



September 24, 2015

**MEMORANDUM No. 2015-027**

**TO : ALL ELECTRIC COOPERATIVES**

**SUBJECT : GUIDELINES ON THE ACCOUNTING TREATMENT OF SUBSIDY FUNDED PROJECTS**

Please be informed that the NEA Board of Administrators, under Board Resolution No. 101 dated September 18, 2015, approved the Guidelines on the Accounting Treatment of Subsidy Funded Projects, to wit:

**I. RATIONALE**

1. Section 2 of RA 9136 provides that the policy of the state is to ensure and accelerate the total electrification of the country, to ensure the quality, reliability, security and affordability of the supply of electric power.
2. Section 13 of RA 10531 provides that electric cooperatives, which comply with financial and operational standards set by the NEA shall enjoy certain incentives which include all subsidies, grants and other assistance which shall form part of donated capital and funds of the electric cooperatives, and as such, it shall not be sold, traded nor divided into shareholdings any time. These donated capital and funds shall be appraised and valued for the sole purpose of determining the equity participation of the members, *provided* that in case of dissolution or conversion of the electric cooperative, said donated capital shall be subject to escheat.
3. International Accounting Standard (IAS) 20, under which Philippine Accounting Standard (PAS) 20 is based, prescribes for the accounting of government grants and disclosure of government assistance.
4. PAS 20 provides that government grant shall be recognized as income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grant is intended to compensate. It provides that grant related to depreciable asset shall be recognized as income over the periods and in proportion to the depreciation of the related asset.

## **II. BACKGROUND**

The electric cooperatives (ECs) are recipients of financial assistance from the national government in the form of grant/subsidy to fund their electrification projects, particularly the Sitio Electrification Program (SEP) and Barangay Line Enhancement Program (BLEP).

The amount released by NEA to the ECs are treated initially as Accounts Payable of ECs to NEA and will be recognized and recorded as Donated Capital upon liquidation and compliance by the ECs of the Commission on Audit (COA) requirements.

All completed Construction Works in Progress (CWIP) are required to be properly closed out and classified under the proper Utility Plant in Service (UPS) accounts.

Presently, the completed projects funded by subsidy are lumped with the UPS funded by the Reinvestment Fund for Sustainable Capex (RFSC), loans and other funding sources.

The UPS including assets funded by subsidy are subject to depreciation in accordance with the approved depreciation rate schedule but no income is recognized from government grant.

In line with Section 13 of RA 10531, and in accordance with IAS 20 and PAS 20, there is a need for a proper accounting treatment of subsidy funded projects.

Although RA 10531 provides that all subsidies and grants shall form part of the Donated Capital, the EC shall recognize and record Depreciation Expense as required under PAS 20. However, the EC shall recognize and record Income from Government Grant equal to the Depreciation Expense to be charged to Donated Capital.

The house wiring cost will not form part of the UPS as it is presently done but shall be charged to Donated Capital.

## **III. OBJECTIVE**

To prescribe certain guidelines for the proper and uniform accounting and recording of subsidy funded projects for the guidance of the electric cooperatives.

## **IV. IMPLEMENTING GUIDELINES**

1. All subsidy releases shall be initially lodged under EC Accounts Payable to NEA and shall be recognized and recorded as Donated Capital upon liquidation and after compliance with the terms and conditions provided in the Memorandum of Agreement (MOA) between NEA and the EC, in accordance with the memorandum of the COA.
2. All subsidy releases to the ECs shall be deposited in a separate bank account in a government bank, preferably Land Bank of the Philippines (LBP) or Development Bank of the Philippines (DBP) and shall be used exclusively for approved electrification projects.

