

## Statement of Changes in Net Assets/Equity

Internally Generated Income

December 31, 2016

Balance at December 31, 2015	49,535,526.72
Changes in Accounting Policy	-
Prior Period Adjustments/Unrecorded Income and Expenses	(624,300.00)
Other Adjustments	12,233,634.35
Restated Balance	<u>61,144,861.07</u>
<b>Changes in net assets/equity for 2016</b>	
Surplus/(Deficit) for the period	4,707,572.74
Adjustment of net revenue recognized directly in net assets/equity	(56,928.62)
Others	-
Total recognized revenue and expense for the period	<u>4,650,644.12</u>
<b>Balance at December 31, 2016</b>	<u><u>65,795,505.19</u></u>

PHILIPPINE ARMY  
Notes to Financial Statements  
For the year ended December 31, 2016

**1. General Information/Agency Profile**

The Philippine Army Internally Generated Fund (Off-budgetary Fund-Retained Income) was established under COA-DBM-DOF Joint Circular No. 2013-1 dated 06 August 2013 with the subject Enhancement of Unified Account Code Structure which discontinued the maintenance of National Government Book but instead, existing records shall be transferred to appropriate books per fund which was also reiterated under COA Circular 2014-03 dated 15 April 2014. This circular took effect and was implemented dated 01 January 2014.

The Army Hospitals were established to deliver quality healthcare services to military personnel of active service, dependents, survivors, and authorized civilian of Philippine Army.

**2. Statement of Compliance and Basis of Preparation of Financial Statements**

The consolidated financial statements have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014.

**3. Summary of Significant Accounting Policies**

**3.1 Basis of accounting**

The consolidated financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

**3.2 Changes in Accounting Policies and Estimates**

The Philippine Army recognizes the effects of changes in accounting policy retrospectively and recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit. The Philippine Army corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the amount for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest period presented, restating the opening balance of the assets, liabilities and net assets/equity for the earliest prior period presented.

**3.3 Recognition of Expense**

All expenses are recognized when incurred and reported in the financial statements in the period in which they relate.

**3.4 Correction of Fundamental Errors**

Fundamental errors of prior years are corrected by adjusting directly the Accumulated Surplus/Deficit account. Errors affecting current year's operations

are charged to the current year's accounts.

#### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Account	Amount as of December 31, 2016
Cash in Bank, Local Currency, Current Account	P 55,286,076.97
Cash-Treasury/Agency Deposit.Trust	P 18,542,196.88
<b>Total</b>	<b>P 73,828,273.85</b>

Cash in Bank- Local Currency, Current Account represents the consolidated cash collected by the different units from hospital fees.

#### 5. Advances

Advances represent the unused cash advances for the mess of patients. Other units use the account titles "Advances for payroll" and "Advances to Special Disbursing Officers" to account the cash advances of their DOs/SDOs.

#### 6. Property Plant and Equipment

The PPE accounts are stated at cost less accumulated depreciation. The computation of the depreciation expense starts on the following month after the purchase of PPE. Depreciation is computed based on straight line method, net of residual value which is equivalent to 5% of the acquisition cost over the estimated useful life of the assets.

The total PPE accounts recorded in the books consist of the following:

Account Name			
OFFICE EQUIPMENT	148,000.00	19,760.06	128,239.94
MEDICAL EQUIPMENT	12,446,651.80	1,872,297.76	10,574,354.04
ICT EQUIPMENT	125,880.00	19,044.84	106,835.16
OTHER MACHINERY AND EQUIPMENT	36,900.00	2,921.20	33,978.80
<b>TOTAL</b>	<b>12,757,431.80</b>	<b>1,914,023.86</b>	<b>10,843,407.94</b>

7. **Accumulated Surplus/Deficit Account** represents the cumulative results of normal and continuous operations of an Army General Hospital including prior period adjustments, effects of changes in accounting estimates and policies and other adjustments.
8. Some of the units recognized collections from hospital fees as Other Payables or Trust Liabilities. These collections will be subject to reclassification to its proper account which is "hospital fees".