

PHILIPPINE PORTS AUTHORITY NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Philippine Ports Authority (PPA) is a government-owned and controlled corporation originally created under Presidential Decree (PD) No. 505 dated July 11, 1974, which was revised by substitution on December 23, 1975 by PD No. 857. Its functions are to coordinate, streamline, improve and optimize the planning, development, financing, construction, maintenance and operations of ports or port system for the entire country.

Subsequent amendments under Executive Order (EO) No. 513 dated November 16, 1978, EO No. 546 dated July 23, 1979 and Letter of Instruction (LOI) No. 1005-A dated April 11, 1980 further enhanced PPA's corporate powers to be more responsive in attaining optimum port utilization, development and operation. In EO No. 159 dated April 13, 1987, the corporate autonomy was reverted to the PPA to ensure the rapid development of port or the port system directly under it and authority was granted to execute port projects under its port program.

The corporate powers of PPA are vested in the Board of Directors, which consist of the following members: (i) Secretary of the Department of Transportation (DOTr) as Chairman; (ii) PPA General Manager as Vice-Chairperson; (iii) Secretary of Department of Public Works and Highways (DPWH); (iv) Secretary of Department of Trade and Industry (DTI); (v) Secretary of Department of Finance (DOF); (vi) Director-General of National Economic and Development Authority (NEDA), (vii) Administrator of Maritime Industry Authority (MARINA); and (ix) one private sector representative.

With the passage of Republic Act (RA) No. 10149, GOCC Governance Act of 2011, PPA was included among the corporations whose performances are monitored and evaluated by the Governance Commission for GOCC (GCG). Based on its assets and revenues for the past three years, GCG classified PPA as Category "A" GOCC on November 3, 2015.

In conformity with the GOCC Governance Act of 2011 approved by GCG, the PPA Board, aside from the Executive Committee is further assisted by the following committees: (1) Audit and Risk Management Committee, (2) Governance Committee, (3) Nomination and Remunerations Committee, and (4) Finance Committee.

The PPA Rationalization Plan (RP) approved by GCG under GCG Memorandum Order No. 2014-10 provided for the same composition of top management headed by a General Manager and three Assistant General Managers (AGM), namely: AGM for Engineering Services, AGM for Operations, and AGM for Finance, Legal and Administrative Services.

Under the executive offices are 16 Departments, 25 Port Management Offices (PMOs) and 83 Terminal Management Offices (TMOs). Twenty-three (23) PMOs follow a uniform organizational structure unlike PMOs NCR South and NCR North that are streamlined to reflect their privatized setup.

The registered office of PPA is PPA Corporate Bldg., Bonifacio Drive, South Harbor, Port Area, Manila.

2. HIGHLIGHTS OF CY 2022 ACCOMPLISHMENTS

2.1. Port Development and Maintenance

a. Locally Funded Projects (LFP)

A total of 74 LFP comprising of carry-over and new projects are implemented nationwide. As of year-end, 40 projects are for Luzon ports, 15 for Visayas ports, and 19 for Mindanao ports broken down as:

	Luzon			Visayas			Mindanao			Total
	Head Office	Field Office	Total	Head Office	Field Office	Total	Head Office	Field Office	Total	
Completed	9	1	10	4	0	4	3	1	4	18
On-going	28	0	28	10	0	10	15	0	15	53
Suspended	2	0	2	1	0	1	0	0	0	3
Total	39	1	40	15	0	15	18	1	19	74

Total budget utilized is P4.274 billion or 96.66 per cent of the P4.422 billion earmarked to finance the LFPs for the year.

b. Dredging Operations

Routine maintenance dredging operations are done to keep the country's harbors and ports clear and safe to passenger liners and cargo vessels. With the increasing sizes of ships, improved navigational channels are necessary to ensure that serviceable water depths are maintained to keep the efficient, quick, and safe vessel operations.

As of December 31, 2022, a total of 1,134,550.36 cubic meters of silts were removed at the following ports and harbors:

- Tagbilaran, Loay, Ubay, Clarin and Talibon (Bohol);
- San Jose and Calapan (Mindoro);
- San Pedro Bay in Tacloban City;
- Naval, Baybay, Hilongos and Guadalupe (Western Leyte);
- Capinpin and Lamac (Bataan);
- Calbayog, Samar;
- Zamboanga;
- Banago, Danao and San Carlos (Negros Occidental);
- Cagayan de Oro and Balingoan (Misamis Oriental);
- Benoni, Balbagon and Guinsiliban (Camiguin);
- Currimaog; and
- Pier 18 and North Harbor Inner Basin, Manila

Total budget utilized is P581.139 million or 52.83 per cent of the P1.100 billion budgeted for dredging projects.

c. Repair and Maintenance Program

Total approved budget for the year amounts to P1.834 billion.

As of December 31, 2022, a total of 66 projects have already been completed and 13 are ongoing. Budget utilized as of December is P1.540 billion which is 83.99 per cent of the total P1.834 billion earmarked for CY 2022 Repairs and Maintenance programs.

2.2. Port Operations and Business Development

2.2.1. Port Terminal Management Regulatory Framework (PTMRF)

As of year-end, a total of 19 ports were successfully bid out under the PTMRF, namely:

- Puerto Princesa;
- Ormoc;
- Legazpi;
- Tabaco;
- Zamboanga;
- Iligan;
- Ozamiz;
- Calapan;
- Tacloban;
- Matnog;
- Nasipit;
- Pulupandan;
- Fort of San Pedro;
- Surigao;
- Tagbilaran;
- Masao;
- Pagadian;
- Pasig; and
- Sasa

The PTMRF aims to (a) provide an efficient port terminal management and other related port services through the realization of economies of scope in all ports; (b) encourage authorized port terminal operators to invest in the port terminal; (c) promote consistency in terms of contract requirements and procedures in awarding of contracts through competitive bidding, and (d) allow cost recovery through port tariff.

2.2.2. Accreditation of Port Service Providers and Transport Accreditation, Permit and Pass for Ports (TAPPP)

Under PPA Administrative Order (AO) Nos. 10-2018, 06-2019, 07-2019, 06-2021, and 019-2021, and Memorandum Circular (MC) No. 03-2019, the Authority prescribed the guidelines for accreditation, which required all port service providers including shipping lines/agents, trucking and cargo forwarders transacting at the ports to secure PPA accreditation to ensure a port service provider's legitimacy, capability, and competency in the provision of port services in all ports under the PPA jurisdiction.

A total of 535 accreditation applications were processed during the year.

Also, PPA AO No. 01-2022, which took effect on January 3, 2022, dubbed as Transportation Accreditation, Permit and Pass for Ports or TAPPP rationalizes the existing process in consideration of RA No. 11032 or the Ease of Doing

Business and Efficient Government Service Delivery Act. It prescribes the guidelines for transport service providers doing business or intending to do business in ports under the jurisdiction of PPA, including private ports. This regulation is exclusive of the commercial and technical services arrangements adopted by port service providers and port terminal operators to facilitate and expedite transactions with port users.

For the year, a total of 703 TAPPP applications were processed by PPA.

2.3. Human Resource

The GCG-approved Rationalization Plan provided for 3,151 plantilla positions, composed of 647 positions for Head Office and 2,504 for the Field Offices.

As of year-end, personnel count stood at 2,178. Of this number, 425 personnel are assigned at the Head Office while the remaining 1,753 are at the Field Offices. Outsourced personnel of PPA for technical and administrative positions as of December 2022 totaled 2,803 where 515 are assigned at the Head Office while 2,288 are designated at Field Offices.

The Authority is still completing the filling-up of vacant positions nationwide based on the GCG-approved Rationalization Plan.

2.4. Gender and Development

RA No. 9710 or the Magna Carta for Women Act requires all government agencies, offices, and instrumentalities, including GOCCs to adopt gender mainstreaming as a strategy to eliminate gender discrimination.

In compliance with the law and in response to various GAD-related issues and concerns identified in various GAD fora, PPA implemented the following interventions during the year:

- a. Mainstreaming of GAD advocacies in PPA programs, activities, and projects; and
- b. Conduct of trainings/seminars/fora and/or attendance to meetings on gender-responsive help desk management, gender sensitivity, gender mainstreaming, gender analysis, GAD planning and budgeting, gender audit, violence against women and children (VAWC), trafficking in persons (TIP) in ports, anti-sexual harassment and Magna Carta for Women.

Moreover, as an expression of support, PPA actively participated in various GAD celebrations such as the annual National Women's Month and the 18-day campaign to end violence against women (VAW).

2.5. Local and Foreign Engagements

In 2022, PPA officials and staff attended twelve (12) international meetings, conferences, workshops, and conventions to enhance global ties, and to keep abreast with current technological trends as well as improve capacity building in various areas of port operations and shipping.

Training/Organizer	Trainings/Attendees
Japan International Cooperation Center (JICE)	20th Batch of Japanese Grant Aid for HRD Scholarship (JDS) August 2022 to September 2024, (Kobe, Japan)
Japan International Cooperation Agency (JICA)	Sustainable Port Development and Planning (for Port Engineer) September 20 to December 5, 2022 (online)
Asian Pacific Economic Cooperation (APEC)	<ol style="list-style-type: none"> 1) Seminar on Port Logistics August 29 to September 23, 2022 (online) September 26-30, 2022 (face-to-face) (Antwerp, Belgium) 2) Seminar on Sustainable Port Development in Changing Global Supply Chains October 17-28, 2022 (Antwerp, Belgium) 3) APEC Port Services Network (APSN) Forum October 18-19, 2022 (face-to-face) (Manila) 4) APEC – Seminar on Container Terminal Management November 14-25, 2022 (face-to-face) (Antwerp, Belgium)
International Maritime Organization (IMO)	<ol style="list-style-type: none"> 1) 19th Session of the Women in Port Management (Scholarship Training) June 20 to July 1, 2022 (online) November 14-18, 2022 (face-to-face) (Le Havre, France) 2) 36th Advanced Course on Port Operations and Management September 12 to October 14, 2022 (face-to-face) (Le Havre, France)
ASEAN Ports Association (APA)	<ol style="list-style-type: none"> 1) 41st ASEAN Ports Association (APA) Working Committee Meeting July 20, 2022 (online) 2) 46th ASEAN Ports Association (APA) Meeting December 12-14, 2022 (face-to-face) (Malaysia)
United Nations Conference on Trade and Development (UNCTAD)	UNCTAD Modern Port Management Modules 1 to 4 Workshop December 12, 2022 January 27, 2023 (online) February 8-15, 2023 (face-to-face) (Spain)
Association of Southeast Asian Nations (ASEAN)	43rd ASEAN Maritime Transport Working Group (MTWG) Meeting 20-22 September 2022 (Nha Trang, Vietnam)

3. MAJOR CONTRACTS/SERVICE CONCESSION ARRANGEMENTS

The following highlights of the terms and conditions of major contracts entered into by PPA are reiterated as part of yearly disclosures in accordance with the provision of Standard Interpretation Committee (SIC) 29, *Service Concession Arrangements*. The terms and conditions of major contracts remained the same. Information on accomplishments for 2022 pertaining to their development commitment, if any, are updated:

3.1. Port of Manila

a. Contract for the Development, Management, Operation and Maintenance of Manila North Harbor

The exclusive development, management, operation and maintenance of North Harbor comprising of Pier 2 up to Slipway, including Isla Puting Bato was awarded to Manila North Harbor Port Incorporated (MNHPI) under a 25-year contract on November 18, 2009.

Highlights of the terms of the contract and accomplishments:

- a.1. MNHPI as the contractor shall provide and undertake the domestic terminal services at North Harbor which shall include cargo handling services, passenger terminal management, parking services, berth management, storage management, water distribution, security services and ancillary services.

PPA-PMO NCR North, on the other hand, continues to collect charges such as Port Dues, Dockage Fees, Usage Fees, Wharfage Dues, Vessel Traffic Management System (VTMS) Fees and management fees which are recognized as PPA revenues.

- a.2. PPA shall be paid the following financial considerations:

- Fixed Fee of P6.819 billion to be remitted in accordance with the set schedule for a period of 25 years starting in 2010 up to 2034, payable in advance not later than the 5th day of the 1st month of every quarter without need of demand. Total Fixed Fee remitted as of December 31, 2022 amounted to P3.018 billion.
- Reimbursement of past service benefits advanced by PPA in the amount of P20.600 million per year for a period of five years or a total of P103.000 million. The last payment of P20.600 million has been remitted by MNHPI in April 2018.

- a.3. Assets constructed by the operator shall be turned over to the PPA at the end of the contract.

The PPA Board of Directors approved, in its Board Resolution No. 2254 dated June 2, 2011, the MNHPI development plan, "Manila North Harbor Modernization Project" (MNHMP). Its estimated project cost is P14.80 billion to be implemented during the contract period from 2010 to 2034.

Based on the MNHPI Modernization Project Quarterly Report of the Manila North Harbor, it has invested a total of P11.795 billion as of December 31, 2022 for various development initiatives since 2010, broken down as follows:

Plan/Project Description	Total Investment as of December 31, 2022
1. Infrastructure and Port Development	5,878,155,833.81
2. Cargo Handling Equipment	5,546,212,654.80
3. Safety and Security	70,846,867.85
4. Information and Technology	299,585,424.46
Total	11,794,800,780.92

Net book value of PPA constructed assets turned over for use and management by MNHPI under the contract is P14.057 billion as of December 31, 2022.

b. Contract for the Management and Operation of South Harbor, Port of Manila

The latest contract entered into with Asian Terminals, Inc. (ATI) for the management and operation of South Harbor was the Third Supplemental Contract executed on October 19, 2007, which extended the contract term up to May 18, 2038. The Third Supplement covers areas/services under the (i) Lease Agreement of January 15, 1997 covering certain areas of South Harbor intended for use as international and domestic storage areas; and (ii) the Second Supplement which expanded the scope of services of the contractor to include the management of domestic terminal facilities.

In consideration for the “Extended Term”, ATI remitted to the PPA on May 19, 2013 a lump sum fee of P282 million. In addition, the following financial considerations shall also be remitted to PPA:

- b.1. From international containerized cargo handling operations, Fixed Fee of USD 9 million and Variable Fee of 20 per cent of gross revenue.

Fixed Fees are payable quarterly in advance not later than the 5th day of the first month of every quarter. Variable Fees, on the other hand, are payable quarterly in arrears not later than the 5th day of the first month of every quarter (on or before January 5, April 5, July 5, and October 5 of every year).

The contract provides that US dollar-denominated fees shall be paid in Philippine pesos using the Philippine Dealing System USD = Php closing rate of the last trading day prior to payment date.

- b.2. From international and domestic cargo storage operation, Fixed Fee of P55 million; Variable Fee of 30 per cent of annual gross storage revenues from international cargo storage operation in excess of P273 million whether collected or uncollected; and Variable Fee of 10 per cent of the annual gross storage revenues from domestic cargo storage operations, whether collected or uncollected.
- b.3. From domestic cargo handling operations, government share of 10 per cent of gross revenues.

- b.4. Adjunct Fee in case actual international container volume throughput exceeds 1,900,000 Twenty-foot Equivalent Units (TEUs). The fee is payable on or before January 31 of the year following the calendar year in which the required cargo throughput has been exceeded.
- b.5. From international non-containerized cargo operations, government share of 14 per cent of gross stevedoring revenues and government share of 20 per cent of gross arrastre revenues.

Likewise, the contract provides for investment commitment from ATI. Among its highlights are:

- i. ATI shall implement the projects for rehabilitation, development and expansion of the South Harbor facilities in accordance with the Investment Plan, as may, from time to time be revised or updated pursuant to the Third Supplement. Summary of Investments to be implemented from the Year 2009 to 2038 are as follows:

Source of Revenue	Infrastructure	Equipment	IT	Total
	In Million US Dollar (USD)			
International Containers	126.685	123.075	8.987	258.747
International Gen. Cargo	6.473	1.930	0.362	8.765
Domestic Cargo	17.061	15.180	0.706	32.947
Total	150.219	140.185	10.055	300.459

- ii. Investment of P120 million for additional works and other costs related to the construction of the PPA Head Office building.

As of December 2022, actual value of investments or costs of implemented projects by ATI in aggregate amounts is USD302.420 million, composed of infrastructure projects of USD187.249 million; Information Technology of USD15.713 million; and acquisition of port equipment of USD99.458 million.

The net book value of PPA constructed assets as of December 31, 2022 at South Harbor turned over for the management and operation by ATI is P28.974 million.

c. Contract for the Management, Operation and Development of Manila International Container Terminal (MICT)

In 1988, the PPA entered into an agreement with the International Container Terminal Services, Inc. (ICTSI) for the management, operation and development of the MICT at the Port of Manila, subject to the direct control and supervision of the PPA. It provides for the remittance of Fixed Fee and Variable Fee from its gross income which shall include all income generated by the Contractor from the MICT from every source and on every account except interest income, whether collected or not, to include but not limited to Harbor Dues, Berthing Fees, Wharfage, Cargo Handling Revenues, Cranage Fees, Stripping/Stuffing Charges and all other revenues from Ancillary Services.

A renewal of the agreement was made on April 20, 2005 which provides for an extension of the contract period for another 25 years reckoned from May 19, 2013 up to the expiration of 'Extended Term' on May 18, 2038.

Part of the financial consideration was the lump sum fee of P670 million remitted to PPA on May 20, 2013. Additional investment of not less than USD125 million for the construction and development of new port facilities was also provided in the contract.

Aside from the abovementioned financial consideration, the contract provides for the following fees under the 'Extended Term':

- c.1. Fixed Fee of USD600 million payable in 100 quarterly installments, to be paid in advance not later than the 5th day of the first month of every quarter without need of demand;
- c.2. Variable Fee of 20 per cent of the gross revenue earned at the MICT;
- c.3. Variable Fee for unattained transshipment volume payable within the 1st month of the succeeding year. The committed transshipment volume is pegged at 260,000 TEUs;
- c.4. Adjunct Fee in excess of 2.55 million TEUs; and
- c.5. Remittance of 10 per cent of its gross income derived from domestic operation, billed/unbilled or collected/uncollected, due not later than the 5th day of every month (for prior month income). This is based on the 2007 Supplemental Contract executed, relative to the contract signed on May 19, 1988 and renewed in April 2005, granting the contractor the authority to provide arrastre, stevedoring and other related cargo handling services to domestic vessels and cargoes at MICT.