3. Procurement of equipment and materials and/or engagement of contractors for the projects shall be in accordance with RA 9184 and its Implementing Rules and Regulations (IRR) and relevant NEA policies, rules and regulations.
4. The supplies and materials purchased from subsidy funds shall be kept separately from EC stocks for internal control purposes and to facilitate the conduct of physical inventory.
5. Construction of lines will be either by contract or force account or a combination of both. All constructions of distribution lines shall be in accordance with NEA prescribed standards.
6. All constructions to be undertaken shall observe the prescribed Work Order Procedures and shall be assigned with corresponding CWIP numbers.
7. All CWIP shall be closed out within a reasonable time and classified under the proper Utility Plant in Service-Subsidy Funded Project (UPS-SFP) account.
8. The ECs shall maintain subsidiary ledgers for all subsidy-funded projects and to continue updating of Continuing Property Record (CPR).
9. The UPS-SFP shall be depreciated in accordance with approved depreciation rate schedule.
10. The ECs shall recognize and record Income from Government Grant equal to Depreciation Expense to be charged to Donated Capital.
11. In the event that there are major improvements or additions to the distribution lines funded by RFSC and other sources, the additional costs shall be classified under the regular UPS account and shall be subject to depreciation.
12. Free house wiring materials shall not form part of the UPS but shall be charged to Donated Capital.
13. The accounting treatment provided herein shall cover projects funded by subsidy starting 2011.

**V. ACCOUNTING ENTRIES FOR SUBSIDY FUNDED PROJECTS**

**A. By Contract (Materials, Labor and Overhead)**

	Debit	Credit
<b>1. Receipt of Funds</b>		
120 125 41 Restricted Fund - SFP	xx	
230 232 41 Accounts Payable - SFP		xx
<b>2. Payment to Contractor</b>		
111 107 11 CWIP - Contract - SFP	xx	
Input VAT	xx	
120 125 41 Restricted Fund - SFP		xx
230 241 10 Withholding Tax Payable - Contractors		xx
<b>3. Remittance to BIR</b>		
230 241 10 Withholding Tax Payable - Contractors	xx	
120 125 41 Restricted Fund - SFP		xx

<b>4. Close-out</b>		
111 103 00 Utility Plant in Service - SFP	XX	
111 364 41 Poles, Towers and Fixtures - SFP		
111 365 41 Overhead Conductors and Devices - SFP		
111 368 41 Line Transformers - SFP		
111 369 41 Services - SFP		
111 370 41 Meters - SFP		
111 373 41 Street Lighting and Signal System - SFP		
111 107 11 CWIP - Contract - SFP		XX
<b>5. Liquidation</b>		
230 232 41 Accounts Payable - SFP	XX	
211 208 41 Donated Capital - SFP		XX
<b>6. Close-out (House wiring - Materials, Labor and OH)</b>		
211 208 41 Donated Capital - SFP	XX	
111 107 11 CWIP - Contract - SFP		XX
<b>7. To take up annual depreciation expense</b>		
440 403 41 Depreciation Expense - SFP	XX	
112 108 41 Accumulated Depreciation - Electric Plant in Service - SFP		XX
<b>8. To recognize subsidy income equivalent to yearly depreciation expense over the life of the asset</b>		
211 208 41 Donated Capital - SFP	XX	
321 421 41 Income from Government Grant		XX
<b>9. Refund of unexpended subsidy fund received</b>		
230 232 41 Accounts Payable - SFP	XX	
1205 41 Restricted Fund - SFP		XX

**B. By Administration (Force Account)**

	Debit	Credit
<b>1. Receipt of Funds</b>		
120 125 41 Restricted Fund - SFP	XX	
230 232 41 Accounts Payable - SFP		XX
<b>2. Purchase of Materials (distribution and house wiring materials)</b>		
111 107 31 CWIP - Special Equipment - SFP	XX	
150 154 41 Materials and Supplies - Electric - SFP	XX	
150 155 41 Materials and Supplies - House wiring - SFP	XX	
Input VAT	XX	
120 125 41 Restricted Fund - SFP		XX
230 241 10 Withholding Tax Payable - Contractors		XX
<b>3. Remittance to BIR</b>		
230 241 10 Withholding Tax Payable - Contractors	XX	
120 125 41 Restricted Fund - SFP		XX

