



Republic of the Philippines
National Electrification Administration

"The 1st Performance Governance System-Institutionalized National Government Agency"

26 January 2012

MEMORANDUM No. 2012-003


TO : ALL ELECTRIC COOPERATIVES (ECs)
SUBJECT : APPRAISAL OF THE ELECTRIC COOPERATIVES (ECs) ASSETS

NEA issued Memoranda dated 8 September 2010 and 1 March 2006 to all ECs requiring the conduct of appraisal of ECs' assets by any one of NEA's four (4) accredited appraisal service providers (Royal Asia Appraisal Corporation, Asian Appraisal Co., Inc., Cuervo Appraisers, Inc., and Colliers International) in order to determine the true financial and business valuation of each electric cooperative, and to maximize opportunities in the financial market.

In this connection, ECs which have not conducted the appraisal of their assets are directed to comply with the said Memoranda and submit a copy of the Appraisal Report to Accounts Management and Guarantee Department not later than June 30, 2012.

Further, the appraisal report will be a requirement in the evaluation of ECs' loan application with NEA and of request for clearance to avail loan outside NEA.

For your compliance.


MARIANO T. CUENCO
Officer-in-Charge

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLS. CITE: #0R019749



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Republic of the Philippines

National Electrification Administration

September 8, 2010

MEMORANDUM No. 2010-021

TO : ALL ELECTRIC COOPERATIVES (ECs)

SUBJECT : APPRAISAL OF THE ELECTRIC COOPERATIVES (ECs) ASSETS

There are growing concerns facing the ECs' operational viability and credit worthiness primarily due to ECs unsound Balance Sheet. This condition can be related to the under valuation of ECs assets.

Companies expanding through acquisitions like ECs are required to obtain assets appraisal to conform to financial reporting requirements established by the Accounting Standard Council (ASC). Appraisal shall be conducted annually if the assets experience significant and volatile changes in fair value; and if not, revaluation can be conducted every 3 or 5 years (PAS 16-Property Plant and Equipment).

NEA issued Memorandum No. 2006-004 to all ECs on March 1, 2006 requiring the conduct of appraisal of the ECs' assets in order to determine the true financial and business valuation of each electric cooperative, and to maximize opportunities in the financial market. However, the MFSRs as of Dec. 31, 2009 of the majority of ECs still do not reflect revaluation cost. An appraisal can be leveraged to address many business challenges such as obtaining working capital by securing a term loan and optimizing the business capital structure.

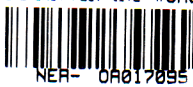
In this connection, all ECs are enjoined to conduct appraisal of their assets by any of the NEA's five (5) accredited appraisal companies posted at NEA website (www.nea.gov.ph) and to submit copy of the Appraisal Report to Accounts Management and Guarantee Department (AMGD).

For your compliance.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLS. CITE: #OR017095



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Republic of the Philippines
National Electrification Administration

March 1, 2006

NEA MEMORANDUM No. 2006-004

TO : ALL ELECTRIC COOPERATIVES
SUBJECT : APPRAISAL OF THE ELECTRIC COOPERATIVES (ECs) ASSETS

On June 20, 2000, NEA issued a Memorandum to all ECs requiring the appraisal of all EC's assets by any one of NEA's three (3) accredited appraisal companies, (Royal Asia, Asian Appraisal Corp. and Cuervo Appraisers, Inc.) in order to determine the true financial and business valuation of each electric cooperative, and to maximize opportunities in the financial market.

As a result of NEA's memorandum, which was issued six (6) years ago, and issuance of the Revised Guidelines on Close-out of All Completed Construction Projects of ECs, there had been substantial addition to Utility Plant in Service of ECs.

More important information is that, the Accounting Standard Council (ASC) approved in November 2004, the adoption of International Financial Reporting Standards (IFRS) as a Philippine Financial Reporting Standard (PFRS). On said PFRS, specifically Philippine Accounting Standard 16 (Property, Plant and Equipment), an entity will measure an item of property, plant and equipment after recognition as an asset using the cost model or revaluation model as deemed cost.

On this context, all ECs are hereby required to conduct an immediate valuation/appraisal of their assets by any one of the NEA accredited appraisal companies, and to update said appraisal every three (3) years, thereafter. ECs are further required to submit to NEA thru the Accounts Management and Guarantee Department (AMGD) a copy of said Appraisal Report.

For your compliance.

Edita S. Bueno
EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLS. CITE: #0R008226



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