On June 23, 2010, a Supplemental Contract to the May 19, 1988 contract was signed and confirmed in Board Resolution No. 2213. It amended Annex C of the 2005 MICT Renewal Agreement which provided for USD126.823 million as additional Port Development Program Civil Works and Equipment from the Year 2005 to 2012. From the above estimated cost of investment commitment from ICTSI, the actual value of completed port development is USD210.549 million.

The 2013 to 2037 Port Development Commitment provided in Annex C and E of the contract with the total estimated amount of USD273.198 million, the actual cost of investment as of December 31, 2022, was recorded at USD429.683 million from the total estimated amount of USD210.549 million for Annex C and USD219.134 million for Annex E. Despite the pandemic this year, the construction of Berth 7 which started in CY 2018 is already completed and was able to serve its first vessel on January 11, 2021.

As of December 31, 2022, net book value of PPA constructed assets turned over for use under the original management contract with ICTSI is P16.802 billion which includes the value of land and various port development projects and equipment turned-over to PPA in 2013.

3.2. Port of Batangas

a. Long-Term Contract for the Operations of Cargo Handling Services and Fastcraft Passenger Terminal Phase I

The contract was awarded to ATI on October 20, 2005 effective for a period of 10 years. It authorized the contractor to manage, operate, and provide cargo handling services at the Port of Batangas, Phase I including the newly constructed General Cargo Berth and passenger services at the Fastcraft Terminal Building (PTB 3).

A contract extension and renewal were executed with material conditions that the contractor commits to develop, finance and construct the required development within the specified timelines. The contract extension became effective and commence on October 1, 2015 to expire on September 30, 2025. The period of extension was revised per PPA Board Resolution No. 2744 that provided for the revised expiration date to October 1, 2035.

Following are the financial obligations of the contractor under the new contract:

- a.1. Annual Fixed Fee in the total amount of P1.252 billion payable for a period of 10 years and summarized as follows:

Contract Year	% Escalation	Fixed Fee Amount
Year 1	None	112,700,000
2	None	112,700,000
3	None	112,700,000
4	5%	118,335,000
5	4%	123,068,400
6	3%	126,760,452
7	3%	130,563,266
8	3%	134,480,164
9	3%	138,514,569
10	3%	142,670,005
Total		1,252,491,856

In October 2022, there is an increase of three per cent on payment of fixed fee made by ATI Batangas for Phase I as stated in the contract.

- a.2. Annual Volume-Triggered Government Share in the amount equivalent to:

- Ten (10) per cent of the Gross Income for handling and servicing all types of domestic cargoes and those derived from passenger terminal fees, in excess of the Defined Threshold Volume; and
- Twenty (20) per cent of the Gross Income for handling and servicing all types of foreign cargoes, in excess of the Defined Threshold Volume.

The Defined Threshold Volumes of the various types of cargoes and services shall be as follows:

Cargo Type / Port Traffic		Annual Volume Threshold
1.	Non-Containerized Cargo Metric Ton (MT)	
	Domestic	400,000
	Foreign	100,000
2.	RORO Cargoes Units	
	Domestic RORO Terminal System (RRTS)	240,000
	Foreign Completely Built Units (CBUs)	115,000
	Domestic (CBUs)	4,000
3.	Domestic Containerized Cargo (TEUs)	35,000
4.	Passengers (Outbound)	3,000,000

The Annual Fixed Fees and Volume Triggered Government Share are exclusive of Value-Added Tax (VAT).

b. Management, Operation, Maintenance, Development and Promotion of Container Terminal “A-1”, Phase II

The contract for the management, operation, maintenance, development and operation of Container Terminal “A-1”, Phase II was awarded to ATI on March 25, 2010 for a period of 25 years. In addition, PPA Board Resolution No. 2745 provides that the contract may be extended for an additional term from 2036 to 2045.

In consideration, the following shall be remitted by ATI exclusive of VAT:

- b.1. Annual Fixed Fee in US dollars totaling USD125.46 million for 25 years.
- b.2. Annual Variable Fee equivalent to the yearly percentage share multiplied by the projected gross income in Philippine Peso or the committed yearly percentage share multiplied by the contractor’s actual gross income in Philippine peso, whichever is higher.

The Annual Fixed and Variable Fees shall be remitted in Philippine Peso using the closing reference rate of Bangko Sentral ng Pilipinas on the last trading day prior to payment date.

Rental rate of ATI-Batangas Container Terminal increases from P98.398/sq. m. in April 2020 to P103.318/sq. m. effective April 2021.

Starting February 2021, monthly rental fee of P6.4 million is being collected from the ATI for the payment of 80,000 sq. m. at Phase II (P80.00/sq. m.). On June 2022, additional 40,000 sq. m. was occupied by ATI with monthly rental of P3.200 million.

ATI Major Projects at Batangas Port are the following:

- 1. ATI Multi-Level Car Park
Contract Cost: USD26,150,000.00
Completion Date: September 17, 2018
- 2. Upgrading and Connecting the Foreign Berth Project and making it at Par with BCT thru the Extension of the Crane Rail

Contract Cost: P1,116,791,100.05
 Completion Date: May 31, 2019

3. Out of P1.298 billion, the actual accomplishment of ATI Batangas Passenger Terminal Building Project as of November 30, 2022 is P853.406 million or 65.91 per cent

The net book value of assets constructed by PPA which is under the operation and management of ATI at Port of Batangas is P2.130 billion as of December 31, 2022.

3.3. Port of Davao

a. Construction, Management and Operation of Reefer Rack

Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) was awarded the contract to construct, manage and operate the additional reefer rack structure/facility with at least 144 reefer outlets at the Sasa Wharf, Port of Davao on April 23, 2010. The contract was effective for a period of 10 years renewable for another 10 years. Its request for the renewal of the contract is still pending approval in the Head Office but with a variation on the existing Terms and Conditions.

The contract provided for the remittance of government share exclusive of VAT equivalent to 10 per cent of the gross income on the operation of the reefer facilities, whether billed/unbilled and collected/uncollected not later than the 5th day of every month for prior month's income.

Net book value of assets turned over to PPA by DIPSSCOR is P1.314 billion as of December 31, 2022 which includes a land account. Deed of Conveyance for the transferred assets from the operator to PPA was issued on July 1, 2022.

3.4. Port Terminal Management Contract (PTMC)

PPA entered into Port Terminal Management Contracts with the Operators for the management and operation of cargo handling, passenger terminal building, RORO and other related services.

The following are the ports with an approved PTMC as of December 31, 2022:

Ports	Operator	Total Fixed Fees (for the contract term)
Masao	Concord Arrastre and Stevedoring Corp. (CASCOR)	687,365,220.00
Pulupandan	Globalport Terminals, Inc.	571,000,000.00
Surigao	Joint Venture of Globalport	1,068,000,000.00
Tagbilaran	Terminals, Inc. and	3,903,000,000.00
Sasa	Globalport Ozamiz Terminal, Inc.	8,635,000,000.00
Matnog		1,000,168,000.00
Nasipit	Joint Venture of Harbour	906,000,000.00
Zamboanga	Centre Port Holdings, Inc.	2,503,000,000.00

Ports	Operator	Total Fixed Fees (for the contract term)
Iligan	and ZC Integrated Port Services, Inc	1,008,000,000.00
Ozamiz		1,575,000,000.00
Tacloban		1,758,000,000.00
Pagadian	Mega Lifters Cargo Handling, Corp. (MLCHC)	132,167,000.00
Ormoc	PCBSI Port Terminal Management, Corp (PCBSI- PTMC)	850,000,000.00
Tabaco		353,000,000.00
Puerto Princesa		1,662,941,691.52
Legazpi	Prudential Customs	560,000,000.00
Calapan	Brokerage Services, Inc. (PCBSI)	1,495,000,000.00

The Contractor shall, during the effectivity of the contract, remit to the Authority Fixed and Variable Fees.

The Annual Fixed Fee shall be divided into twelve (12) equal monthly payments. The corresponding amount for the first (1st) month shall be paid within five (5) days from the signing of the Contract. The payment for the succeeding months shall be made within five (5) days after the 30th day of the previous month's payment. The monthly payment for the succeeding years shall commence on the Contract's anniversary date.

Annual Variable Fee. The Operator shall remit to the Authority a Variable Fee under the following circumstances:

- a. If the actual traffic volume exceeded the projected volume by 10 per cent, a Variable Fee equivalent to 60 per cent from cargo handling operation and/or PTB operation shall be computed on the actual traffic in excess of the 110 per cent projected volume;
- b. If the actual traffic volume exceeded the projected volume by 10 per cent, a Variable Fee equivalent to 80 per cent from RORO operations shall be computed on the actual traffic in excess of the 110 projected volume; and
- c. A Variable Fee equivalent to 60 per cent of gross revenue earned from additional services which are not included in the determination of minimum concession fee.

The Operator shall remit to the Authority the Variable Fee quarterly, not later than the fifth (5th) day of the first (1st) month of the succeeding quarter without need of demand.

Upon expiration of the term of this Contract or cancellation prior to its expiration, all existing improvements, structures, buildings and facilities at the concession area, permanent or semi-permanent, constructed by or belonging to the Operator shall automatically become the property of the Authority without any obligation to reimburse the cost thereof.

Any equipment of the Operator being used at the concession area shall, upon expiration of the term of this Contract or in the event the Contract is pre-terminated or cancelled, automatically become the property of the Authority without any obligation

to reimburse for the same, except for equipment acquired by the Operator whose depreciation extends beyond the expiration of this Contract. The Operator shall return to their original condition, normal wear and tear excluded, all the existing improvements, structures, buildings and facilities at the concession area; including structures where the equipment, facilities and gears were removed from its installation.

In case the depreciation of equipment and gears extend beyond the term of this Contract, the costs for acquiring cargo handling equipment and facilities shall be mutually agreed by both parties.

The Authority shall have a right of first refusal over the cargo handling equipment, facilities and gears on the basis of its residual book value.

If the Authority will not acquire the cargo handling equipment and facilities, the Operator shall remove the same from the port premises within thirty (30) days after expiration of this Contract, provided that such removal can be done without damaging the concession area. If the Operator fails to remove such cargo handling equipment and facilities, the Authority shall have the right to subject the equipment to an auction sale and apply the proceeds thereof to damages and expenses it had incurred as a consequence of non-removal.

4. DEPARTMENT OF TRANSPORTATION (DOTr) TOURISM AND SOCIAL REFORM RELATED PROJECTS IMPLEMENTED BY PPA

With regard to the Memorandum of Agreement (MOA) for the Bidding and Implementation of the Construction of DOTr CY 2015 Tourism and Social Reform-Related Ports, PPA successfully bid out 41 port projects mainly to promote the Tourism and Economic Development Agenda of the Government. Of the total 41 port projects for implementation by PPA, 37 projects were successfully completed, one project is still ongoing, one project is suspended, one project is terminated and the remaining one project was just recently funded by DOTr. As of December 31, 2022, the total amount transferred by DOTr to PPA amounted to P1.051 billion; total expenditure accounted at P996.398 million, with a remaining balance of P54.837 million.

On September 15, 2017, another MOA was signed between DOTr and PPA which provides for the Bidding and Implementation of the Construction of DOTr CYs 2016-2017 Tourism and Social Reform-Related Ports. As of December 31, 2022, the total amount transferred by DOTr to PPA amounted to P529.781 million; total expenditure accounted at P365.979 million, with a remaining balance of P163.802 million for the year. Of the total 19 port projects for implementation by PPA, 10 projects were successfully completed, one project is still ongoing, three projects are suspended, four projects are under procurement and the remaining one project is already cancelled.

In 2018, two Supplemental Agreements to the MOA executed on September 15, 2017 were issued. Both supplemental agreements cover the Procurement and Implementation of the Construction of DOTr CY 2018 Tourism and Social Reform-Related Ports. As of December 2022, the total amount transferred by DOTr to PPA amounted to P358.826 million, total expenditure accounted at P219.927 million, with a remaining balance of P138.899 million for the year. Of the total 18 port projects for implementation by PPA, nine projects were

successfully completed, five projects are ongoing, one project is under procurement and the remaining three projects were cancelled.

As of December 2022, DOTr already transferred P61.800 million to PPA under MOA involving the implementation of four (4) DOTr CY 2019 Tourism and Social Reform-Related Port Projects and incurred a total expenditure of P58.619 million with remaining balance of P3.181 million. Of the total four port projects for implementation by PPA, two projects were successfully completed and the remaining two projects are under procurement.

5. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

COA Circular No. 2015-003 classified Government Corporations into Government Business Enterprise (GBE) and Non-GBE, now Commercial Public Sector Entities (CPSEs) and Non-CPSEs per COA Resolution No. 2020-013 dated January 31, 2020, for the purpose of determining the applicable Financial Reporting Framework and the prescribed guidelines in the preparation of their financial statements. It prescribed the mandatory adoption of the Philippine Financial Reporting Standards (PFRS) by all GBEs. PPA was classified as a CPSE.

5.1. Statement of Compliance

The financial statements of the Authority have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which includes all the PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA).

5.2. Basis of Preparation

The accompanying financial statements were prepared using the historical cost convention and accrual basis of accounting except for fixed assets that were revalued in 2016 and those assets for disposal that were adjusted to their net realizable value.

The books and reports generated through the Accounting and Financial Management System (AFMS), a sub-system of the PPA Computerized System, were used as a basis in the preparation of the financial report. AFMS uses only a single book of accounts in recording the financial transactions of Operating Units (OUs) consisting of Head Office and Port Management Offices (PMOs). Clearing accounts, default accounts, use of automated entries through the "Due To/Due From" accounts and assignment of codes for each OU allow the generation of financial reports for Head Office, for each PMO, consolidated report on PMOs and consolidated PPA report.

Forms and reports as well as the schedules of the different accounts generated thru the AFMS were developed using Oracle software and were customized to be compliant with the requirements of the National Government Accounting System (NGAS). The Consolidated Financial Statements include the financial transactions of the Head Office and PMOs.

The system-generated Trial Balance which is already compliant with the updated Revised Chart of Accounts (RCA) prescribed in COA Circular No. 2020-002 dated

January 28, 2020, was used in the preparation of financial statements. The formats prescribed in COA Circular No. 2017-004 were also observed in the preparation of the required financial statements for GOCC classified as CPSE.

IPSAS 32 – Service Concession Assets was adopted in the absence of specific PFRS issued regarding service concession agreements for CPSE which is in accordance with paragraphs 10, 11, and 12 of PAS 8.

5.3. Adoption of New and Amended PFRS

5.3.1 Effective in 2022 that are relevant to the Authority.

Amendments to PAS 16, Property, Plant and Equipment – Proceeds Before Intended Use - This amends the standard to prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract - The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to PFRS 9, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities - The amendment clarifies which fees an entity include when it applies the '10 per cent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to PFRS 16, Lease Incentives - The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

5.3.2 Effective in 2022 that are not relevant to the Authority.

Amendments to PFRS 3, Reference to the Conceptual Framework – PFRS 3 is not applied by the authority since it has not engaged in a Business Combination.

Amendments to PFRS 1, Subsidiary as a First-Time Adopter – The authority treats its Port Management Offices as part of the whole operation of the entity and not as separate entities reporting as subsidiaries.

Amendments to PAS 41, Taxation in Fair Value Measurements – The authority engages in Port Construction and Management and not in Agriculture.

5.4. Standards Not Applied

The following standards were not applied by the Authority as these are not relevant to its business operations:

	Standard	Reason for Non-Applicability
PFRS 1	First-time Adoption of International Financial Reporting Standards	<i>The standard is applicable to an entity's first IFRS financial statements.</i>
PFRS 2	Share-based Payment	<i>Since the Authority is a GOCC, its ownership is not denominated in shares.</i>
PFRS 3	Business Combinations	<i>The Authority has not engaged in Business Combinations.</i>
PFRS 5	Non-Current Assets Held for Sale and Discontinued Operations	<i>The Authority does not hold Non-Current Assets for Sale and has not shut down any significant operations for the year.</i>
PFRS 6	Exploration for and Evaluation of Mineral Resources	<i>The Authority is not engaged in Mining Resources.</i>
PFRS 8	Operating Segments	<i>Since the Authority is a GOCC, its ownership is not denominated in shares, nor its debt and equity instruments are traded in a public market.</i>
PFRS 11	Joint Arrangements	<i>The Authority has not engaged in Joint Operations where it shares control with other entities.</i>
PFRS 12	Disclosure of Interests in Other Entities	<i>The Authority does not hold control over other entities to date.</i>
PFRS 14	Regulatory Deferral Accounts	<i>The Authority did not elect to apply the requirements in its first IFRS Financial Statements which is a requirement of this standard.</i>
PFRS 17	Insurance Contracts	<i>The Authority does not issue insurance contracts nor it holds reinsurance contracts.</i>
PAS 26	Accounting and Reporting by Retirement Benefit Plans	<i>Paragraph 2 of this standard excludes Government social security type arrangements.</i>
PAS 27	Separate Financial Statements	<i>The Authority is not required to present separate financial statements.</i>
PAS 28	Investments in Associates and Joint Ventures	<i>The Authority does not have investments covered by this standard.</i>

	Standard	Reason for Non-Applicability
PAS 29	Financial Reporting in Hyperinflationary Economies	<i>This standard is not applicable for the Philippine Economy.</i>
PAS 33	Earnings per Share	<i>Since the Authority is a GOCC, its ownership is not denominated in shares.</i>
PAS 34	Interim Financial Reporting	<i>The Authority's financial statements are presented for the full year.</i>
PAS 41	Agriculture	<i>The Authority is not engaged in Agriculture Business.</i>

5.5. Presentation of Financial Statements

The complete set of financial statements composed of (i) Statement of Financial Position, (ii) Statement of Comprehensive Income, (iii) Statement of Cash Flows, (iv) Statement of Changes in Equity, and (v) Notes to Financial Statements required in PAS 1, Presentation of Financial Statements and in the recently issued COA Circular No. 2017-004 were prepared to fairly present PPA's financial transactions as a going concern entity (corporation).