<b>4. Release of Materials (distribution and house wiring materials)</b>		
111 107 21 CWIP Force Account - SFP	XX	
111 107 31 CWIP - Special Equipment - SFP		XX
150 154 41 Materials and Supplies - Electric - SFP		XX
150 155 41 Materials and Supplies - House wiring - SFP		XX
<b>5. Payment of Labor and Overhead (distribution and house wiring materials)</b>		
111 107 21 CWIP Force Account - SFP	XX	
120 125 41 Restricted Fund - SFP		XX
<b>6. Close-out</b>		
111 103 00 Utility Plant in Service - SFP	XX	
111 364 41 Poles, Towers and Fixtures - SFP		
111 365 41 Overhead Conductors and Devices - SFP		
111 368 41 Line Transformers - SFP		
111 369 41 Services - SFP		
111 370 41 Meters - SFP		
111 373 41 Street Lighting and Signal System - SFP		
111 107 21 CWIP Force Account - SFP		XX
<b>7. Liquidation</b>		
230 232 41 Accounts Payable - SFP	XX	
211 208 41 Donated Capital - SFP		XX
<b>8. Close-out (House wiring - materials, labor and overhead)</b>		
211 208 41 Donated Capital - SFP	XX	
111 107 21 CWIP Force Account - SFP		XX
<b>9. To take up annual depreciation expense</b>		
440 403 41 Depreciation Expense - SFP	XX	
112 108 41 Accumulated Depreciation - Electric Plant in Service - SFP		XX
<b>10. To recognize subsidy income equivalent to yearly depreciation expense over the life of the asset</b>		
211 208 41 Donated Capital - SFP	XX	
321 421 41 Income from Government Grant		XX
<b>11. Refund of unexpended subsidy fund received</b>		
230 232 41 Accounts Payable - SFP	XX	
1205 41 Restricted Fund - SFP		XX
<b>C. By Combination (EC will provide Materials, Labor and Overhead by Contract)</b>		
	<b>Debit</b>	<b>Credit</b>
<b>1. Receipt of Funds</b>		
120 125 41 Restricted Fund - SFP	XX	
230 232 41 Accounts Payable - SFP		XX

<b>2. Purchase of Materials (distribution and house wiring materials)</b>		
111 107 31 CWIP - Special Equipment - SFP	XX	
150 154 41 Materials and Supplies - Electric - SFP	XX	
150 155 41 Materials and Supplies - House wiring - SFP	XX	
Input VAT	XX	
120 125 41 Restricted Fund - SFP		XX
230 241 10 Withholding Tax Payable - Contractors		XX
<b>3. Remittance to BIR</b>		
230 241 10 Withholding Tax Payable - Contractors	XX	
120 125 41 Restricted Fund - SFP		XX
<b>4. Release of Materials (distribution and house wiring materials)</b>		
111 107 21 CWIP Force Account - SFP	XX	
111 107 31 CWIP - Special Equipment - SFP		XX
150 154 41 Materials and Supplies - Electric - SFP		XX
150 155 41 Materials and Supplies - House wiring - SFP		XX
<b>5. Payment of Labor and Overhead (distribution and house wiring materials)</b>		
111 107 11 CWIP - Contract - SFP	XX	
VAT	XX	
230 241 10 Withholding Tax Payable - Contractors		XX
120 125 41 Restricted Fund - SFP		XX
<b>6. Close-out</b>		
111 103 00 Utility Plant in Service - SFP	XX	
111 364 41 Poles, Towers and Fixtures - SFP		
111 365 41 Overhead Conductors and Devices - SFP		
111 368 41 Line Transformers - SFP		
111 369 41 Services - SFP		
111 370 41 Meters - SFP		
111 373 41 Street Lighting and Signal System - SFP		
111 107 21 CWIP Force Account - SFP		XX
111 107 11 CWIP - Contract - SFP		XX
<b>7. Liquidation</b>		
230 232 41 Accounts Payable - SFP	XX	
211 208 41 Donated Capital - SFP		XX
<b>8. Close-out (House wiring - materials, labor and overhead)</b>		
211 208 41 Donated Capital - SFP	XX	
111 107 21 CWIP Force Account - SFP		XX
111 107 11 CWIP - Contract - SFP		XX
<b>9. To take up annual depreciation expense</b>		
440 403 41 Depreciation Expense - SFP	XX	
112 108 41 Accumulated Depreciation - Electric Plant in Service - SFP		XX

