sales of RE Chronicle and others.

21.2 Gain/(Loss) on Foreign Exchange

Particulars	2021	2020
Gain/(Loss) on Foreign Exchange	472,741	(426,717)
Total	472,741	(426,717)

The foreign exchange gain in 2021 was the net effect of updating the Dollar Saving Account and Time Deposit Account from 2020 BSP Reference Rate of P48.036/\$1 to 2021 BSP Reference Rate of P50.774/\$1.

22. INCOME TAXES

Income Tax is computed at a statutory tax rate of 30% for a year of net taxable income from operations, as follows:

Particulars	2021	2020
Net Income Before Income Tax	195,416,798	229,313,062
Non-Deductible Expenses:		
Bad debts	4,659,701	3,532,041
Interest expense (33% of interest income subject to final tax)	4,128,646	5,032,320
Taxes, duties and licenses	2,513,615	3,015,323
Income Not Subject to Tax:		
Interest income subject to final tax	(12,511,050)	(15,249,454)
Gain/Loss on foreign exchange	(472,741)	426,717
Net Income Subject to Tax	193,734,969	226,070,009
Income tax rate	30%	30%
Income Tax	58,120,491	67,821,003

23. GOVERNMENT EQUITY

NEA has an authorized capital of P15 billion divided into 150 million shares at P100 par value per share.

24. CONTRIBUTED CAPITAL

This account pertains to prior years' appropriation released by the Government of the Philippines to NEA under RA Nos. 2717 and 6038; proceeds from US-PL-480 and Reparation Commission; shares from BIR franchise taxes; and other funds received from various government agencies in support of the rural electrification project. The amount is net of the P50 million considered as initial capitalization of the Government of the Philippines with NEA under PD No. 269.

25. DIVIDENDS

NEA paid 50% of its net earnings in 2021 and 2020 in the amount of P85.241 million and P85.715 million, respectively, as dividends to the NG in compliance with RA No. 7656.

26. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Actual receipts were lower than the final budget due to unreleased appropriations for CY 2021. Of the P2.497 billion approved subsidy, the agency has yet to receive funds from the National Government for the implementation of projects included in the CY 2021 General Appropriations Act (GAA), while the P779 million subsidy funds received in the CY 2021 pertains to previous years' appropriations.

Likewise, the actual payments were lower than the budgeted amount primarily because of the reduction in subsidy releases to ECs as a result of NEA's compliance to documentary requirements for fund transfers stated in Item 3.1.1 of COA Circular No. 2012 dated June 14, 2012, amended under COA Circular No. 2016-002 dated May 31, 2016, requiring the submission of the Certification by the Accountant that funds previously transferred to the Implementing Agency (IA) has been liquidated, and accounted for in the books.

27. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATIONS (RR) NO. 15-2010

In compliance with RR No.15-2010 issued by the BIR on November 25, 2010, the required information on taxes, duties and license fees paid or accrued during the taxable year is presented as follows:

27.1 Output Value-Added Tax

The NEA is a Non-VAT registered GOCC.

27.2 Taxes and Licenses

The details of Taxes and Licenses paid and accrued during the year are as follows:

Particulars	2021	2020
Withholding Tax on Interest on Deposits	2,497,495	3,015,323
Real Estate Tax	15,620	15,620
Non-VAT Registration	500	500
Total	2,513,615	3,031,443

27.3 Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2021 are shown below:

Particulars	Withheld	Remitted	Balance
Compensation and Benefits	29,909,503	26,220,149	3,689,354
Creditable Withholding Taxes	4,361,566	3,672,353	689,213
Total	34,271,069	29,892,502	4,378,567

The balance of withholding taxes as of December 31, 2021 was remitted to the BIR in January 2022.