The financial statements were prepared using the accrual principle except for the Statement of Cash Flow. Comparative information and aggregation of each material class of items are presented separately consistent with prior years' presentation. Each material class of similar items is presented separately in the financial statements while dissimilar items whose amounts are considered immaterial were aggregated. Offsetting is permitted to those allowed under PFRS.

The reporting period covers the one-year operation of the agency from January to December 2022 consistent with prior years' period. Additional disclosures are presented/ provided, when necessary.

5.5.1 Current vs. Non-Current Classification

The assets and liabilities of the Authority are presented in current and non-current classifications based on the rules set by PAS 1. The Authority classifies an asset as current when (a) the asset is cash or cash equivalent, except those classified as restricted to be used to settle a liability or contingency for more than twelve months after the reporting period or (b) if the asset is expected to be realized, sold, or consumed within the normal operating cycle or at least twelve months after the reporting period. The Authority classifies all other assets as non-current.

The Authority classifies a liability as current when (a) the liability is expected to be settled or will become due within the normal operating cycle or twelve months after the reporting period or (b) if the authority does not have the right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

5.5.2 Financial Instruments

The Authority recognizes its financial instruments in its statement of financial position when, and only when, the Authority becomes a party to the contractual provisions of the instrument in accordance with the provisions of PFRS 9, *Financial Instruments*.

a. Financial Assets

i. *Initial Recognition and Measurement*

The Authority initially measures its financial assets, except for trade receivables, which are measured at their transaction prices as defined in PFRS 15, at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the said asset since the Authority manages its financial assets as held-to-maturity securities.

ii. *Subsequent Measurement*

The Authority subsequently measures its financial assets at amortised cost because its objective is to hold these financial assets to collect contractual cash flows and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. *Derecognition*

The Authority derecognizes its financial assets when, and only when the contractual rights to the cash flows from the financial assets expire or when it transfers the financial assets as set out in the provisions of PFRS 9. Any difference between the financial assets' carrying amount and the consideration received shall be recognized in profit or loss.

The Authority shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

iv. *Impairment*

The Authority shall recognize a loss allowance for expected credit losses on its financial assets. At each reporting date, the Authority shall recognize in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. An entity shall recognize favorable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition. The Authority shall recognize in profit or loss, as an impairment gain or loss, the amount

of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with this Standard.

If, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the Authority shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

b. Financial Liabilities

i. Initial Recognition and Measurement

The Authority initially measures its financial liabilities at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue.

ii. Subsequent Measurement

The Authority measures its financial liabilities subsequently at amortized cost, applying the effective interest method when calculating the interest revenue.

iii. Derecognition

The Authority shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

5.5.3 Accounts

Assets

The major categories used were Current and Non-Current Assets. “Restricted Cash” is presented under Non-Current Assets as in the prior years.

Cash and Cash Equivalents

Cash includes cash on hand and in banks which are stated at face value. Cash Equivalents include Financial Assets-Held to Maturity (HTM), mainly consists of Time Deposit accounts with maturities of 90 days or less. These HTM investments are financial assets with fixed or determinable payments and fixed maturities for which the Management has the positive intention and ability to hold to maturity. After initial measurement, HTM investments are measured at amortized cost using the effective interest method, less impairment. Amortized

cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Receivables

Receivables are non-derivative financial assets with fixed and determinable payments and fixed maturities that are not quoted in an active market. Allowance for credit loss accounts is provided arising from non-collection or any anticipated adjustments which, in the normal course of events, will reduce the amount receivable from the debtor to estimated realizable values.

Inventories

Inventories, except spare parts for PPA dredgers, are valued at cost, net of Value-Added Tax (VAT), using the moving average method of costing.

Value of PPA Dredger Spare Parts is stated at their net realizable value based on the appraisal report of an independent appraiser.

Property, Plant and Equipment

These are all the properties, infrastructures and equipment held by the Authority for its normal course of operations that are above the threshold of semi-expendable assets. These include assets provided by operators under service concession agreements.

Investment Property

These include land and buildings held by the Authority under operating leases except those under short-term leases and low value assets as defined by PFRS 16.

Intangible Assets

Cost includes acquisition cost/purchase price. With the continuing changes in information technology, the asset is accounted as a finite asset with a life of five years.

Liability

Accounts are classified as Current or Non-Current Liabilities. The portion of long-term loans payable due for settlement within the next 12 months after the financial reporting date is presented as Current Liability.

Foreign Currency

The financial statements are presented in Philippine Peso (P). Foreign-currency denominated depository accounts and loan balances have been revalued and translated into Philippine currency based on BSP closing rate as of reporting date, December 31, 2022.

5.6. Recognition, Derecognition and Reclassification of Assets and Liabilities

Inventories

Supplies and materials for stock whether purchased and/or received as donations are recorded under the appropriate inventory accounts following the perpetual inventory method. In conformity with COA Circular 2022-004 dated May 31, 2022, semi-expendable items with estimated useful life of more than a year but below the capitalization threshold of P50,000 are considered part of the inventory upon acquisition. However, this does not include those items or properties which are classified as Investment property and Service Concession Assets.

Items issued/consumed during the year are treated as expense, charged to profit or loss for the period. The moving average costing method is used in computing the amount to be recognized as expense for the period.

An allowance for impairment was provided for the dredger spare parts inventory on their net realizable value per August 23, 2021 appraisal report. As provided for in the standard, the practice of writing down inventories below cost to their net realizable value is consistent with the view that assets should not be carried more than the amounts expected to be realized from their sale or use. Further, the criteria on the recognition as an expense of the amount of write down of inventories to net realizable value and losses in the period of the write down or loss was also applied.

For accountable forms, the physical transfer of the inventory items from Head Office to PMO is recognized as transfer of the value of the inventory from the HO Inventory account to PMO Inventory account. Expense is recognized upon issuance of the accountable forms to collecting officers/cashiers.

Investment Property

Investment property is carried initially at cost, which includes directly attributable expenditure. Subsequent measurement will follow the accounting policy of Property and Equipment which are carried in the books at appraised values and are appraised once every 5 years pursuant to COA Resolution No. 89-17.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Property, Plant and Equipment

Property, Plant and Equipment (PPE) of the PPA are carried in the books at appraised value except for additions in between the periods of appraisal which are recorded at acquisition cost, net of VAT.

Appraisal is conducted once every five years pursuant to COA Resolution No. 89-17. Recognition of gain or loss as provided for in PAS 16 is observed. When assets are dropped from the books such as retirement, disposal, demolition, etc., the recognized revaluation surplus is closed to Retained Earnings account. In the absence of any recognized gain or loss from prior years' appraisals, the adjustments to the Revaluation Capital were closed to Retained Earnings.

The following provisions of PAS 16 were applied in recording the result of the asset appraisal:

- For Initial Revaluation

An increase in the value of Fixed Assets due to Appraisal shall be adjusted through the Revaluation Surplus account.

A decrease in the value of Fixed Assets due to Appraisal shall be directly charged to the result of operations in profit or loss.

- For Subsequent Revaluation

The increase shall be recognized as revaluation gain to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss and any excess should be charged to Revaluation Surplus.

A decrease shall be debited to the extent of existing balance of Revaluation Surplus in respect of that same class of asset, any excess should be charged to revaluation loss in profit or loss.

Upon retirement, disposal, demolition, or when the appraised assets are permanently impaired, the cost of the asset, appraisal increments and related accumulated depreciation are dropped from the books and any resulting gain or loss is recognized on the difference of the net proceeds and net realizable value for the period.

Depreciation starts when the asset is placed in service and ends when the asset is derecognized or disposed of. Depreciation is computed based on the acquisition cost or appraised value of the property, net of 10 per cent residual value, using the straight-line method over the estimated useful lives of the assets in accordance with PPA Memorandum Circular No. 37-2005 issued in conformity with COA Circular No. 2004-003.

Assets which satisfy the provisions of paragraphs 9 or 10 of IPSAS 32 will be classified as Service Concession Assets and are depreciated according to the depreciation policies of the Authority. New assets provided by the operator or those assets of the Authority which are upgraded by the operator as part of the service concession agreements are to be initially measured at fair value and are appraised along with other PPE.

The costs of ongoing projects, Locally-Funded Projects, are based on actual physical accomplishment reported by the Engineering Office. Upon completion of the project, the administrative and engineering expenses (miscellaneous overhead) are prorated to the different completed assets based on the percentage of each asset's actual cost over the total project cost.

All subsequent costs for the repairs and maintenance of different port facilities are recognized as expense or for major repairs that extend the economic life of the assets, capitalized for the period, whichever is appropriate.

Buildings/structures constructed and equipment acquired by operators/contractors under approved development or investment plans as provided for in the management contracts are recognized as assets of the Authority in compliance with IPSAS 32.

Unserviceable assets and those identified for disposal are derecognized and reclassified as "Other Non-Current Assets". The difference between the net book value and the residual value is recorded as loss for the period. The difference between the actual amount received from the disposal/sale of the asset, and the carrying value (residual value) shall be recognized as gain or loss on disposal for the period.

Impairment of Assets

For assets which have not yet been subject to appraisal and whose recoverable amount is less than the asset's carrying value, the recorded cost is reduced to their recoverable value and the difference is charged to current period as impairment loss in the year in which it arises.

Intangible Assets

Intangible assets are initially recorded at cost. Provision for amortization is recognized on a straight-line basis for a period of five years.

Liability

The obligation to pay is recognized only when goods were actually received and services were rendered or based on physical accomplishment for contracts covering delivery of services and infrastructure projects. PPA Finance Memorandum Order 01-2016 dated December 2, 2016 was issued amending the AFMS Manual to include an accrual for the value of the physically accomplished portion of infrastructure projects at the end of the year.

Liabilities arising from the receipt of Assets from operators through Service Concession Agreements are recognized/recorded based on the fair value of the asset received. Accordingly, the recognized unearned income shall be amortized on a straight-line basis on the contract duration or the asset's useful life whichever is lower.

5.7. Recognition of Income and Expense

Revenue

The PPA uses the accrual method of accounting wherein income and expenses are recognized as they are earned or incurred regardless of when cash is received or paid. This is also applied to those covered by contracts.

In providing services to the public, PPA entered into various management contracts which convey to an operator for a specified period the right to provide services that give the public access to ports, passenger terminal facilities and various port facilities constructed by the government. In return, the operator remits fees to the PPA in accordance with the terms of the contracts.

Revenue from Contracts with Customers

The Authority adopts the provisions of PFRS 15 when accounting for revenue from contracts with customers. Such revenues are recognized when a performance obligation has been satisfied. These are initially measured at the transaction price which is determined through the terms of the contract and the Authority's customary business practices. The transaction price is the amount of consideration to which the Authority expects to be entitled in exchange for transferring promised services to its customers. This does not include amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Authority shall measure the non-cash consideration (or promise of non-cash consideration) at fair value. Subsequent measurement of such consideration should follow the Authority's provisions for similar accounts.

The Authority shall recognize a refund liability if it receives consideration from a customer and expects to refund some or all that consideration to the customer. A refund liability is measured at the amount of consideration received (or receivable) to which the authority does not expect to be entitled (i.e., amounts not included in the transaction price). The refund liability (and the corresponding change in the transaction price and, therefore, the contract liability) shall be updated at the end of each reporting period for changes in circumstances.

Incremental costs incurred for obtaining a contract with a customer shall be recognized as an asset if the Authority expects to recover those costs for more than a year, otherwise, it shall be recognized as an expense. Other costs incurred that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense.

Income from Leases

The Authority follows the provisions of PFRS 16, Leases, in accounting for the income of a lessor derived from its operating leases. The authority, as a lessor, recognizes the lease payment from its operating leases as income based on the monthly rates indicated on individual contracts as this is deemed by the authority a representative pattern in which the benefit from the use of the underlying asset is diminished.

Land and buildings being leased are classified as investment property in accordance with the provisions of PAS 40, Investment property. As such, all costs such as depreciation and impairment incurred in earning the lease income are recognized as expenses. These include initial direct costs incurred in obtaining an operating lease which are recognized as expenses over the lease term on the same basis as the lease income.

Foreign Exchange Transactions

Transactions in foreign denominated tariff rates are receipted and recorded using the exchange rate in effect at the date of the transaction. PPA Administrative Order No. 05-2017 dated May 12, 2017 amended Memorandum Circular No. 16 dated October 6, 2006 which now adopted the use of daily Foreign Currency Exchange Rate (FCER)

prescribed by the Bangko Sentral ng Pilipinas (BSP) in determining the peso value of the dollar-denominated port charges due to PPA instead of the 15-day average BSP guiding rates prevailing at the time of issuance of the invoice.

For fees/financial considerations defined in contracts with cargo handling operators that are in foreign currency, the specified bases in the conversion of the foreign currency into peso as provided for in the agreements are followed.

PPA Finance Memorandum Circular No. 01-2003 provides that the monetary asset or depository account and liabilities denominated in foreign currencies should be restated using the BSP closing rate as of reporting date. Foreign exchange differences are treated as follows:

- a) For loans identified with completed projects, and those used to acquire invoiced assets, the gain or loss is recognized in the current year's income/loss.
- b) For loans related to assets still under construction, the foreign exchange difference is capitalized and included in the carrying amount of the Fixed Asset-In Process account.

For 2022, all infrastructure projects were financed out of the corporate fund. Hence, there are no transactions requiring application of these provisions.

- c) For other foreign currency transactions, i.e. deposits in foreign currency, the gain or loss in foreign exchange fluctuation is recognized in the income or loss for the current period similar to item a) above.

Income Tax

Income tax expense represents the sum of the current tax and deferred tax expense.

Current Tax

The current tax expense is based on taxable income for the year. Taxable income differs from net income as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Pursuant to Section 27(A) of the 1997 National Internal Revenue Code, effective January 1, 2009, the rate of Corporate Income Tax applicable to PPA shall be 30 per cent. For 2021, this was reduced to 25 per cent pursuant to Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (RA 11534). The Authority's current tax liability is calculated using 25 per cent regular corporate income tax (RCIT) rate or one per cent minimum corporate income tax rate, whichever is higher.

Consistent with last year's tax return, depreciation expense was claimed as deduction in the computation of corporate income tax. The option to apply investment in fixed assets or capital expenditures as special deduction or tax credit allowed under PD 857 was stopped starting 2017 in accordance with BIR ruling on the matter.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rate that is expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Authority expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the Year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Provision for Impairment Loss

Receivables are valued at face amounts less allowances set up for impairment loss for any anticipated adjustments which, in the normal course of events, will reduce the amount of receivable from the debtor to estimated realizable values.

PPA Finance Memorandum Order No. 02-2009 dated April 22, 2009 prescribes the rates on provisions for impairment loss, as follows:

Age (Days) of A/R Trade	1 to 30	31 to 90	91 to 180	181 to 365	Over 365	Dormant with Nil Chance of Collection
Rate of Allowance	5%	10%	20%	40%	60%	100%

5.8. Other Disclosures

Contingent Assets/Surplus

In compliance with the provisions of PAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, Contingent Assets and its contra account Contingent Surplus were excluded in the preparation of the financial statements. The account, however, is maintained in the books during the year as a means to monitor the accounts.

Events after Reporting Period

Non-adjusting event after the reporting date requiring disclosure is the payment of dividend to the National Government equivalent to at least 50 per cent of PPA's net income after tax plus/minus authorized additions/deductibles based on the corporate income tax returns duly filed with the Bureau of Internal Revenue (BIR) or authorized agent banks. The Revised Implementing Rules and Regulations on GOCC Dividend Law issued by the Department of Finance was applied in the computation of dividend.

The PPA Board granted authority to the Chairman of the Board and the General Manager to sign the required Statement of Management's Responsibility for Financial Statements and to the Assistant General Manager for Finance, Legal and Administration and the Manager of the Controllership Department to sign the required Management's Representation Letter for the PPA's Unaudited Financial Reports for CY 2022 during the 514th Meeting of the PPA Board of Directors held on February 27, 2023.

The financial statements have been approved and authorized for issuance by the Board of Directors on June 7, 2023 per Board Resolution No. 3200.

Prior Period Adjustments

Prior period adjustments are reflected in the statement of retained earnings as non-cash transactions which include reclassifications of repairs and maintenance expenses to fixed assets, asset cost adjustments, adjustment in prior year depreciation, reclassification of prior year expense to fixed assets and bulk of the adjustment to expense totaling P986.507 million pertains to capitalization of major repairs and maintenance of infrastructure assets to the asset being repaired/ maintained.

Adjustments of prior year's revenue amounting to P14.120 million include refunds for previously recognized revenue and adjustment to accounts payable and prior period expenses amounting to P53.859 million pertains to accrual estimates, salary adjustments due to implementation of Compensation and Position Classification System (CPCS) issued by the Governance Commission on GOCCs (GCG) and minor errors adjustments by the PMOs.

The adjustment on various taxes amounting to P152.647 million represents the prior year's net VAT payable and income tax assessments.