**10. To recognize subsidy income equivalent to yearly depreciation expense over the life of the asset**

211 208 41	Donated Capital - SFP	XX	
321 421 41	Income from Government Grant		XX

**11. Refund of unexpended subsidy fund received**

230 232 41	Accounts Payable - SFP	XX	
120 125 41	Restricted Fund - SFP		XX

**VI. ACCOUNT TITLES**

In line with these guidelines, the following account codes are created for inclusion in the Electric Cooperatives Uniform Utility Accounting Chart of Accounts:

ACCOUNT CODE	ACCOUNT TITLE
111 103 00	Utility Plant in Service - Subsidy Funded Projects (SFP)
111 107 11	CWIP Contract - SFP
111 107 21	CWIP Force Account - SFP
111 107 31	CWIP - Special Equipment - SFP
111 364 41	Poles, Towers and Fixtures - SFP
111 365 41	Overhead Conductors and Devices - SFP
111 368 41	Line Transformers - SFP
111 369 41	Services - SFP
111 370 41	Meters - SFP
111 373 41	Street Lighting and Signal System - SFP
112 108 41	Accumulated Depreciation - Electric Plant - SFP
120 125 41	Restricted Funds - SFP
150 154 41	Materials and Supplies - Electric - SFP
150 155 41	Materials and Supplies - House wiring SFP
211 208 41	Donated Capital - SFP
230 232 41	Accounts Payable - SFP
321 421 41	Income from Government Grant
440 403 41	Depreciation Expense - SFP

**VII. EFFECTIVITY**

These guidelines shall take effect fifteen (15) days after filing with the University of the Philippines (UP) Law Center pursuant to the Presidential Memorandum Circular No. 11, dated October 9, 1992.

Please be guided accordingly.

*Edita S. Bueno*  
**EDITA S. BUENO**  
 Administrator



NEA-OA221304  
 10/1/15



October 9, 2015

**THE DIRECTOR**

Office of the National Administrative Register  
University of the Philippines Law Center  
U.P. Law Center, Diliman  
Quezon City

Sir:

Pursuant to Book VII, Chapter 2, Section 3 of the 1987 Administrative Code of the Philippines, we are respectfully submitting to the U.P. Law Center, for filing, publication and recording the attached certified true copies of the **"GUIDELINES ON THE ACCOUNTING TREATMENT OF SUBSIDY FUNDED PROJECTS"** promulgated by the National Electrification Administration (NEA) in accordance with its authority under Section 5 of P.D. No. 269 as amended.

Thank you very much for the usual and kind assistance of the U.P. Law Center.

Very truly yours,

**NOLLIE B. ALAMILLO**  
Corporate Board Secretary V

U.P. LAW CENTER  
OFFICE OF THE NATIONAL  
ADMINISTRATIVE REGISTER  
(ONAR)  
ADMINISTRATIVE RULES & REGULATIONS  
**RECEIVED**  
09 OCT 2015





**GUIDELINES ON THE ACCOUNTING TREATMENT OF SUBSIDY FUNDED PROJECTS**

**I. RATIONALE**

1. Section 2 of RA 9136 provides that the policy of the state is to ensure and accelerate the total electrification of the country, to ensure the quality, reliability, security and affordability of the supply of electric power.
2. Section 13 of RA 10531 provides that electric cooperatives, which comply with financial and operational standards set by the NEA shall enjoy certain incentives which include all subsidies, grants and other assistance which shall form part of donated capital and funds of the electric cooperatives, and as such, it shall not be sold, traded nor divided into shareholdings any time. These donated capital and funds shall be appraised and valued for the sole purpose of determining the equity participation of the members, *provided* that in case of dissolution or conversion of the electric cooperative, said donated capital shall be subject to escheat.
3. International Accounting Standard (IAS) 20, under which Philippine Accounting Standard (PAS) 20 is based, prescribes for the accounting of government grants and disclosure of government assistance.
4. PAS 20 provides that government grant shall be recognized as income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grant is intended to compensate. It provides that grant related to depreciable asset shall be recognized as income over the periods and in proportion to the depreciation of the related asset.