5.9. Related Party Transactions

5.9.1. Key Management Personnel

The Key Management Personnel of the Authority are the (1) members of the Board of Directors (BOD), the (2) General Manager (GM), the (3) Assistant General Managers (AGM) and the (4) Department Managers.

a. The Board of Directors

The Presidential Decree No. 857 provides the revised composition of the Board of Directors of the Philippine Ports Authority which shall be headed by the Secretary of the Department of Transportation (DOTr) as chairman and the General Manager of the Authority as its vice-chairman. Other members shall be represented by secretaries of the National Economic Development Authority (NEDA), the Department of Finance (DOF), the Department of Natural Resources (DENR), the Department of Trade and Industry (DTI), the administrator of the Maritime Industry Authority (MARINA) and a representative from the private sector as appointed by the President of the Philippines. Reappointments are made by the newly elected President of the Philippines at the start of July 2022. Previous and current appointees are as follows:

Board Chairman	- Jaime Jimenez Bautista <i>Secretary, DOTr</i>
Board Chairman (until June 30, 2022)	- Arthur Planta Tugade <i>Secretary, DOTr</i>
Board Vice Chairman	- Jay Daniel Rodriguez Santiago <i>General Manager, PPA</i>
Board Member	- Frederico P. Quevedo <i>Private Sector Representative</i>
Board Member (until October 24, 2022)	- Philip Dela Serna Tuazon <i>Private Sector Representative</i>
Board Member	- Arsenio Molina Balisacan <i>Secretary, NEDA</i>
Board Member (until June 30, 2022)	- Karl Kendrick Tiu Chua <i>Secretary, NEDA</i>
Board Member	- Manuel Manligas Bonoan <i>Secretary, DPWH</i>
Board Member (until June 30, 2022)	- Roger Gaviola Mercado <i>Acting Secretary, DPWH</i>
Board Member	- Benjamin Estoista Diokno <i>Secretary, DOF</i>

Board Member (until June 30, 2022)	- Carlos Garcia Dominguez III Secretary, DOF
Board Member	- Alfredo Espinosa Pascual Secretary, DTI
Board Member (until June 30, 2022)	- Ramon Mangahas Lopez Secretary, DTI
Board Member	- Ma. Antonia Yulo-Loyzaga Secretary, DENR
Board Member (until June 30, 2022)	- Joselin Marcus Escobar Fragada Jr. OIC Secretary, DENR
Board Member (until June 22, 2022)	- Jim Oliveros Sampulna Acting Secretary, DENR
Board Member (until February 11, 2022)	- Roy Agullana Cimat Secretary, DENR
Board Member	- Hernani Nieves Fabia Administrator, MARINA
Board Member (until June 30, 2022)	- Robert Arugay Empedrad Administrator, MARINA

Designated Alternatives

DOTr	- Elmer Francisco U. Sarmiento George V. Ursabia, Jr. (until June 30, 2022)
NEDA	- Joseph J. Capuno Jonathan Luna Uy Mercedita Agcaoili Sombilla (until June 30, 2022)
DPWH	- Maria Catalina Estamo Cabral Abdulfatak Adiong Pandapatan
DOF	- Dakila Elteen M. Napao Antonette Carriedo Tionko Euvimil Nina Reyes Asuncion Jayson Pangilinan Lopez (until February 1, 2022)
DENR	- Ernesto Distrajo Adobo Jr. Norlito Apura Eneran (until June 30, 2022)
MARINA	- Nannette Villamor Dinopol

b. Top Management and Department Managers

Top Management

Jay Daniel Rodriguez Santiago
General Manager

Francisquiel Obias Mancile
Assistant General Manager for Operations

Hector Estrella Miole
Assistant General Manager, for Operations (until June 30, 2022)

Elmer Nonnatus Adan Cadano
Assistant General Manager, Finance and Administration

Carlito Miranda Castillo
Assistant General Manager for Engineering

Constante Tomas Fariñas, Jr.
Assistant General Manager for Engineering (until June 30, 2022)

Department Managers

Angelina Angeles Llose
Corporate Planning Department

Mark Anthony Bocaya Cipriano
Information & Communications Technology Department
(Acting Department Manager)

Gervacio Alfredo Narciso Balatbat
Information & Communications Technology Department
(Acting Department Manager until November 6, 2022)

Elvis Rivera Medalla
Port Planning and Design Department
(Acting Department Manager until October 26, 2022)

Reynand Condador Parafina
Port Planning and Design Department

Marygene Fronda Montenegro
PPA Training Institute

Mark Jon Salares Palomar
Commercial Services Department

Marietta Isidoro Guerrero
Human Resource Management Department
(Acting Department Manager)

Leila Labadan Martinez
Commercial Services Department
(Acting Department Manager until October 24, 2022)

Russel Quiambao Babadilla
Controllershship Department
(Acting Department Manager)

Emerina Ramos Billones
Treasury Department

Venicius Villacorte Villaseñor
Internal Audit Department
James Javines Gantalao
Port Construction and Maintenance Department
(Acting Department Manager)

Roberto Del Pilar Abridgos
Port Construction and Maintenance Department
(Officer-In-Charge until October 24, 2022)

Carlito Miranda Castillo
Port Construction and Maintenance Department
(Department Manager until July 25, 2022)

Rolando Kasilag Perez
Dredging & Survey Department

Maria Asuncion Hiyasmin Himbing Delos Santos
Port Operations Services Department

Genaro Pastorite Mancio
Port Police Department
(Acting Department Manager)

Sesenio Balancin Sereno, III
Port Police Department
(Acting Department Manager until October 24, 2022)

Cordelia Cruz Sidon
Port Management Systems and Organization Development Department
(Acting Department Manager)

Eric Estanislao Dimaculangan
Administrative Services Department

Eduardo Castro Alvarez
Administrative Services Department
(Officer-In-Charge until November 9, 2022)

Rigel Lim Caabay
Legal Services Department

The aggregate remuneration of the Authority's Key Management Personnel for the CY 2022 is as follows:

Particulars		Amount
Salaries and Wages	-	34,805,336.11
Other Benefits	-	16,131,780.53
Total		50,937,116.64

6. CASH AND CASH EQUIVALENTS

The breakdown of this account is as follows:

Particulars	2022	2021
Cash with Collecting Officers	67,797,673	30,104,791
Petty Cash	531,453	654,412
Cash in Bank		
Land Bank of the Philippines	5,660,724,636	2,736,829,997
Philippine Veterans Bank	1,563,079,072	1,242,431,892
Development Bank of the Philippines	339,636,025	544,465,707
Philippine National Bank	1,623,240	1,621,924
Total Cash in Bank	7,565,062,973	4,525,349,520
Cash Equivalents	1,000,000,000	4,238,807,547
Total	8,633,392,099	8,794,916,270

Cash and Cash Equivalents comprise of cash on hand and 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.

Cash Equivalents pertains to time deposits in Land Bank of the Philippines with maturities of 90 days or less.

7. INVESTMENTS

Investments comprise the following:

Particulars	2022	2021
Other Investments	3,500,000	150,000
Total	3,500,000	150,000

- *Other Investments* represent the current fair value of investment made by PPA in The Orchard Golf and Country Club.

8. RECEIVABLES

Current Receivables consist of:

Particulars	2022	2021
Receivables Accounts		
Service Concession Arrangements Receivable	2,801,791,266	0
Less: Allowance for Impairment	(19,707,034)	0
Net Value-Service Concession Arrangements Receivable	2,782,084,232	0
Accounts Receivable	47,753,016	2,142,840,863
Less: Allowance for Impairment	(19,373,999)	(21,013,457)
Net Value-Accounts Receivable	28,379,017	2,121,827,406
Notes Receivable	4,416,073	5,805,352
Interests Receivables	1,861,210	4,131,276
Total Receivable Accounts	2,816,740,532	2,131,764,034
Intra-Agency Receivables	27,251,294	34,654,826
Inter-Agency Receivables	17,802,779	35,652,582
Lease Receivables		
Operating Lease Receivable	19,836,266	0
Less: Allowance for Impairment	(9,131,370)	0
Net Value-Operating Lease Receivable	10,704,896	0
Other Receivables		
Receivables – Disallowances/Charges	8,674,047	24,999
Due from Officers and Employees	922,278	772,968
Other Receivables	86,648	591,062
Total Other Receivables	9,682,973	1,389,029
Total	2,882,182,474	2,203,460,471

Non-Current Receivables include:

Particulars	2022	2021
Other Receivables		
Other Receivable	100,616,499	101,658,045
Less: Allowance for Impairment	(90,564,793)	(91,431,223)
Net Value-Other Receivables	10,051,706	10,226,822
Due from Officers and Employees	7,056,101	7,846,914
Receivables – Disallowances/Charges	4,052,015	4,056,016
Total	21,159,822	22,129,752

Computation of Allowance for Impairment for Receivables – Trade is in accordance with PPA Finance Memorandum Order No. 02-2009 dated April 22, 2009. The breakdown is as follows:

Service Concession Arrangements Receivable

No. of Days Past Due	Rate	Accounts Receivable	Allowance for Impairment
Not Yet Due	0%	2,697,814,389	0
1-30 days	5%	48,269,544	2,413,477
31-90 days	10%	11,307,467	1,130,747

No. of Days Past Due	Rate	Accounts Receivable	Allowance for Impairment
91-180 days	20%	7,985,677	1,597,135
181-365 days	40%	36,414,189	14,565,675
Over 365 days	60%	0	0
Total		2,801,791,266	19,707,034

Accounts Receivable

No. of Days Past Due	Rate	Accounts Receivable	Allowance for Impairment
Not Yet Due	0%	4,926,758	0
1-30 days	5%	2,239,267	111,963
31-90 days	10%	556,698	55,670
91-180 days	20%	6,549,813	1,309,963
181-365 days	40%	10,959,425	4,383,770
Over 365 days	60%	22,521,055	13,512,633
Dormant	100%	0	0
Total		47,753,016	19,373,999

Operating Lease Receivable

No. of Days Past Due	Rate	Accounts Receivable	Allowance for Impairment
Not Yet Due	0%	1,523,400	0
1-30 days	5%	1,578,745	78,937
31-90 days	10%	645,515	64,551
91-180 days	20%	742,890	148,578
181-365 days	40%	1,840,628	736,251
Over 365 days	60%	13,505,088	8,103,053
Total		19,836,266	9,131,370

8.1. Service Concession Arrangements Receivable

Service Concession Arrangements Receivable refers to the amount receivable from operator pertaining to income/revenue collected but not yet remitted to the grantor (PPA). The amount of P2.602 billion receivable of PMO NCR South from ICTSI and ATI was collected on January 5, 2023 per OR-M101-000000090901/90903.

8.2. Accounts Receivable

Accounts Receivable refers to the amount due from port users/customers arising from trading or business transactions that are expected to be collected within the allowable credit period. Some receivables previously classified as Accounts Receivable are now being recognized as either Operating Lease Receivable or Service Concession Arrangements Receivable depending on the nature of the transaction.

8.3. Notes Receivable

Notes Receivable represents the realizable value of promissory notes issued by port users to cover the assessments of their restructured accounts, payable within a specified repayment period. Included in this account for Manila/Northern Luzon Cluster

is PMO Bataan's restructured Accounts Receivable from Fahrenheit Co. Ltd per Restructuring Agreement No. 003-2020 dated October 29, 2020.

8.4. Interests Receivable

Interests Receivable comprises the accrued interest receivable earned from Investments in Time Deposits in Philippine Veterans Bank and Land Bank of the Philippines. Also included in this account is the balance of Interest Receivable of PMO Bataan's restricted account from Fahrenheit Co. Ltd and PMO NCR North's receivable from Escaño Lines.

8.5. Intra-Agency Receivables

Intra-Agency Receivables covers the net income of Special Take-Over Units (STUs) recorded under Due from Operating Units that are due for remittance to the PMOs of the PPA

8.6. Inter-Agency Receivables

Inter-Agency Receivables covers the amounts due from various departments, bureaus, government-owned or controlled corporations and local government units. The following comprises this account:

- For Manila/Northern Luzon Cluster (PMO NCR North) – remaining balance of advance payment made by the PPA thru to the National Housing Authority (NHA) amounting to P16.519 million from the original amount of P123.11 million for the relocation and resettlement of Informal Settler Families (ISFs) affected by the development of North Harbor's Project Area.

8.7. Lease Receivables

Lease Receivable refers to the accrual of rental/lease income under operating lease agreements.

8.8. Other Receivables

Other Receivables include:

a. Due from Officers and Employees

Due from Officers and Employees includes the balance of calamity, hospitalization and medical loans granted to PPA officers and employees, and other amounts outstanding and due from PPA officers and employees.

b. Receivables – Disallowance/Charges

Receivables – Disallowance/Charges covers the amount of disallowance/ charges in audit due from PPA officers and employees and private individuals/entities which have become final and executory.

c. Other Receivables

Other Receivables include the amount of P85.28 million which represents long outstanding accounts receivable of PMO NCR North from various clients and lessees pertaining to port charges, rentals, water and electricity consumptions.

9. INVENTORIES

This account consists of the following:

Particulars	2022	2021
Other Supplies and Materials Inventory	54,918,141	8,324,690
Less: Allowance for Impairment - Other Supplies and Materials Inventory	(8,497,391)	0
Net Value- Other Supplies and Materials Inventory	46,420,750	8,324,690
Accountable Forms, Plates and Stickers Inventory	52,708,746	52,566,340
Office Supplies Inventory	10,937,162	15,584,905
Construction Materials Inventory	1,860,350	2,134,736
Medical, Dental and Laboratory Supplies Inventory	10,714	0
Semi-Expendable Machinery and Equipment	7,249,729	1,737,912
Semi-Expendable Furniture, Fixtures and Books	5,123,585	1,353,328
Total	124,311,036	81,701,911

The increase in the balance of Other Supplies and Materials Inventory is due to reclassification of the balance of dredging spare parts from Other Assets to Inventory account.

10. OTHER CURRENT ASSETS

This account includes advances made to officers and employees, prepayments and deposits.

Particulars	2022	2021
Prepayments		
Input Tax	502,065,040	545,628,147
Withholding Tax at Source	165,746,877	249,896,451
Advance Payment to Contractors	151,960,272	235,794,633
Prepaid Insurance	7,246,010	5,082,113
Other Prepayments	498,500	498,500
Prepaid rent	28,262	28,262
Creditable Input Tax	0	247,548,703
Total Prepayments	827,544,961	1,284,476,809
Deposits		
Guaranty Deposits	10,796,828	10,865,220
Other Deposits	3,891,138	5,438,364
Total Deposits	14,687,966	16,303,584
Advances		
Advances to Officers and Employees	153,967	293,221
Advances to Special Disbursing Officer	54,792	3,443,036
Total Advances	208,759	3,736,257

Particulars	2022	2021
Total	842,441,686	1,304,516,650

Input Tax represents amount of input value-added tax paid by the PPA for goods and services purchased from VAT registered entities.

Withholding Tax at Source consists of the amounts of expanded or creditable withholding taxes deducted by port users from wharfage and rental of real property and other port facilities. Section 76 of the National Internal Revenue Code states that if the sum of the quarterly tax payments made during the said taxable year is not equal to the total tax due on the entire taxable income of that year, the corporation shall either: (1) Pay the balance of tax still due; or (2) Carry-over the excess credit; or (3) Be credited or refunded with the excess amount paid, as the case may be.

Advance Payment to Contractors not exceeding 15 per cent of the total contract price are granted pursuant to Republic Act 9184. The advances, which are repaid thru deductions from progress payments to Contractors, are secured with irrevocable letters of credit of equivalent values from commercial banks, bank guarantees or surety bonds.

Prepaid Insurance includes payment of insurance premiums for insurable government properties and fidelity bond premiums.

Other Prepayments pertains to feasibility studies, National Scholarship for Development (NSFD) grants and other prepaid expenses.

Prepaid Rent is the amount advanced/deposited for lease/rentals of property, plant and equipment used in government operations.

Creditable Input Tax pertains to net output VAT payment for the 4th quarter of 2021 to be offset as tax credit upon remittance of VAT payable to BIR.

Guaranty Deposits consists of the amount deposited made to contractors/suppliers to guarantee compliance with terms of an agreement such as deposit on containers, service enterprise guaranty deposits and other guaranty deposits.

Other Deposits represent advance payments made for expenses which remained unconsumed/ unutilized at the end of the accounting period. The balance of this account mainly pertains to the purchase of goods and services thru the Procurement Service of the Department of Budget and Management (PS-DBM).

Advances to Officers and Employees covers the amount advanced to officers and employees for official foreign and local travel.

Advances to Special Disbursing Officer represent the amount granted to the PPA's accountable officers and employees for special purpose/time-bound undertakings to be liquidated within a specified period.

11. INVESTMENT PROPERTY

This account includes land and buildings held by the PPA under operating leases. These properties were previously recognized as part of the PPE. The details are as follows:

	Buildings	Land	Total
At December 31, 2021			
Cost	493,709,657	2,471,770,370	2,965,480,027
Accumulated Depreciation	(385,521,011)	0	(385,521,011)
Carrying Amount	108,188,646	2,471,770,370	2,579,959,016
	Buildings	Land	Total
Year Ended December 31, 2022			
Opening Net Book Value	108,188,646	2,471,770,370	2,579,959,016
Depreciation Expense	(12,048,841)	0	(12,048,841)
Closing Net Book Value	96,139,805	2,471,770,370	2,567,910,175
	Buildings	Land	Total
At December 31, 2022			
Cost	493,709,657	2,471,770,370	2,965,480,027
Accumulated Depreciation	(397,569,852)	0	(397,569,852)
Carrying Amount	96,139,805	2,471,770,370	2,567,910,175

12. PROPERTY, PLANT AND EQUIPMENT

This account is composed of fixed assets as presented below (in thousands):

Particulars	Land & Land Improvements	Infrastructure Assets and Buildings & Other Structures	Machinery & Equipment	Transportation Equipment	Furniture, Fixtures & Books	Service Concession - Tangible Assets	Construction in Progress	Total
Carrying Amount January 01, 2022	60,114,648	33,125,797	3,720,245	437,528	92,112	23,549,790	6,544,336	127,584,456
Additions	0	392,628	1,428,448	149,448	47,077	0	6,711,326	8,728,927
Total	60,114,648	33,518,425	5,148,693	586,976	139,189	23,549,790	13,255,662	136,313,383
Disposed/Retired/Adjustment	(15,824,721)	(12,793,043)	(1,190,174)	(4,947)	(68,265)	28,055,186	72,509	(1,753,455)
Completed/Transferred	0	2,856,309	6,849	21,912	0	56,428,970	(3,301,768)	56,012,272
Depreciation	(9,308)	(1,695,995)	(495,389)	(89,506)	(10,187)	(993,028)	0	(3,293,413)
Adjustment on Depreciation	605,152	10,806,175	932,539	(609)	30,853	(9,719,575)	0	2,654,535
Carrying Amount, December 31, 2022 (As per Statement of Financial Position)	44,885,771	32,691,871	4,402,518	513,826	91,590	97,321,343	10,026,403	189,933,322

Gross Cost (Asset Account Balance per Statement of Financial Position)	44,938,681	54,005,201	6,403,318	883,369	127,713	119,858,284	10,026,403	236,242,969
Accumulated Depreciation	(52,910)	(21,300,384)	(1,999,687)	(369,543)	(36,123)	(22,536,941)	0	(46,295,588)
Accumulated Impairment Losses	0	(12,946)	(1,113)	0	0	0	0	(14,059)

Carrying Amount December 31, 2022 (As per Statement of Financial Position)	44,885,771	32,691,871	4,402,518	513,826	91,590	97,321,343	10,026,403	189,933,322
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Particulars	Land & Land Improvements	Infrastructure Assets and Buildings & Other Structures	Machinery & Equipment	Transportation Equipment	Furniture, Fixtures & Books	Service Concession - Tangible Assets	Construction in Progress	Total (As Restated)
Carrying Amount January 1, 2021	63,726,590	32,594,723	2,814,780	224,685	95,603	19,677,587	6,163,803	125,297,771
Additions	0	5,074	1,550,606	248,071	279,554	0	5,300,258	7,383,563
Total	63,726,590	32,599,797	4,365,386	472,756	375,157	19,677,587	11,464,061	132,681,334
Disposed/Retired/Adjustment	(2,910,046)	327,146	(182,380)	5,961	(280,028)	7,872,996	44,238	4,877,887
Completed/Transferred	(80,512)	4,959,279	44,538	32,440	2,648	0	(4,963,963)	(5,570)
Depreciation	(9,667)	(1,778,586)	(413,255)	(71,511)	(10,763)	(751,221)	0	(3,035,003)
Adjustment on Depreciation	(611,717)	(2,981,839)	(94,044)	(2,118)	5,098	(3,249,572)	0	(6,934,192)
Carrying Amount December 31, 2021	60,114,648	33,125,797	3,720,245	437,528	92,112	23,549,790	6,544,336	127,584,456

Gross Cost (Asset Account Balance per Statement of Financial Position)	60,158,252	56,592,405	6,010,364	716,956	144,974	42,661,099	6,544,336	172,828,386
Accumulated Depreciation	(43,604)	(23,466,608)	(2,290,119)	(279,428)	(52,862)	(19,111,309)	0	(45,243,930)
Carrying Amount December 31, 2021 (As per Statement in Financial Position)	60,114,648	33,125,797	3,720,245	437,528	92,112	23,549,790	6,544,336	127,584,456

The balance of *Construction in Progress* account corresponds to the physical value of accomplishment of each project based on percentage of completion as reported by the Engineering Office as of December 31, 2022.

Service Concession – Tangible Assets is composed of the following (in thousands):

Particulars	Turned-Over Assets	Provided by Operators	Total
As of December 31, 2022			
Carrying Amount January 01, 2022	23,549,790	0	23,549,790
Reclassification	28,055,186	0	28,055,186
Completed	0	56,428,970	56,428,970
Depreciation	(989,835)	(3,193)	(993,028)
Adjustment on Depreciation	(9,719,575)	0	(9,719,575)
Carrying Amount December 31, 2022	40,895,566	56,425,777	97,321,343
Gross Cost (Asset Account Balance per Statement of Financial Position)	63,429,314	56,428,970	119,858,284
Accumulated Depreciation	(22,533,748)	(3,193)	(22,536,941)
Carrying Amount December 31, 2022 (As per Statement of Financial Position)	40,895,566	56,425,777	97,321,343

Particulars	Turned-Over Assets	Provided by Operators	Total
As of December 31, 2021			
Carrying Amount January 1, 2021	19,677,587	0	19,677,587
Reclassification	7,872,996	0	7,872,996
Depreciation	(751,221)	0	(751,221)
Adjustment on Depreciation	(3,249,572)	0	(3,249,572)
Carrying Amount December 31, 2021 (As per Statement of Financial Position)	23,549,790	0	23,549,790
Gross Cost (Asset Account Balance per Statement of Financial Position)	42,661,099	0	42,661,099
Accumulated Depreciation	(19,111,309)	0	(19,111,309)
Carrying Amount December 31, 2021 (As per Statement of Financial Position)	23,549,790	0	23,549,790

13. INTANGIBLE ASSETS

Intangible assets pertain to acquired various Computer Software, particularly the cost of Hydrographic Survey Software and AutoCAD Software used in dredging operations. Also included in this account is the E-Library system which is being managed by the PPA Training Institute in order to establish systematic management of information, accessibility, and easy retrieval of all library collections.

In addition to these are the Engineering Software which is 3D Computer Aided Engineering Software and the Comprehensive Human Resource Information System (HRIS) – Government Edition.

These costs are being amortized over the expected useful life of five years. Costs associated with maintaining computer software programs are recognized as expense when incurred. Amortization of intangible assets amounted to P14.020 million and P13.621 million in 2022 and 2021, respectively. The carrying amount of PPA's intangible assets are as follows:

Particulars	2022	2021
Cost		
Beginning Balance	68,851,075	66,237,733
Additions	1,025,536	435,000
Completed/Transferred	2,088,622	2,178,342
Ending Balance	71,965,233	68,851,075
Accumulated Amortization		
Beginning Balance	21,677,473	7,911,213
Amortization	14,019,764	13,621,531
Prior Year Depreciation Adjustments	24,775	144,729
Ending Balance	35,722,012	21,677,473
Carrying Amount	36,243,221	47,173,602

14. OTHER NON-CURRENT ASSETS

The breakdown of this account is as follows:

Particulars	2022	2021
Restricted Fund	21,389,051	21,276,319
Other Assets		
Non-Operating Assets	863,005,916	834,347,223
Deposits with the BTr	18,748,154	18,748,154
Receivable from the PNR	18,000,000	18,000,000
Total Other Assets	899,754,070	871,095,377
Less: Allowance for Impairment	(396,458,748)	(408,148,607)
Net Other Assets	503,295,322	462,946,770
Total	524,684,373	484,223,089

Restricted Fund pertains to the funds held in escrow either at the Land Bank of the Philippines, Development Bank of the Philippines and Philippine Veterans Bank. Part of the funds was earmarked for the settlement of claims for NLRC SCREB Case No. VI-05-50142-06.

Bank/Specific Purpose	2022	2021
LBP Time Deposit – NLRC case	18,561,722	18,451,627
DBP Savings – Reclassified Account per AOM No. 2007-013 dated March 16, 2007	1,630,615	1,627,202
DBP Savings – Real Estate Case vs. City of Iloilo	253,257	516,928
PVB Time Deposit – Bond for Civil Case No. 3917 at MTCC Br. San Fernando City	517,162	421,509
DBP Current – Reclassified Account per AOM No. 2007-013 dated March 16, 2007	426,295	259,053
Total	21,389,051	21,276,319

Non-Operating Assets is composed of:

- *P120.39 million* – costs of projects implemented by the Department of Public Works and Highways (DPWH) through the issuance of cash advances to its accountable officers amounting to P109.58 million and another P10.80 million issued in 1977 which have remained unsettled to date. The accounts are the subject of numerous communications between PPA, DPWH and COA and of previous request to the COA for closure/derecognition in the books with pertinent documents resubmitted in August 2010.
- *P288.16 million* – carrying values of serviceable assets which are no longer used in port operations and unserviceable assets awaiting disposal.
- *P55.13 million* – net value of various receivables which have remained dormant despite the effort to collect. Also included are receivables which pertain to protested accounts. Some were already requested for write-off.
- *P2.87 million* – old/unused terminal fee tickets, official receipts, and expired/obsolete accountable forms returned to Head Office from PMOs.

Deposits with the BTr account pertains to the balance of the Special Account kept with the BTr in pursuant to the requirements of PD No. 1234. Collections remitted, as well as reimbursements of PPA advances for project expenditures financed by foreign loans, are deposited to this account through the then Central Bank of the Philippines. The account is similarly covered with request for write off in the PPA books since it is inactive for several years and is no longer found in the books of the BTr. The use of this account was discontinued with the issuance of Executive Order No.159.

Receivable from the PNR account pertains to the balance of a P20 million loan that was granted to the Philippine National Railways (PNR) for the rehabilitation of existing railways from the Manila International Container Terminal (MICT) in Port Area, Manila to the Food Terminal, Inc. (FTI) in Taguig, Metro Manila. The outstanding balance of P18 million remained unsettled despite series of negotiations with the PNR. Thus, officials of PPA-Legal Services Department and the Office of the Government Corporate Counsel (OGCC) decided to submit the case for arbitration before the OGCC/DOJ. The account is provided with a 100 per cent allowance as provision of uncollectability.

15. FINANCIAL LIABILITIES

This account consists of the PPA's short-term obligations incurred for procurement of goods and services from private suppliers and employees arising from the conduct of business or operation, broken down as shown below:

Particulars	2022	2021 (As restated)
Payables	4,234,937,209	2,885,764,828
Bills/Bonds/Loans Payable	292,643,338	311,451,888
Financial Liabilities – Current Portion	4,527,580,547	3,197,216,716

15.1. Payables

This account is composed of the following:

Particulars	2022	2021 (As restated)
Accounts Payables	4,174,488,436	2,820,630,927
Due to Officers and Employees	38,834,625	52,067,311
Interest Payable	21,614,148	13,066,590
Total	4,234,937,209	2,885,764,828

Accounts Payables are obligations incurred in the procurement of goods and services from private suppliers and entities arising from the conduct of business operations.

Due to Officers and Employees consists of liabilities set-up for the payment of services rendered by employees i.e., salaries, overtime, bonuses and incentives, allowances, reimbursement of official expenses, and other claims due to PPA personnel.

Interest Payable pertains to the amount of interest due for payment on loans acquired from various creditors.

15.2. Bills/Bonds/Loans Payable

The amount of P292.643 million represents maturing obligations on long-term debts or the principal amortization on foreign loans due for repayment in the following year whereas the amount of P1.587 billion refers to the long-term portion of outstanding foreign loans of the PPA as presented in the table below:

Loan Amount	Interest Rate %	No. of Years & Maturity Date	Loan Amount	Outstanding Balance		
				In Foreign Currency	In Philippine Pesos	
					2022	2021
JBIC-PH-P172	2.30	20.5 Mar. 2027	502,889,141	183,960,000	45,767,401	59,533,135
JBIC-PH-P187	2.20	20.0 Sept. 2028	13,529,000,000	5,829,894,000	1,611,576,778	2,001,013,950
JBIC-PH-P187A	2.20	31.0 Sept. 2038	¥ 1,026,000,000	¥ 635,854,000	222,026,796	251,065,279
TOTAL FOREIGN LOANS OUTSTANDING *					1,879,370,975*	2,311,612,364*
Less: Current Portion Reported under Current Liability					(292,643,338)	(311,451,888)
Long-Term Portion/Non-Current Liability					1,586,727,637	2,000,160,476

* Equivalent to USD33.488 million @ P56.120 per USD1.00

15.3. Tax Refunds Payable

This account represents the amount refundable to officers and employees for excess amount of income tax paid/withheld.

16. INTER-AGENCY PAYABLES

This account is comprised of inter-agency payables involving the mandatory deductions withheld from salaries of personnel that are due for remittance in payment of taxes, employees' insurance premium contributions, and loan amortizations. Also included are liabilities for advances made to other government agencies for specific purposes.

Particulars	2022	2021
Due to BIR	181,466,844	155,094,690
Due to GSIS	10,888,356	9,320,566
Due to Other Government Corporations	2,683,859	2,683,858
Due to Pag-IBIG	1,213,748	1,454,677
Due to PhilHealth	499,254	523,475
Due to NGAs	177,653	177,653
Due to LGUs	594	28,460
Income Tax Payable	759,637,709	482,351,082
Total	956,568,017	651,634,461

Income Tax Payable account represents the set up for additional income tax due for CY 2022 amounting to P759.638 million (refer to Note 33).

17. INTRA-AGENCY PAYABLES

This account pertains to Due to Operating Units recorded by PMO Palawan to recognize the amount payable to STU-Cuyo Port Services arising from the over remittance of net income share of PPA for CY 2022.

18. TRUST LIABILITIES

This account represents the deposits to PPA by various contractors and suppliers, and retention fees withheld from suppliers and contractors to guaranty the performance and delivery of contracted goods and services, refundable taxes to PPA personnel and deductions on salaries of personnel for employee associations and Employees' Cooperative.

Particulars	2022	2021
Guaranty/Security Deposit Payables	1,541,025,532	989,019,672
Customers' Deposits Payables	477,245,514	449,369,477
Trust Liability – DOTr	341,286,361	558,098,531
Trust Liability – Task Force Bangon Marawi	226,533,325	1,637,153
Trust Liability – PPA-DOTr Feasibility Studies	70,174,741	0
Trust Liabilities – Others	34,889,517	63,232,759
Trust Liabilities – Disallowances/Charges	19,500,494	0
Trust Liability – BAC Honoraria	4,500,984	1,282,768
Trust Liability – PIANC Copedec X	2,307,267	2,307,267
DOTr COVID-19 Testing for Returning Filipino Seafarers	0	56,070
Total	2,717,463,735	2,065,003,697

Guaranty/Security Deposit Payables consists mainly of retention fees withheld from suppliers and contractors to guaranty the performance and delivery of contracted goods and services.

Customers' Deposit Payables are deposits other than those required to guaranty the performance of contracts. These are payments received in advance to be applied for future port or rental charges to be incurred.

Trust Liability – DOTr pertains to the fund transferred by DOTr to PPA for the implementation of Tourism and Social Related Port projects.

Trust Liability – Task Force Bangon Marawi pertains to the amount of National Disaster Risk Reduction and Management (NDRRM) fund transferred to the PPA to support the conduct of Preliminary Engineering Activities and Construction of Civil Works Phase of Port Facilities in the Most Affected Area of Marawi City.

Trust Liability – PPA-DOTr Feasibility Studies pertains to the balance of fund transferred by DOTr to PPA for the implementation of the fund requirement for the Feasibility Study including Pre-Feasibility and Development Research Studies/Project Management/ Preliminary Detailed Engineering and Design of Transport Infrastructure Projects.

Trust Liabilities – Others represents deductions on salaries of personnel for remittance to Pantalan, Employees' Cooperatives/Associations and other funds.

Trust Liabilities – Disallowances/Charges includes receipt of settlement for disallowances/charges in audit due from public/private individuals/entities pending finality of decision. This account is debited depending on the final and executory decision of the disallowances/charges.

Trust Liability – BAC Honoraria includes proceeds from sale of bid documents, fees from contractor/supplier registry, fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents, protest fees and proceeds from bid security forfeiture. Payments of honoraria to BAC members are sourced from this account. Any excess amount collected in the Trust account at the end of the year shall be reclassified as Other Income pursuant to PPA Memo Order No. 04-2021.

Trust Liability – PIANC Copedec X refers to the funds transferred by the Permanent International Association of Navigation Congresses (PIANC) for the Tenth International Conference on Coastal and Port Engineering in Developing Countries. This was supposed to be hosted by the Philippine Ports Authority on November 16-20, 2020 but was deferred due to COVID-19 pandemic.

DOTr COVID-19 Testing for Returning Filipino Seafarers refers to the funds that DOTr transferred to PPA under the Bayanihan 2 Act in the amount of P270 million which shall be utilized solely for the testing expenses of returning Filipino seafarers. In July 2021, the amount of P200 million was reclassified to this account from DOTr's Assistance to Maritime Transport Sector relative to the Modification Advice Form (MAF) No. 2021-05-0008 dated May 7, 2021 from the DOTr.

19. DEFERRED CREDITS/UNEARNED INCOME

This account includes the amount of income received before it is earned or realized such as Output VAT on income earned that is due for remittance to the Bureau of Internal Revenue, and amounts received in advance on leased property.

Particulars	2022	2021
Current Portion		
Output VAT	490,828,142	714,407,179
Other Deferred Credits	24,097,135	45,395,114
Total Current Portion	514,925,277	759,802,293
Non-Current Portion		
Deferred Service Concession Revenue	56,425,636,026	0
Other Unearned Revenue/Income	8,699,614	7,096,451
Total Non-Current Portion	56,434,335,640	7,096,451

The balance of Deferred Service Concession Revenue pertains to the fair value of assets provided by the operator of a service concession agreement. This shall be amortized based on the remaining life of the service concession assets or remaining contract term, whichever is lower.

20. PROVISIONS

This account represents the amount earmarked to cover the present money value of retirement gratuity of PPA personnel qualified to retire under Republic Act (RA) 1616, wherein the Agency is mandated to pay lump sum amount to the retirees, including the present money value of accumulated leave credits of personnel based on their basic salaries as of reporting date.

Particulars	2022	2021
Balance as of January 1	496,082,744	449,015,348
Add: Accumulated Leave Credits	192,707,799	97,209,135
Retirement Gratuity	(10,066,677)	9,920,498
Less: Payment of Retirement Gratuity and Terminal Leave Benefit during the year	(95,080,802)	(60,062,237)
Total Retirement Payable, December 31	583,643,064	496,082,744
Less: Current portion	(297,357,585)	(253,706,929)
Retirement Payable – Non-Current Portion	286,285,479	242,375,815

21. OTHER PAYABLES

This account covers all payable due for payment/remittance not falling under any of the specific liability accounts. Non-current portion of this account pertains to various dormant accounts payable in Head Office which was reclassified to Other Payables.

Particulars	2022	2021
Other Payables	640,399,417	777,895,300
Undistributed Collections	271,933	147,109
Total Other Payables	640,671,350	778,042,409
Less: Current Portion	(33,618,093)	(20,514,339)
Other Payables – Non-Current Portion	607,053,257	757,528,070

22. GOVERNMENT EQUITY

Executive Order No. 513, amending PD No. 857, increased the authorized capital of the Authority from P3.000 billion to P5.000 billion.

Government Contribution to the Authority as initial paid-up capital consisted of:

- The value of assets (including port facilities, quays, wharves, and equipment) and such other property, movable and immovable contributed or transferred by the Government and its agencies valued at the date of contribution or transfer after deducting the loans and other liabilities of the Authority.
- The initial cash appropriation of P2.000 million out of the funds of the National Treasury and further sums, including working capital contributed by the National Government.