**II. BACKGROUND**

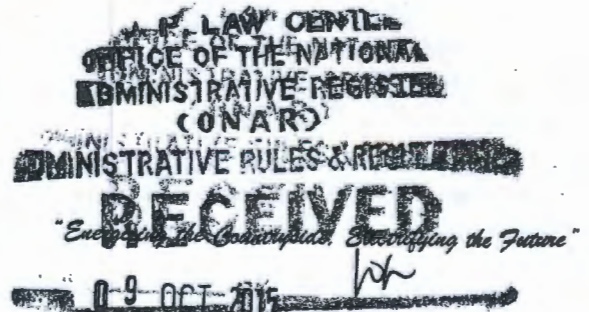
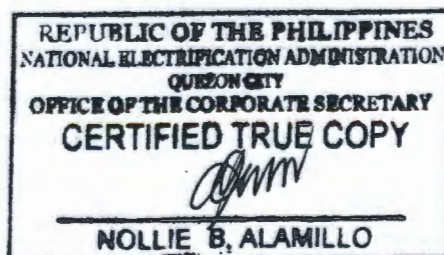
The electric cooperatives (ECs) are recipients of financial assistance from the national government in the form of grant/subsidy to fund their electrification projects, particularly the Sitio Electrification Program (SEP) and Barangay Line Enhancement Program (BLEP).

The amount released by NEA to the ECs are treated initially as Accounts Payable of ECs to NEA and will be recognized and recorded as Donated Capital upon liquidation and compliance by the ECs of the Commission on Audit (COA) requirements.

All completed Construction Works in Progress (CWIP) are required to be properly closed out and classified under the proper Utility Plant in Service (UPS) accounts.

Presently, the completed projects funded by subsidy are lumped with the UPS funded by the Reinvestment Fund for Sustainable Capex (RFSC), loans and other funding sources.

The UPS including assets funded by subsidy are subject to depreciation in accordance with the approved depreciation rate schedule but no income is recognized from government grant.



In line with Section 13 of RA 10531, and in accordance with IAS 20 and PAS 20, there is a need for a proper accounting treatment of subsidy funded projects.

Although RA 10531 provides that all subsidies and grants shall form part of the Donated Capital, the EC shall recognize and record Depreciation Expense as required under PAS 20. However, the EC shall recognize and record Income from Government Grant equal to the Depreciation Expense to be charged to Donated Capital.

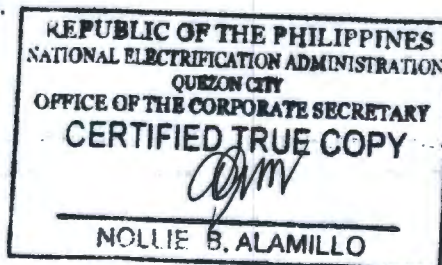
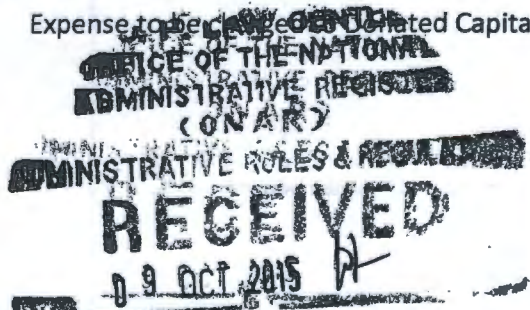
The house wiring cost will not form part of the UPS as it is presently done but shall be charged to Donated Capital.

### III. OBJECTIVE

To prescribe certain guidelines for the proper and uniform accounting and recording of subsidy funded projects for the guidance of the electric cooperatives.