23. REVALUATION SURPLUS

This account corresponds to the cumulative amounts of appraisal increments determined by independent appraisers hired by the Authority in the conduct of appraisal of its Fixed Assets, once every five years.

24. RETAINED EARNINGS

This account represents the recorded cumulative net profit/loss of the PPA from the start of its operation, dividends paid to the BTr, prior period adjustments, effect of change in accounting policy and other capital adjustments.

Pursuant to Section 5 of Republic Act No. 7656 dated November 9, 1993, the Authority declares and remits fifty per cent (50%) of its annual earnings as dividends to the National Government (NG). Dividend payment is a post year-end event that only requires disclosure. The PPA's dividend due to the NG for CY 2022 is computed at P4.083 billion.

The remaining income after dividend and tax payments are closed to this account and automatically appropriated to port development projects pursuant to the provisions of EO No. 159.

25. SERVICE AND BUSINESS INCOME

The PPA derives its revenues from seaport system fees under various tariff items, service concession revenue and other income from ancillary services provided by PPA, as follows:

Particulars	2022	2021
Service Income	520,606,042	477,324,668
Business Income		
Seaport System Fees		
Share in Arrastre/Stevedoring Income	9,792,584,590	8,287,287,141
Wharfage Dues	3,809,850,872	3,543,727,997
Dockage Fees	1,687,403,174	1,639,576,497
Storage Charges	1,577,072,674	1,005,406,424
Port Dues	1,130,789,812	1,179,625,125
Port Usage Fees	574,363,693	477,597,404
Pilotage	76,890,388	70,014,543
Vessel Traffic Management Service Fees	19,795,081	18,728,365
Lay-Up Fees	1,785,371	4,190,974
Total Seaport System Fees	18,670,535,655	16,226,154,470
Service Concession Revenue	631,643,507	156,762,722
Rent/Lease Income	272,563,787	316,718,147
Other Business Income	217,630,890	232,808,820
Interest Income	32,909,435	55,186,202
Total Business Income	19,825,283,274	16,987,630,361
Total Service Income and Business Income	20,345,889,316	17,464,955,029

25.1. SERVICE INCOME

This account includes income collected from permits and licensing fees, fines and penalties and sale of gate pass/stickers and other related service income. Also included in this account are charges collected on parking/terminal fee, passenger terminal fee, RORO terminal fees and terminal vehicle pass for the use of roads, bridges, piers, waterways, ferry and other facilities.

25.2 BUSINESS INCOME

This account comprises revenue collected from cargoes and vessel charges, which includes the following revenues:

a. SEAPORT SYSTEM FEES

SHARE IN ARRASTRE/STEVEDORING INCOME

This account represents the government share on the receipts or earnings of cargo handlers from arrastre and stevedoring services. Arrastre refers to the set of shore-based cargo handling activities that includes, but is not limited to, the receiving or loading of cargoes to/from ship's tackle with the use of dock gang and cargo handling equipment. On the other hand, stevedoring service cover the discharging and loading of containers, loaded or empty, from the vessel to the dock/apron and vice-versa, and the opening and closing of hatch covers, lids and supporting beams.

The account includes income from ICTSI for MICT operations, ATI for NCR South and Batangas operations and MNHPI for NCR North.

WHARFAGE DUES

This refers to the charges levied on loaded/unloaded cargoes whether imports, exports, inbound, outbound, or transshipments. The computation is based on metric ton for non-containerized cargoes and per box for containerized cargoes.

DOCKAGE FEES

Dockage or berthing fee is the amount assessed against a vessel engaged in international (foreign) trade for berthing. It is levied on the cargo vessels based on the number of days of stay for the purpose of discharging and/or loading cargo; and on non-cargo vessels for the purpose of loading and/or taking passengers or for taking fresh water supply or receiving bunker fuel.

STORAGE CHARGES

Storage fees are charges on cargoes that remain in the cargo sheds, warehouses or in the open storage area of any government-owned port beyond the "free storage period" allowed. Increase or decrease in storage revenue can be attributed to the growth or decline in the number of shippers/port users availing of storage services.

PORT DUES

Vessels engaged in foreign trade, including those engaged in barter trade, that enter any port, whether private or government-owned, for loading and discharging cargoes, embarking/disembarking passengers, bunkering or taking provisions or repairs and changing members of the crew are charged with port dues based on the vessel gross revenue tonnage (GRT). It is a one-time charge assessed against vessels anytime they call at the port.

PORT USAGE FEES

Vessels engaged in coastal domestic trade that berth or temporarily lay up or drop anchor at any government port are charged a port usage fee based on GRT.

PILOTAGE

This represents the government share on the service rendered or required to be performed by the harbor pilots to maneuver vessels to/from the ports as required or as deemed necessary in each pilotage district.

VESSEL TRAFFIC MANAGEMENT SERVICE (VTMS) FEES

The PPA issued Administrative Order No. 03-2006 dated June 16, 2006 authorizing the collection of the VTMS Fee. It includes fees collected/ assessed on all international and domestic vessels entering, departing, navigating, operating, and anchoring/mooring within the VTMS covered areas.

LAY-UP FEES

This pertains to the amount assessed against vessels engaged in domestic coastal trade that are authorized to temporarily lay-up and anchor at any port.

b. SERVICE CONCESSION REVENUE

This pertains to revenue arising from the grant by grantor entity to the operator the right to earn revenue from third party users of the service concession asset or another revenue generating asset.

c. RENT/LEASE INCOME

This account includes income earned from use of government properties/ port facilities like rentals of spaces, cargo handling equipment, etc.

d. OTHER BUSINESS INCOME

PPA also derives income from non-traditional sources broken down as follows:

Particulars	2022	2021
<i>Other Business Income</i>		
Government Share from TABS	87,838,960	103,805,266
Net Income from STU	32,388,888	20,944,544

Particulars	2022	2021
Reefer Services	31,694,741	42,121,658
Sale of Power	21,507,573	13,499,285
Sale of Water	6,626,134	6,409,298
Printing and Publication Income	1,547,059	1,214,966
Seminar Fees	1,202,247	868,293
Truck Scale	769,994	576,047
Lodging Fees	379,336	236,750
Lashing/Unlashing	0	4,200
Others	33,675,958	43,128,513
Total	217,630,890	232,808,820

e. INTEREST INCOME

This account pertains to income earned from deposits, placements and investments with banks.

26. SHARES, GRANTS AND DONATIONS

This account pertains to the balance of Donations in Kind representing the net book value of transferred assets by the Bureau of Plant Industry per Deed of Conveyance dated August 23, 2018 due to expiry of the 25-year Contract of Lease with PMO Lanao Del Norte/Iligan.

27. GAINS

This account is broken down from the following sources:

Particulars	2022	2021
Gain on Foreign Exchange	163,492,711	135,057,017
Gain on Sale of Assets	7,735,422	16,187
Gain from Changes in Fair Value of Investment Property	3,350,000	0
Other Gains	0	1,146,613
Total	174,578,133	136,219,817

Gain on Foreign Exchange includes the gain on revaluation amounting to P148.39 million pursuant to the Philippine Accounting Standards (PAS) 21 which provides that balances of foreign currency-denominated accounts (i.e., foreign loans and dollar deposits) are translated using the closing rate at year end. The difference is recognized as gain/loss on revaluation.

Gain from Changes in Fair Value of Investment Property pertains to gain from changes in the fair value of Other Investments to The Orchard Golf & Country Club.

28. OTHER NON-OPERATING INCOME

This account pertains to miscellaneous income earned which is not classified under the specific income accounts which includes amount collected for violation of laws, rules and

regulations, collection of fees for bid documents, proceeds from insurance indemnities, sale of scrap materials, etc.

29. PERSONNEL SERVICES

The breakdown of expenses incurred for PPA employees is shown below:

Particulars	2022	2021
<i>Salaries and Wages</i>	1,213,006,006	965,846,428
<i>Other Compensation</i>		
Year-End Bonus	102,838,285	81,204,609
Mid-Year Bonus	100,634,229	79,151,591
Overtime and Night Pay	86,570,877	67,234,867
Personal Economic Relief Allowance (PERA)	52,173,942	51,063,905
Representation Allowance (RA)	18,476,954	18,602,686
Transportation Allowance (TA)	14,561,000	14,216,436
Clothing/Uniform Allowance	13,172,176	12,407,864
Cash Gift	10,989,750	10,729,500
Longevity Pay	2,333,724	1,059,594
Director and Committee Member's Fee	1,506,720	2,114,618
Hazard Pay	91,380	19,969,890
Laundry Allowance	6,000	4,800
Honoraria	0	685,775
Total Other Compensation	403,355,037	358,446,135
<i>Other Bonuses and Allowances</i>		
Collective Negotiation Agreement – Civilian	54,326,884	53,246,156
Rice Allowance	4,600,277	9,701,806
Medical, Dental and Hospitalization Allowance	342,500	688,948
Meal Allowance	165,352	277,419
Children's Allowance	10,680	26,808
Other Bonuses and Allowances	96,859,147	73,842,408
Total Other Bonuses and Allowances	156,304,840	137,783,545
<i>Personnel Benefits Contribution</i>		
Retirement and Life Insurance Premium	150,707,879	115,297,841
PhilHealth Contributions	22,618,462	13,171,270
Employees Compensation Insurance Premiums	2,605,701	2,544,400
Pag-IBIG Contributions	2,583,441	2,566,650
Total Personnel Benefits Contribution	178,515,483	133,580,161
<i>Other Personnel Benefits</i>		
Terminal Leave Benefits	192,707,799	97,209,135
Retirement Gratuity	0	9,920,497
Total Other Personnel Benefits	192,707,799	107,129,632
Total	2,143,889,165	1,702,785,901

30. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

Particulars	2022	2021 (As restated)
<i>Maintenance and Other Operating Expenses</i>		
Repairs and Maintenance	1,007,359,817	1,136,988,933
Other Professional Services	639,434,195	515,077,517
Security Services	572,894,554	507,038,654
Desilting, Drilling and Dredging Expenses	563,731,337	573,665,986
Utility Expenses	220,562,272	186,524,323
Supplies and Materials Expenses	186,224,227	160,070,195
Janitorial Services	158,441,253	131,657,295
Other General Services	106,292,234	71,540,220
Taxes, Insurance Premiums and Other Fees	59,640,022	73,215,092
Auditing Services	54,945,220	56,103,341
Consultancy Services	40,353,123	52,238,570
Communication Expenses	47,120,247	43,949,206
Traveling Expenses	37,162,031	18,702,191
Training and Scholarship Expenses	16,182,294	6,056,130
Survey Expenses	12,723,216	10,119,899
Confidential, Intelligence and Extraordinary Expenses	3,750,000	7,750,000
Legal Services	1,416,437	1,322,000
Environment/Sanitary Services	1,202,516	1,666,785
Award, Rewards, Prizes and Indemnities Expenses	90,000	45,000
Demolition and Relocation Expenses	0	4,793,875
Total Maintenance and Other Operating Expenses	3,729,524,995	3,558,525,212
<i>Other Maintenance and Operating Expenses</i>		
Donations	70,521,842	0
Representation Expenses	19,881,948	18,339,634
Subscription Expenses	16,921,226	17,169,211
Cultural and Athletic Expenses	9,568,981	6,272,124
Printing and Publication Expenses	4,994,239	5,569,597
Rent/Lease Expenses	3,632,980	17,493,402
Advertising, Promotional and Marketing Expenses	2,536,744	3,047,098
Transportation and Delivery Expenses	2,121,959	40,936
Membership Dues and Contributions to Organizations	2,063,117	617,398
Major Events and Conventions Expenses	544,108	0
Total Other Maintenance and Operating Expenses	132,787,144	68,549,400
Total	3,862,312,139	3,627,074,612

Repairs and Maintenance are expenses for the ordinary repairs and maintenance of PPA structures, facilities and equipment to keep or restore the assets into their normal operating condition, details are shown below:

Particulars	2022	2021 (As restated)
Infrastructure Assets	798,913,408	930,628,409
Machinery and Equipment	159,248,707	143,169,728
Buildings and Other Structures	30,089,113	46,244,843
Transportation Equipment	17,429,326	15,149,466
Furniture and Fixtures	1,299,589	1,191,339
Semi-Expendable Machinery and Equipment	292,301	446,915
Semi-Expendable Furniture, Fixtures and Books	87,373	158,233
Total	1,007,359,817	1,136,988,933

Desilting, Drilling and Dredging Expenses represents the cost incurred in dredging the harbors to the required depth through removal of silts. It also includes expenses in the maintenance of basins and navigational channels, cost of minor repairs of dredging equipment, spare parts, salaries and wages of casual and contractual employees, incidental traveling expenses and other related costs.

Utility Expenses cover the costs of water, electricity, and gas for illumination consumed at office buildings, grounds and other port facilities in connection with PPA operations.

Supplies and Materials Expenses include costs of expendable commodities acquired and issued to end-users in connection with PPA operations.

Taxes, Insurance Premiums and Other Fees pertains to the expenses incurred for taxes, duties, licenses including vehicle registration fees, and payments on fidelity bond premiums of accountable officers, and insurance premiums for motor vehicle and other property.

Communication Expenses include costs incurred for telephone (landline and mobile), internet and other form of telegraphic messenger services.

Traveling Expenses cover the costs incurred by any officers and employees while on official travel that includes transportation, per diems, ferriage and other related expenses.

Training and Scholarship Expenses include expenses for participation/attendance in and conduct of training, conventions, seminars/workshops and expenses for scholarships granted to officers and employees in the pursuit of further learning.

Survey Expenses represents the cost incurred in the conduct of cadastral, structural, topographical, statistical and other types of surveys conducted by PPA which includes salaries and wages of casual and contractual employees, incidental travelling expenses and other related costs.

Confidential, Intelligence and Extraordinary Expenses pertains to expenses incurred for highly sensitive activities. Pursuant to Joint Circular No. 2015-01 of Commission on Audit (COA), Department of Budget and Management (DBM), Department of the Interior and Local Government (DILG), Governance Commission for GOCCs (GCG) and Department of National

Defense (DND) dated January 8, 2015 on the Guidelines on the Entitlement, Release, Use, Reporting and Audit of Confidential and/or Intelligence Funds, the liquidation documents on the utilization of the fund shall be directly submitted to the COA Central Office thru Intelligence and Confidential Fund Audit Unit (ICFAU) for audit.

Awards, Rewards, Prizes and Indemnities Expenses pertains to amounts given in recognition of any civic or professional achievement and rewards to authorized recipients, amount awarded by courts or administrative bodies to persons affected by the destruction of property/death/injury, as well as the monetary service/loyalty awards given to officials and employees for attaining several years of service to the PPA.

Demolition and Relocation Expenses represents the cost incurred in demolition of structures and relocation of those affected by port development projects.

31. FINANCIAL EXPENSES

This account is composed of financial charges as follows:

Particulars	2022	2021
Interest Expense – Loans/Borrowings	40,818,055	52,266,291
Guarantee Fees	21,164,402	36,960,818
Bank Charges	505,837	239,494
Other Financial Charges		
Loss on Foreign Exchange (FOREX)	655,038	0
Other Finance Charges- Foreign Loans	601	1,475
Total	63,143,933	89,468,078

Interest Expense – Loans/Borrowings pertains to interest payments on various foreign loans of the PPA.

Guarantee Fees includes payments to the BTr for guarantee fees on the foreign loans guaranteed by the Republic of the Philippines.

Bank Charges is used to recognize the charges imposed by the bank for various services rendered excluding interest charges.

Other Financial Charges consist of other charges incurred in payment of foreign loan payable.

32. NON – CASH EXPENSES

Details of this account are shown below:

Particulars	2022	2021
Depreciation Expense	3,305,461,614	3,035,003,127
Losses	231,589,669	30,869,966
Impairment Loss	38,216,647	25,836,823
Amortization	14,019,764	13,621,531
Total	3,589,287,694	3,105,331,447

Depreciation Expense is computed using the straight-line method over the estimated useful lives of the assets net of 10 per cent residual value, in accordance with PPA Memorandum Circular No. 37-2005 and COA Circular No. 2004-003. The balance of P3.305 billion for CY 2022 pertains to depreciation of PPE in the amount of P3.293 billion and investment property amounting to P12.049 million.

Losses account consists of the following:

Particulars	2022	2021
Loss of Assets	75,894,188	7,090,915
Loss on Sale of Assets	6,964,591	5,460,964
Other Losses	148,730,890	18,318,087
Total	231,589,669	30,869,966

Loss of Assets is recognized due to accidents, theft, robbery, negligence, manmade conflict, fire, typhoon, and other calamities.

Loss on Sale of Assets represents the excess of net book value over the selling price of the asset.

Other Losses represent the difference between the carrying value and the 10 per cent residual value of fixed asset reclassified as unserviceable asset upon retirement from proper fixed asset account. Also, this includes the decrease in value of fixed assets undergone initial appraisal.

Impairment Loss – Loans and Receivables is based on the prescribed provision for bad debts under existing PPA guidelines.

Amortization refers to the periodic allocation of cost of intangible assets for the development of the completed PPA Computerized System.

33. INCOME TAX EXPENSE

The Statement of Comprehensive Income for CY 2022 reflects a Net Profit amounting to P7.933 billion. For this year, the PPA is subject to payment of Income Tax based on the 25 per cent Regular Tax Rate as this is higher than the Minimum Corporate Income Tax (MCIT) computed at one per cent of Gross Income. As of third quarter of 2022, PPA already remitted to the Bureau of Internal Revenue (BIR) P2.107 billion of income tax. The income tax expense for the year is reported at P2.947 billion, P255.567 million of which pertains to income tax liability resulting from prior period adjustments and reclassifications. Hence, after the application of creditable taxes withheld for the year 2022 amounting to P79.75 million, the balance of P759.638 million is recorded as tax liability for the year.