### IV. IMPLEMENTING GUIDELINES

1. All subsidy releases shall be initially lodged under EC Accounts Payable to NEA and shall be recognized and recorded as Donated Capital upon liquidation and after compliance with the terms and conditions provided in the Memorandum of Agreement (MOA) between NEA and the EC, in accordance with the memorandum of the COA.
2. All subsidy releases to the ECs shall be deposited in a separate bank account in a government bank, preferably Land Bank of the Philippines (LBP) or Development Bank of the Philippines (DBP) and shall be used exclusively for approved electrification projects.
3. Procurement of equipment and materials and/or engagement of contractors for the projects shall be in accordance with RA 9184 and its Implementing Rules and Regulations (IRR) and relevant NEA policies, rules and regulations.
4. The supplies and materials purchased from subsidy funds shall be kept separately from EC stocks for internal control purposes and to facilitate the conduct of physical inventory.
5. Construction of lines will be either by contract or force account or a combination of both. All constructions of distribution lines shall be in accordance with NEA prescribed standards.
6. All constructions to be undertaken shall observe the prescribed Work Order Procedures and shall be assigned with corresponding CWIP numbers.
7. All CWIP shall be closed out within a reasonable time and classified under the proper Utility Plant in Service-Subsidy Funded Project (UPS-SFP) account.
8. The ECs shall maintain subsidiary ledgers for all subsidy-funded projects and to continue updating of Continuing Property Record (CPR).
9. The UPS-SFP shall be depreciated in accordance with approved depreciation rate schedule.
10. The ECs shall recognize and record Income from Government Grant equal to Depreciation Expense to be charged to Donated Capital.



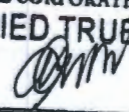
11. In the event that there are major improvements or additions to the distribution lines funded by RFSC and other sources, the additional costs shall be classified under the regular UPS account and shall be subject to depreciation.
12. Free house wiring materials shall not form part of the UPS but shall be charged to Donated Capital.
13. The accounting treatment provided herein shall cover projects funded by subsidy starting 2011.

**V. ACCOUNTING ENTRIES FOR SUBSIDY FUNDED PROJECTS**

**A. By Contract (Materials, Labor and Overhead)**

	Debit	Credit
<b>1. Receipt of Funds</b>		
120 125 41 Restricted Fund - SFP	XX	
230 232 41 Accounts Payable - SFP		XX
<b>2. Payment to Contractor</b>		
111 107 11 CWIP - Contract - SFP	XX	
Input VAT	XX	
120 125 41 Restricted Fund - SFP		XX
230 241 10 Withholding Tax Payable - Contractors		XX
<b>3. Remittance to BIR</b>		
230 241 10 Withholding Tax Payable - Contractors	XX	
120 125 41 Restricted Fund - SFP		XX
<b>4. Close-out</b>		
111 103 00 Utility Plant in Service - SFP	XX	
111 364 41 Poles, Towers and Fixtures - SFP		
111 365 41 Overhead Conductors and Devices - SFP		
111 368 41 Line Transformers - SFP		
111 369 41 Services - SFP		
111 370 41 Meters - SFP		
111 373 41 Street Lighting and Signal System - SFP		
111 107 11 CWIP - Contract - SFP		
<b>5. Liquidation</b>		
230 232 41 Accounts Payable - SFP		
211 208 41 Donated Capital - SFP		
<b>6. Close-out (House wiring - Materials, Labor and OH)</b>		
211 208 41 Donated Capital - SFP	XX	
111 107 11 CWIP - Contract - SFP		XX
<b>7. To take up annual depreciation expense</b>		
440 403 41 Depreciation Expense - SFP	XX	
112 108 41 Accumulated Depreciation - Electric Plant in Service - SFP		XX
<b>8. To recognize subsidy income equivalent to yearly depreciation expense over the life of the asset</b>		
211 208 41 Donated Capital - SFP		XX
321 421 41 Income from government grant		XX

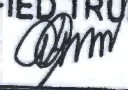
**J. P. LAW CENTER**  
**OFFICE OF THE NATIONAL**  
**ADMINISTRATIVE REGISTER**  
**(ONAR)**  
**ADMINISTRATIVE RULES & REGULATIONS**  
**RECEIVED**  
 09 OCT 2015

**REPUBLIC OF THE PHILIPPINES**  
**NATIONAL ELECTRIFICATION ADMINISTRATION**  
 QUEZON CITY  
**OFFICE OF THE CORPORATE SECRETARY**  
**CERTIFIED TRUE COPY**  
  
**NOLLIE B. ALAMILLO**

<b>9. Refund of unexpended subsidy fund received</b>		
230 232 41 Accounts Payable - SFP	XX	
120 125 41 Restricted Fund - SFP		XX
<b>B. By Administration (Force Account)</b>		
	<b>Debit</b>	<b>Credit</b>
<b>1. Receipt of Funds</b>		
120 125 41 Restricted Fund - SFP	XX	
230 232 41 Accounts Payable - SFP		XX
<b>2. Purchase of Materials (distribution and house wiring materials)</b>		
111 107 31 CWIP - Special Equipment - SFP	XX	
150 154 41 Materials and Supplies - Electric - SFP	XX	
150 155 41 Materials and Supplies - House wiring - SFP	XX	
Input VAT	XX	
120 125 41 Restricted Fund - SFP		XX
230 241 10 Withholding Tax Payable - Contractors		XX
<b>3. Remittance to BIR</b>		
230 241 10 Withholding Tax Payable - Contractors	XX	
120 125 41 Restricted Fund - SFP		XX
<b>4. Release of Materials (distribution and house wiring materials)</b>		
111 107 21 CWIP Force Account - SFP	XX	
111 107 31 CWIP - Special Equipment - SFP		XX
150 154 41 Materials and Supplies - Electric - SFP		XX
150 155 41 Materials and Supplies - House wiring - SFP		XX
<b>5. Payment of Labor and Overhead (distribution and house wiring materials)</b>		
111 107 21 CWIP Force Account - SFP	XX	
120 125 41 Restricted Fund - SFP		XX
<b>6. Close-out</b>		
111 103 00 Utility Plant in Service - SFP		
111 364 41 Poles, Towers and Fixtures - SFP		
111 365 41 Overhead Conductors and Devices - SFP		
111 368 41 Line Transformers - SFP		
111 369 41 Services - SFP		
111 370 41 Meters - SFP		
111 373 41 Street Lighting and Signal System - SFP		
111 107 21 CWIP Force Account - SFP		
<b>7. Liquidation</b>		
230 232 41 Accounts Payable - SFP	XX	
211 208 41 Donated Capital - SFP		XX
<b>8. Close-out (House wiring - materials, labor and overhead)</b>		
211 208 41 Donated Capital - SFP	XX	
111 107 21 CWIP Force Account - SFP		XX
<b>9. To take up annual depreciation expense</b>		
440 403 41 Depreciation Expense - SFP	XX	
112 108 41 Accumulated Depreciation - Electric Plant in Service - SFP		XX

J. P. LAW GEM  
 OFFICE OF THE NATIONAL  
 ADMINISTRATIVE REGISTER  
 (ONAR)  
 ADMINISTRATIVE RULES & REGULATIONS  
**RECEIVED**

~~09 OCT 2015~~ *ht*

REPUBLIC OF THE PHILIPPINES  
 NATIONAL ELECTRIFICATION ADMINISTRATION  
 QUEZON CITY  
 OFFICE OF THE CORPORATE SECRETARY  
 CERTIFIED TRUE COPY  
  
 NOLI F. ALARINO

**10. To recognize subsidy income equivalent to yearly depreciation expense over the life of the asset**

211 208 41 Donated Capital - SFP XX  
 321 421 41 Income from government grant XX