34. CONTINGENT ACCOUNTS

In compliance with the provisions of PAS 37 – Provisions, Contingent Liabilities and Contingent Assets, *Contingent Assets* and its contra account *Contingent Surplus* were excluded from the accounts presented in the Statement of Financial Position. Depending on

the outcome of events, income or surplus that may be realized on contingent assets amounts to P833.80 million which is the same as last year's figure.

The contingent accounts are mainly contested accounts receivable with expected income from increased rates on lease of land and other PPA port facilities. It is the policy of the PPA and as embodied in the lease agreements that rental rates are automatically adjusted based on the appraised value of the property. This adjusted rate on the lease serves as the basis for computation and issuance of invoices to the lessee.

35. SUPPLEMENTARY INFORMATION REQUIRED BY BIR UNDER REVENUE REGULATIONS (RR) No. 15-2010

On November 25, 2010, the BIR issued RR No.15-2010 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of Financial Statements accompanying the Tax Returns. Under the said RR, it is required that, in addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and/or conventions as may be adopted, the Notes to Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

1. VAT Output Tax

Philippine Ports Authority is a VAT-registered company with VAT output tax declaration of **P2,009,313,802.37** for CY 2022 based on the amount reflected in the Sales Account of **P16,744,314,733.08**.

The company has zero-rated sales amounting of **P2,969,150,588.57** and exempt sales of **P72,269.09** pursuant to the provision of R.A. 7716 as amended by R.A. 8241, R.A. 8424 and R.A. 9337 and RR 16-2005 Section 4.108-5(b)(4) law/regulations.

2. VAT Input Tax

The amount of VAT Input Taxes claimed is broken down as follows:

2.1. Beginning of the Year	
2.1.1. Excess Input Tax carried over	142,636,244.34
2.1.2. Input Tax Deferred on Capital Goods	285,377,218.42
Adjustment to Input Tax Disallowance relative to	
CY 2018 Tax Audit on Capitalized R&M	60,524,469.78
	488,537,932.54
2.2. Current year's domestic purchases/payments for:	
2.2.1. Goods other than for resale/manufacture	43,000,060.85
2.2.2. Capital goods subject to amortization	222,283,379.17
2.2.3. Services lodged under other accounts	1,031,467,482.71
	1,296,750,922.73

2.3. Claims for tax credit/refund and other adjustments	1,578,800,897.50
Input Tax Allocate to Exempt Sales	2,815.48
	<u>1,578,803,712.98</u>

2.4. Balance at the end of the year	<u>206,485,142.29</u>
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3. Other Taxes and Licenses

3.1. Local	
Business Tax/Mayor's Permit/Others	383,038.28
Other Taxes and Licenses	182,150.69
3.2. National	
Department of Environment and Natural Resources	860,509.39
National Telecommunications Commission (Radios Licenses)	269,717.49
Environmental Management Bureau	85,278.59
Bureau of Internal Revenue (Annual Registration Fee)	84,500.00
Bureau of the Treasury (Bond Premiums)	48,341.00
Government Service Insurance System	26,193.17
Court of Appeals	21,056.00
Land Transportation Office (Vehicle Registration)	16,406.86
Bureau of Fire Protection	14,401.00
	<u>1,991,592.47</u>

4. Withholding Taxes

The amount of withholding taxes paid/accrued for the year amounted to:

4.1. Tax on Compensation and Benefits	200,792,674.33
4.2. Expanded Withholding Tax/es	158,433,109.83
4.3. Final (VAT) Withholding Tax/es	546,266,146.12
	<u>905,491,930.28</u>

5. Basic Taxes Paid per BIR Assessment Notices:

5.1. TY 2018	
Income Tax (50 percent of Basic Tax)	210,521,501.28
VAT	64,531,770.07
	<u>275,053,271.35</u>

The Authority has a pending request filed with the Office of the BIR Commissioner on the abatement of interest and compromise penalties for TY 2018 Income Tax and Value Added Tax, summarized as follows:

Tax Type	Interest up to December 31, 2022	Compromise Penalty	Amount
Income Tax	76,825,928.69	0	76,825,928.69
Value Added Tax	25,246,950.04	0	25,246,950.04
Administrative Charges	0	100,000.00	100,000.00
Total	102,072,878.73	100,000.00	102,172,878.73

36. Certain accounts for CY 2021 were reclassified and restated to conform with the CY 2022 accounts presentation.

PHILIPPINE PORTS AUTHORITY
Schedule of Withholding Taxes
CY 2022

MONTH	Creditable Withholding Taxes (1600)				Expanded Withholding Tax (1601E)				Withholding Tax on Compensation (1601C)				TOTAL
	Amount	BIR Filing Reference No.	LBP's Confirmation No.	Date Filed	Amount	BIR Filing Reference No.	LBP's Confirmation No.	Date Filed	Amount	BIR Filing Reference No.	LBP's Confirmation No.	Date Filed	
January	8,159,418.42	172200046134431	00020820221922080320	2/08/22	2,748,026.26	432200046166529	00020920221319358900	2/09/22	7,745,434.28	012200046276349	00021420221546014280	2/11/22	18,652,878.96
February	26,805,207.75	172200046657461	00030820220931304270	3/08/22	8,304,840.33	4322000466S0590	00030920220737141550	3/08/22	8,727,390.81	012200046748008	00031020220841577280	3/10/22	43,837,438.89
March	58,428,372.30	172200047136572	00040820221042008720	4/08/22	15,679,846.68	402200047359461	00042120221444046490	4/21/22	8,996,259.53	012200047200947	00041220221106248970	4/11/22	83,104,478.51
April	64,528,186.27	172200047690815	00050820221420565990	5/08/22	17,779,360.29	432200047709029	00051020220825508670	5/10/22	8,589,092.94	012200047777493	00051020222209413440	5/10/22	90,896,639.50
May	29,557,832.17	172200048227893	00060920220725025960	6/08/22	6,698,004.02	43220004S277055	00061020220729073350	6/10/22	10,716,276.66	012200048683872	00061020221453502060	6/10/22	46,972,112.85
June	116,087,461.88	172200048673921	00071020220719565950	7/10/22	32,600,171.02	40220004S900042	72520221313443600	7/25/22	27,665,617.29	012200048683872	00071020221808234740	7/10/22	176,353,250.19
July	10,391,126.04	172200049175396	00080920221146552930	8/09/22	4,073,390.52	432200049247714	00081020221509408160	8/10/22	31,277,440.47	012200049273581	00081120220834573860	8/11/22	45,741,957.03
August	7,849,752.70	172200049750150	00090920221438036380	9/09/22	3,034,319.59	432200049776175	00091020221253348490	9/10/22	19,105,426.83	012200049785354	00091020222045356540	9/10/22	29,989,499.12
September	39,489,963.50	172200040143753	00101020220934441140	10/10/22	10,331,210.51	402200050349417	00102320220731166380	10/23/22	13,174,691.19	012200050203148	00101120221119159950	10/11/22	62,995,865.20
October	47,191,177.97	172200050700761	00111020220751417450	11/10/22	15,321,795.96	432200050702126	00111020220833139520	11/10/22	11,718,800.52	012200050764778	00111120220926537870	11/11/22	74,231,774.45
November	40,072,609.09	172200051233072	00120920221531204220	12/09/22	12,848,809.92	432200051238762	00120920221626042930	12/09/22	26,455,144.14	012200051309055	01120920221519531390/ 00121220221633531980	12/09/22	79,376,563.15
December	97,705,038.03	172300051713487	00011020231632504510	1/10/23	29,013,334.73	402300052116918/ 402300052106557	00012720231011053690/ 00012720231420481780	1/27/23	26,621,099.67	012300051937990	00012020232258085030	1/11/23	153,339,472.43
	546,266,146.12				158,433,109.83				200,792,674.33				905,491,930.28

37. STATUS OF LAWSUITS

The Authority is involved as a party litigant in several lawsuits still pending for resolution that could materially affect its financial position. Among these lawsuits are the following:

A. List of Decided Cases

No.	Case Title	Case No./Court	Description	Status
1	Amalgamated Motors (Phils.), Inc. VS PPA	CA GR SP No. 146071 Court of Appeals (CA) Civil Case No. 14-131974 RTC-Manila Branch 21	Petition for Consignation	<p>In a Decision dated May 8, 2014, the Metropolitan Trial Court (MeTC) dismissed the Petition for Consignation filed by Amalgamated Motors (Phils.) Inc. which was then elevated to Regional Trial Court (RTC) which affirmed the Decision of MeTC in a Decision dated December 27, 2015.</p> <p>The case was further elevated to the Court of Appeals (CA) through a Petition for Review which was also Denied in a Decision rendered by the CA dated October 25, 2016.</p> <p>On February 15, 2017, a Resolution was issued entering the Decision rendered in this case with Finality.</p> <p>Awaiting the transmittal of records from the Supreme Court (SC) to the RTC. For filing of Motion to Withdraw consigned rentals.</p>
2	Culasi Port Services, Inc. (CPSI) VS. PPA	Civil Case No. 13-129380	Declaration of Nullity of Termination of Contract and Damages with Prayer for Preliminary Injunction and TRO and Damages in the amount of P1,500,000 every month that plaintiff is deprived of its cargo handling operations, P100,000 Attorney's fees and P100,000 for litigation expenses.	<p>Decision was rendered based on the Compromise Agreement.</p> <p>Under the Compromise Agreement, the parties agreed that CPSI shall waive and forego in favor of PPA the award of P10,000,000 in temperate damages and P100,000 attorney's fees while PPA shall immediately return cargo handling operations in the Port of Culasi to CPSI for a period of the</p>

No.	Case Title	Case No./Court	Description	Status
				2009 Contract, which shall not go beyond December 31, 2022.
3	PPA VS. Heirs of Paulina Acosta, (Represented by Aniceto Tolentino, et al.); Heirs of Marciano Gabia Manalo and Lucia Gabia (Represented by Romeo Manalo, et al.)	Civil Case No. 5447 RTC-Batangas City Branch 84	Expropriation	<p>This covers the Batangas Port Development Project, Phase II.</p> <p>On June 22, 2009, the Supreme Court issued a Resolution declaring the just compensation at P425 per square meter and with a directive to pay 12 per cent interest per annum from the date of PPA's entry to lots on Sept. 11, 2001 until fully paid less initial payments made to lot owners and deductible taxes.</p> <p>Payments to the landowners are currently being undertaken subject to the presentation of appropriate documents. Remaining balance for Just Compensation as of December 31, 2017 is P5,964,447.01.</p>
4	Lepanto Consolidated Mining Co. VS. PPA	<p>CA-G.R. 145223 Civil Case No. 3920/3919</p> <p>MTTC San Fernando, La Union Branch 1 Supreme Court, Manila</p>	Unlawful Detainer	<p>On January 5, 2015, MTCC of San Fernando La Union rendered a Decision, the dispositive portion of which, reads:</p> <p>"Wherefore, all the foregoing premises considered, judgment is hereby rendered in favor of LCMC –</p> <ol style="list-style-type: none"> 1. Ordering PPA to vacate the 2,231.50 square meter portion of land covered by TCT No. T-4244 and surrender possession of the same to LCMC; 2. Directing LCMC to reimburse to PPA the amount of P2,678,681 as cost of constructing the PMO administration building (this amount may

No.	Case Title	Case No./Court	Description	Status
				<p>be deducted from the accrued rental; and</p> <p>3. Ordering PPA to pay LCMC accrued rent for the use of the 2,231.50 square meters occupied by PPA for the period August 2003 up to December 2014 in the total amount of P9,848,502; and to pay a monthly rental in the amount of P78,102 thereafter until possession is surrendered to LCMC.”</p> <p>On December 28, 2015, RTC rendered a Decision affirming MTCC’s Decision with modification. The award of reimbursement under paragraph 3 of the judgment was deleted.</p> <p>Petition for Review was filed before the Court of Appeals, which was resolved in favor of LCMC.</p> <p>On November 20, 2019, PPA, through the OGCC, filed a Petition for Review assailing the Resolution of the Court of Appeals before the Supreme Court.</p> <p>On November 2019, Lepanto Consolidated Mining Corporation filed a Motion for Execution before the RTC.</p> <p>The Court informed the parties that an Order will be issued to direct PPA to file its Comment to the Motion for Execution.</p> <p>On November 27, 2019, LSD lawyers attended the hearing set for the Motion for Execution filed by the petitioner. In an Order dated November 27, 2019, PPA was directed to file its comment and/or Opposition for the said Motion.</p>

No.	Case Title	Case No./Court	Description	Status
				<p>A Writ of Execution was issued by the RTC pending approval.</p> <p>PPA elevated the case to the SC. Lepanto filed its Comment (On the Petition for Review) dated June 26, 2020.</p> <p>On September 27, 2021, LSD received a SC Notice, denying the Petition filed by PPA and that the CA decision dated March 7, 2019 and Resolution dated September 7, 2019 in CA-R.R. SP No. 145223 are affirmed.</p>
5	Tacoma Integrated Port Services, Inc. VS. PPA	<p>SC GR No. 209123 SC Manila</p> <p>CA-G.R. CV No. 95349</p> <p>Civil Case No. 08-119077 RTC-Manila Branch 4</p>	Unlawful Detainer	<p>On March 10, 2010, the RTC issued a Decision granting the petition for Declaratory relief, the dispositive portion of which, reads:</p> <p>“Wherefore, premises considered, the petition is hereby GRANTED and the Court rules: (1) PPA Board Resolution No. 736 and Memorandum Order No. 68-2009 is declared null and void; (2) TIPSI’s account with PPA is not delinquent; and (3) TIPSI not being delinquent, PPA must refund the former of its overpayment of P28,619,690, including the subsequent payments made from October 2008, to the present; and (4) the 03 October 1911 Lease Contracts 1 and 2 and the rental adjustments under Commonwealth Act 141 are still in force and effect and TIPSI can continue paying the rates stated therein.”</p> <p>Tacoma Integrated Port Services Inc. filed a Petition for Review on Certiorari dated November 4, 2013 with the Supreme Court.</p>

No.	Case Title	Case No./Court	Description	Status
				<p>On March 31, 2014, PPA thru OGCC filed its Comment on TACOMA's Petition and we are now awaiting Decision/Resolution on said Petition.</p> <p>On October 2, 2020, LSD received OGCC's Letter furnishing PPA with a copy of the Supreme Court Resolution dated June 22, 2020 which denied the petition filed by TPSI against PPA.</p> <p>On November 6, 2020, LSD received OGCC's Opinion No. 167 series of 2020 re: with the Confirmatory Guidance on PPA's Decision to Allow ATI to Proceed with the Demolition of TPSI's warehouse at South Harbor as Part of the South Harbor Yard Expansion Project.</p> <p>On May 31, 2021, LSD received a Notice of Resolution from the Supreme Court Denying Tacoma's Motion for Reconsideration with FINALITY.</p>
6	Nautical Ports Management and Services, Inc. (NPMSI) represented by its President Manager, Carlos Oliver V. Talens, VS. PPA, Jay Daniel R. Santiago, General Manager (GM), Hector E. Miele, Assistant General Manager for Operations (AGMO), Eduardo P. Goles, Chairman, PPA-Bids and Awards Committee (PPA-BAC), Rosalio S. Ferrer, Jr., Carmenez R. Cruz, Margarito P.	Civil Case No. CV-17-7087 RTC-Calapan Branch 40	Prohibition and Mandamus with prayer for Issuance of a Writ of Mandatory Injunction and Damages.	<p>On October 20, 2020, an Office of the Solicitor General (OSG) lawyer attended the hearing held via videoconferencing. The counsel for petitioner NPMSI was not present.</p> <p>The hearing was reset to December 15, 2020.</p> <p>On December 15, 2020, the assigned handling OSG lawyer and LSD lawyer attended the hearing via video conference. Upon joint manifestation of the parties and since the Court is experiencing slow internet connection, the hearing was</p>

No.	Case Title	Case No./Court	Description	Status
	Dimailig and Leo A. Romero, Members and Bluebay Port and Cargo Services, Inc.			<p>reset on February 2, 2021 at 8:30 AM.</p> <p>An Omnibus Order was issued by the Court cancelling the hearing for February 2, 2021 considering that the Acting Presiding Judge of the Court is on leave.</p> <p>On March 9, 2021, LSD received an Order from the RTC Calapan, Oriental Mindoro Branch 44 granting the Urgent Ex-Parte Motion to Withdraw Petition filed by the counsel of Petitioner.</p>
7	Nautical Ports Management and Services, Inc. (NPMSI) represented by its President Manager, Carlos Oliver V. Talens, VS. PPA, Jay Daniel R. Santiago, General Manager (GM), Hector E. Miole, Assistant General Manager for Operations (AGMO), Eduardo P. Goles, Chairman, PPA-Bids and Awards Committee (PPA-BAC), Rosalio S. Ferrer, Jr., Carmenez R. Cruz, Margarito P. Dimailig and Leo A. Romero, Members and Bluebay Port and Cargo Services, Inc.	Special Civil Action No. 17-24 RTC-Roxas Branch 43	Prohibition and Mandamus with prayer for Issuance of a Writ of Mandatory Injunction and Damages.	<p>On October 8, 2020, the Supreme Court issued a resolution ordering NPMSI to file its Comment on the petition and PPA through the OSG to file their respective.</p> <p>On August 17, 2021, LSD received a Notice of Resolution dismissing the case.</p>
8	Coalition of PPA Officers and Employees VS. PPA	G.R. No. 209433 (CA-GR CEB S.P. No. 04212) Civil Case No. CEB 33982	Petition for Mandamus with Damages	Supreme Court issued the Resolution dated May 5, 2021 denying the petition declaring that COLA and Amelioration Allowance are deemed already incorporated in the standardized salary rates of government employees under the general rule of integration.