**11. Refund of unexpended subsidy fund received**

230 232 41 Accounts Payable - SFP XX  
 120 125 41 Restricted Fund - SFP XX

**C. By Combination (EC will provide Materials, Labor and Overhead by Contract)**

	Debit	Credit
<b>1. Receipt of Funds</b>		
120 125 41 Restricted Fund - SFP	XX	
230 232 41 Accounts Payable - SFP		XX
<b>2. Purchase of Materials (distribution and house wiring materials)</b>		
111 107 31 CWIP - Special Equipment - SFP	XX	
150 154 41 Materials and Supplies - Electric - SFP	XX	
150 155 41 Materials and Supplies - House wiring - SFP	XX	
Input VAT	XX	
120 125 41 Restricted Fund - SFP		XX
230 241 10 Withholding Tax Payable - Contractors		XX
<b>3. Remittance to BIR</b>		
230 241 10 Withholding Tax Payable - Contractors	XX	
120 125 41 Restricted Fund - SFP		XX
<b>4. Release of Materials (distribution and house wiring materials)</b>		
111 107 21 CWIP Force Account - SFP	XX	
111 107 31 CWIP - Special Equipment - SFP		XX
150 154 41 Materials and Supplies - Electric - SFP		XX
150 155 41 Materials and Supplies - House wiring - SFP		XX
<b>5. Payment of Labor and Overhead (distribution and house wiring materials)</b>		
111 107 11 CWIP - Contract - SFP	XX	
VAT	XX	
230 241 10 Withholding Tax Payable - Contractors		XX
120 125 41 Restricted Fund - SFP		XX
<b>6. Close-out</b>		
111 103 00 Utility Plant in Service - SFP	XX	
111 364 41 Poles, Towers and Fixtures - SFP		
111 365 41 Overhead Conductors and Devices - SFP		
111 368 41 Line Transformers - SFP		
111 369 41 Services - SFP		
111 370 41 Meters - SFP		
111 373 41 Street Lighting and Signal Systems - SFP		
111 107 21 CWIP Force Account - SFP		XX
111 107 11 CWIP - Contract - SFP		XX
<b>7. Liquidation</b>		
230 232 41 Accounts Payable - SFP		XX
211 208 41 Donated Capital - SFP		XX

**OFFICE OF THE NATIONAL ADMINISTRATIVE REGISTER (ONAR)**  
**ADMINISTRATIVE RULES & REGULATIONS**  
**RECEIVED**  
 09 OCT 2015 PL

**REPUBLIC OF THE PHILIPPINES**  
**NATIONAL ELECTRIFICATION ADMINISTRATION**  
 QUEZON CITY  
**OFFICE OF THE CORPORATE SECRETARY**  
**CERTIFIED TRUE COPY**  
  
**NOLLIE B. ALAMILLO**

<b>8. Close-out (House wiring - materials, labor and overhead)</b>		
211 208 41 Donated Capital - SFP	XX	
111 107 21 CWIP Force Account - SFP		XX
111 107 11 CWIP - Contract - SFP		XX
<b>9. To take up annual depreciation expense</b>		
440 403 41 Depreciation Expense - SFP	XX	
112 108 41 Accumulated Depreciation - Electric Plant in Service - SFP		XX
<b>10. To recognize subsidy income equivalent to yearly depreciation expense over the life of the asset</b>		
211 208 41 Donated Capital - SFP	XX	
321 421 41 Income from government grant		XX
<b>11. Refund of unexpended subsidy fund received</b>		
230 232 41 Accounts Payable - SFP	XX	
120 125 41 Restricted Fund - SFP		XX

**VI. ACCOUNT TITLES**

In line with these guidelines, the following account codes are created for inclusion in the Electric Cooperatives Uniform Utility Accounting Chart of Accounts:

<b>ACCOUNT CODE</b>	<b>ACCOUNT TITLE</b>
111 103 00	Utility Plant in Service - Subsidy Funded Projects (SFP)
111 107 11	CWIP Contract - SFP
111 107 21	CWIP Force Account - SFP
111 107 31	CWIP - Special Equipment - SFP
111 364 41	Poles, Towers and Fixtures - SFP
111 365 41	Overhead Conductors and Devices - SFP
111 368 41	Line Transformers - SFP
111 369 41	Services - SFP
111 370 41	Meters - SFP
111 373 41	Street Lighting and Signal System - SFP
112 108 41	Accumulated Depreciation - Electric Plant - SFP
120 125 41	Restricted Funds - SFP
150 154 41	Materials and Supplies - Electric - SFP
150 155 41	Materials and Supplies - House wiring - SFP
211 208 41	Donated Capital - SFP
230 232 41	Accounts Payable - SFP
321 421 41	Income from Government Grant
440 403 41	Depreciation Expense - SFP

P. LAW CENTER  
 OFFICE OF THE NATIONAL  
 ADMINISTRATIVE REGISTER  
 (ONAR)  
 ADMINISTRATIVE RULES & REGULATIONS  
**RECEIVED**  
 09 OCT 2015  
 08 OCT 2015 /DL

**VII. EFFECTIVITY**

These guidelines shall take effect fifteen (15) days after filing with the University of the Philippines (UP) Law Center pursuant to the Presidential Memorandum Circular No. 11, dated October 9, 1992.

*Edita S. Bueno*  
**EDITA S. BUENO**  
 Administrator