No.	Case Title	Case No./Court	Description	Status
				The Resolution dated May 5, 2021 rendered by the Supreme Court has become final and executory on August 17, 2022 and has been recorded in the Book of Entries of Judgments.
9	United Dumangas Port Development Corp. (UDPDC) VS. PPA	Special Civil Action No. 05-024 (CA-G.R. SP No. 03293) (SC-G.R. No. 192943)	Petition for Injunction and/or Prohibition with Prayer for the Issuance of a TRO filed by UDPDC to enjoin PPA from taking over the CH operations at the Port of Dumangas, Iloilo.	<p>The SC promulgated the Decision dated August 12, 2015 and resolved the petition in favor of UDPDC and remanded to Regional Trial Court (RTC) of P.D. Monfort North, Dumangas, Iloilo, Branch 68 for the proper determination of the value of equipment and improvements introduced by UDPDC on the Port of Dumangas for reimbursement purposes.</p> <p>PPA filed a Partial Motion for Reconsideration dated October 19, 2015, which was eventually denied by the Honorable Supreme Court. Thus, the Decision dated August 12, 2015, became final and executory.</p> <p>The case was remanded to the RTC. After hearings and determination of the value of the development and improvements introduced and the value of its infrastructure and equipment to be reimbursed to UDPDC, the RTC of P.D. Monfort North, Dumangas, Iloilo, Branch 68, issued an Order dated October 9, 2020 whereby Intervenor Municipality of Dumangas (MOD) is hereby directed to reimburse Petitioner UDPDC the total amount of P20,132,821.15 representing the value of all the improvements or developments introduced and equipment used in the</p>

No.	Case Title	Case No./Court	Description	Status
				<p>operation of the Port of Dumangas.</p> <p>MOD filed a letter with proof of manifestation and compliance photocopy of Manager's Check of Landbank of the Philippines (LBP) with No. 0000057837 amounting to P20,132,821.15 payable in favor of UDPDC.</p> <p>On 14 April 2021, the RTC issued a Writ of Possession commanding the implementation of the dispositive portions of: (1) the decision of the Supreme Court rendered on August 12, 2015, to deliver to the MOD the operation of the cargo handling services of the POD; and (2) the Order of the Court dated October 9, 2020, to take over the improvements or developments and equipment subject of the valuation.</p>
10	Manila International Ports Terminal, Inc. (MIPTI) VS. PPA	<p>Civil Case No. 86-37673 RTC-Manila Branch 15</p> <p>CA No. 80775</p> <p>SC GR Nos.196252 and 196199</p>	<p>Damages arising from the takeover by PPA of the Manila International Container Terminal (MICT) just after the EDSA revolution.</p>	<p>RTC declared EO 30 unconstitutional and ordered PPA to return and restore all equipment and properties taken during take over or to pay P180 million; P1.5 million per month for actual damages for loss of income; P1.5 million per month as rental for use of equipment; P200,000 exemplary damages; and P500,000 attorney's fees.</p> <p>CA modified RTC decision as follows:</p> <ul style="list-style-type: none"> PPA ordered to pay MIPTI P19 million at interest rate of six per cent; P250,000 per month for unrealized profits. <p>Petitions for Review on Certiorari of CA Decision were both filed by PPA and MIPTI on May 11, 2011 and May 9, 2011, respectively.</p>

No.	Case Title	Case No./Court	Description	Status
				<p>On August 14, 2013, the court issued an Order noting the respective Replies filed by OSG and MIPTI on the separate comments on the petitions in G.R. No. 196252 and G.R. No. 196199.</p> <p>SC rendered a Decision on December 7, 2021, ordering PPA to pay MIPTI nominal damages of P1M, exemplary damages of P200,000, attorney's fees of P500,000 and costs of suit. Also, SC ordered MPTI to return excess rentals amounting to P15,646,933.27</p> <p>Decision became final on September 20, 2022.</p>
11	Samuel Reyes Garcia, et al., VS. DBP Service Corp., Titleist Services, Inc., PPA, Rodolfo C. Manaligod, Marilyn Garcia, Dinnan Serran and Everjoy S. Guerrero	NLRC-NCR Civil Case No. 17676-17	Illegal Dismissal, Actual Non-payment of salary/wages, Non-payment of 13th month pay, non-payment of separation pay, Moral and Exemplary Damages and Attorney's Fees.	<p>PPA attended the hearing last January 10, 2017 and parties were directed to submit their respective Position Paper on February 1, 2018.</p> <p>On February 19, 2018, the parties filed their respective replies.</p> <p>The NLRC rendered its Decision dropping PPA as respondent for lack of jurisdiction.</p>
12	United Dumangas Port Development Corp. (UDPDC) and Wilhelm Divinagracia VS. Juan Sta. Ana et. al.	<p>GR No. 192943 GR No. 06519 C.A.G. GR 05903 SP Civil Case No. 05-024 RTC-Dumangas Branch 68</p> <p>CA-G.R. SP 03293 Court of Appeals Civil Case No. 11-30890</p>	For Indirect Contempt, with Prayer for Damages of P50,000 per day from Feb. 18, 2011, P330,000 as attorney's fees, P250,000 litigation expenses, P1,000,000 for moral and other damages	<p>Petition GR 19294 – On August 12, 2015, the Supreme Court issued a Decision partly granting UDPDC's Petition. OGCC filed its Partial Motion for Reconsideration on October 2015.</p> <p>Petition for Certiorari CA GR CEB SP 05903 - Filed Motion for Reconsideration dated June 22, 2015 of the May 12, 2015 Decision which was denied. However, in view of the SC Decision dated August 12, 2015 in the principal case,</p>

No.	Case Title	Case No./Court	Description	Status
				<p>this injunction petition had already become moot and PPA will no longer appeal the CA Decision.</p> <p>Records of the case are remanded to the RTC, Dumangas, Br. 68 for proper determination of the value of equipment and improvements introduced by UDPDC on the Port of Dumangas.</p> <p>A Motion for Issuance of a Writ of Execution was filed by Intervenor Municipality dated March 23, 2018 before the RTC praying for the issuance of a Writ of Execution to enforce the Decision of the court dated May 18, 2007 as reinstated by its August 12, 2015 Decision.</p> <p>During the hearing of the Motion held on April 2, 2018, the OGCC was directed to file comment on the motion within 15 days from receipt of the order.</p> <p>The Board of Commissioners was already constituted and is currently deliberating on the value of UDPDC's investment in the Port of Dumangas.</p> <p>On October 9, 2020, RTC issued an Order the dispositive portion of which reads as follows, to wit; WHEREFORE, in view of the foregoing disquisitions, the Intervenor MOD is hereby directed to reimburse Petitioner UDPDC the total amount of P20,132,812.15 representing the value of all the improvements or developments introduced and equipment used in the operation of the Port of Dumangas. The said amount shall be deposited by the</p>

No.	Case Title	Case No./Court	Description	Status
				<p>Intervenor MOD with the authorized government depository to be held by the latter subject to the orders of the court.</p> <p>On April 23, 2021, LSD received a Writ of Possession commanding the parties to implement the particular dispositive portions of:</p> <ol style="list-style-type: none"> 1) the decision of the SC rendered on August 12, 2015 to deliver to the Municipality of Dumangas the operation of the cargo handling services of the Port of Dumangas; and 2) the Order of the Court dated October 9, 2020 to take over the improvements or developments and equipment subject to the valuation, and thereafter to make the necessary return of service as provided for by law.

B. Status of Pending Cases

No.	Case Title	Case No./Court	Description	Status
1	Application for Original Registration of Title, Sps. Eduardo Rentuza and Amy G. Rentuza	LRC Case No. N-029 RTC-Sogod Southern Leyte Branch 39	Application of Sps. Eduardo Rentuza and Amy G. Rentuza for confirmation and registration of title over Lot No. 1576 and Lot No. 1581, both located in the Municipality of Liloan, Province of Southern Leyte.	<p>The scheduled initial presentation of Petitioners' evidence set on December 2, 2019 was cancelled due to non-availability of the judge. Awaiting for Order setting the next hearing.</p> <p>For initial presentation of petitioners' evidence.</p>
2	APL C. PTE Ltd., VS. Oceanic Container Lines Inc., Filipinas Port Services Inc. and PPA	Civil Case No. 14132592 RTC-Manila Branch 20	Damages in the amount of P1,315,191.36 for hull cleaning, USD49,834 for plaintiff's off-hire and fuel consumption expenses, P209,086 for pilotage, docking/undocking fees and port charges and	For presentation of defendants' evidence. PPA filed with the Court a Demurrer of Evidence seeking the dismissal of the case for failure of the plaintiff to substantiate its claims. Pending resolution of Demurrer.

No.	Case Title	Case No./Court	Description	Status
			P100,000.00 for attorney's fees.	Since the counsel for the plaintiff is not present during the January 18, 2023, hearing, the court ordered a reset for the continuation of re-cross examination on February 8, 2023, at 8:30 in the morning.
3	Barangay 650, Zone 68 et al. VS PPA et al.	Civil Case No. 00-98093 RTC-Manila Branch 42 CA GR CV No. 111289	Prohibition with Application for Preliminary Injunction and with Prayer for the Issuance of a TRO, Damages and Relocation	On September 2019, RTC rendered Decision dated September 16, 2019 which dismissed the Petition for Prohibition with Application for Preliminary Injunction and/or Temporary Restraining Order (TRO) filed by the residents of Barangay 650, and ruled that: 1) Petitioners are not entitled to a prohibitory writ since Barangay 650 is within the South Harbor Expanded Port Zone (SHEPZ), which is not meant to accommodate informal residential dwellings and/or structures built by the petitioners; 2) The property subject of the case has not been utilized to facilitate port-related services and industries in the South Harbor because the same have been occupied by informal settlers; 3) The area subject of the case is exempt from the coverage of RA 7279, which provides that "lands used, reserved, or otherwise set aside for government offices, facilities and other installations, whether owned by the National government, its agencies and instrumentalities, including government-owned or controlled

No.	Case Title	Case No./Court	Description	Status
				<p>corporations, or by the local government units"; and</p> <p>4) The petitioners "failed to establish that the intended clearing or demolition of the disputed area is attended with grave abuse of discretion on the part of respondents".</p> <p>Petitioners filed a Petition for Review before the Court of Appeals, docketed as CA-GR CV No. 111289.</p> <p>On August 26, 2020, the Court of Appeals rendered a Decision affirming the September 19, 2019 Decision of the RTC which denied the petitioner-appellants' petition.</p> <p>On March 16, 2020, the Manifestation (in Lieu of Memorandum) filed by the private respondent City of Manila stating that since it is merely a nominal party in this case, it will abide by any ruling issued by this Court and the appellee already ably represented by the OSG, it is not going to submit a separate Memorandum, is NOTED.</p> <p>On June 5, 2020 with the filing of the parties' respective memoranda, the case is now submitted for decision.</p> <p>On October 26, 2020, MMDA's motion for an additional period of thirty days from October 17, 2020, or until November 16, 2020, within which to file Comment on petitioner's appellants' Motion for Reconsideration is hereby granted.</p> <p>On January 15, 2021, LSD received a Memorandum of</p>

No.	Case Title	Case No./Court	Description	Status
				<p>Appeal Petition for Review (Under Rule 45) filed by the Petitioner in connection with the CA Decision dated August 26, 2020.</p> <p>July 21, 2022 – SC denies the Petition for Certiorari and the application for issuance of a TRO, filed by Brgy. 650</p>
4	Barangay 651, Zone 68 et al VS. PPA et al.	Civil Case No. 00-97859 RTC-Manila Branch 8	Prohibition with Application for Preliminary Injunction and With Prayer for the Issuance of TRO, Damages and Relocation	On December 1, 2020, PPA filed its Explanation/Compliance through registered mail.
5	DMCI Mining Corporation VS. PPA	<p>R-MNL-18-09143-SC RTC-Manila Branch 16</p> <p>CA GR SP No. 159626</p>	Petition for mandamus with application for a Writ of Preliminary Mandatory Injunction	<p>The Court issued an Order dated December 19, 2018 denying PPA's <i>Motion for Reconsideration and Lifting of Resolution</i> dated September 27, 2018, ordering PPA to issue a Certificate of Registration/ Permit to Operate in favor of DMCI Mining Corporation for a non-commercial private port-beaching facility in Barangay Bolitoc, Sta. Cruz, Zambales.</p> <p>On December 21, 2018, the Court issued a Writ of Preliminary Mandatory Injunction and commanded PPA to comply with the Resolution of the Court dated September 27, 2018 and December 19, 2018.</p> <p>PPA appealed to the CA. Appeal is submitted for Decision.</p> <p>On July 12, 2021, LSD received a resolution/decision from the CA Manila dated July 5, 2021 granting the Petition for Certiorari filed by the PPA. The Writ of Preliminary Mandatory Injunction dated</p>

No.	Case Title	Case No./Court	Description	Status
				<p>December 21, 2018 is Nullified.</p> <p>DMCI filed a Motion for Reconsideration on the CA Decision, which was denied in a Resolution dated April 4, 2022.</p> <p>DMCI filed on May 26, 2022 a Petition for Certiorari under Rule 45 before the SC</p> <p>In SC Resolution dated September 21, 2022, the Court denied the Petition for failure of petitioner to sufficiently show that the CA committed reversible error.</p>
6	Harbour Link Transport, Inc. VS. Negros Navigation Inc. and PPA	Civil Case No. 09121693 RTC-Manila Branch 30	Declaration of Nullity of Lease Contract, Specific Performance and Damages in the amount of P500,000 for exemplary damages, P1,000,000 for moral damages and P500,000 for attorney's fees.	<p>On February 18, 2019, Harbour-Link Transport, Inc. (HLTI) filed a Motion for Issuance of Writ of Execution, to cause the enforcement of the Decision promulgated on March 25, 2018 which directed Negros Navigation Company, Inc. to pay HLTI the sum of P16,400 as actual damages. P500,000 as attorney's fees, and costs of suit.</p> <p>On June 19, 2019, 2GO Group, Inc. (formerly Negros Navigation Company, Inc.) filed a Motion for Reconsideration on the RTC Order, praying for the giving of due course to, and allow their Notice of Appeal, and for the denial of the Motion for Issuance of Writ of Execution filed by HLTI.</p> <p>On August 6, 2019, the RTC issued an Order requiring HLTI to pay up deficiency docket fees.</p> <p>On August 27, 2019, HLTI filed a Compliance</p>

No.	Case Title	Case No./Court	Description	Status
				manifesting its payment of deficiency docket fees.
7	In the matter for Petition for rehabilitation of the Philippine Journalist Inc. and Almega Management Investment Corporation	SP 14-132862 RTC-Manila Branch 46	Involuntary Rehabilitation	<p>The case was set for hearing for election and appointment of liquidator, the hearing was rescheduled.</p> <p>On October 20, 2020, Atty. Remigio Ukol was appointed as liquidator.</p> <p>During a hearing on January 4, 2023, Petitioner moved that they be furnished the credentials of the appointed liquidator.</p> <p>During the hearing on January 24, 2023 the Court furnished the parties with copy of curriculum vitae of Atty. Remigio Ukol, Jr., the intended court-appointed liquidator, for the review and comments of the parties.</p> <p>The Court set the hearing for the appointment of liquidator on March 14, 2023 at 8:30 A.M</p>
8	Macquarie Green Properties, Inc. VS. PPA and All Persons Claiming Rights Under It	Civil Case Nos. 10086, 10087, 10089 and 10099 RTC-Batangas Branch 4	<p>Accion Publiciana, Damages and Attorney's Fees.</p> <p>Rental Fees for a total amount of P500,000 monthly rental fee for the properties and attorney's fee in the amount of P150,000 acceptance fee and P5,000 for every court appearance.</p>	<p>During the pre-trial stage of the case, the OSG filed PPA's Comment (On Plaintiff's proposed Stipulation of Facts) dated December 16, 2020.</p> <p>On July 1, 2022, the presiding judge gave both parties 10 days within which to file their respective Memorandum to expedite the court proceedings without need to conduct a trial anymore.</p>
9	Manuel Serbito Lenogon, et al., VS. PPA, et al.	NLRC-NCR-12-1549-16 National Labor Relations Commission Quezon City CA GR No. SP	Complaint for Non-payment of Separation Pay	<p>CA rendered a Decision on March 31, 2022, dismissing the consolidated Petitions for Certiorari</p> <p>December 22, 2022 - CA denied the Motion for</p>

No.	Case Title	Case No./Court	Description	Status
		No. 155870		<p>Reconsideration filed by petitioners Lenogon et. al</p> <p>January 2023 - Petitioners moved for the extension to file a Petition for Review on Certiorari with the SC.</p>
10	United Harbor Pilot's Association of the Philippines (UHPAP) VS. PPA et al.	<p>Civil Case No. 02-104716 RTC-Manila Branch 55</p> <p>Re-raffled to Branch 22 Civil Case No. 88-4726</p> <p>CA-GR 93775</p> <p>GR No. 212561</p>	<p>Declaratory Relief, Injunction with Preliminary Injunction or Temporary Restraining Order and Damages; To order PPA to reimburse collected amount equivalent to 10 per cent government share.</p>	<p>RTC denied prayer for injunction and declared illegal and unconstitutional the provisions of PPA AO 03-85 and all subsequent issuances imposing 10% government share.</p> <p>PPA filed an appeal with CA and in a Decision dated July 26, 2013, the latter quashed the writ of injunction issued by RTC and set aside the RTC decision and declared PPA AO 03-85 as valid and constitutional.</p> <p>The Court rendered its Decision last July 26, 2013 granting PPA's Appeal.</p> <p>UHPAP filed a Petition for Review on June 6, 2014. PPA filed its Comment last November 11, 2014.</p> <p>The latest Resolution received from the SC is taking note of UHPAP's Reply. Pilots are now appealing to the Board to increase their rates.</p> <p>On November 7, 2019, the manager of LSD wrote a letter to the Clerk of Court of the Supreme Court requesting for a copy of the Petition, Answer and Reply.</p>
11	PPA VS. Pambansang Tinig at Lakas ng PANTALAN	<p>Special Civil Action No. 08118633</p> <p>CA-GR SP No.107730</p>	<p>Mandamus with Prayer for Issuance of a Writ of Preliminary Mandatory Injunction; To direct PPA to actually integrate COLA and AA</p>	<p>RTC granted the prayer and ordered PPA to actually integrate COLA and AA to the employees' basic salaries and to pay differentials and attorney's fees.</p>

No.	Case Title	Case No./Court	Description	Status
		SC-GR No. 192836		<p>CA Decision dated January 29, 2010 affirming RTC Decision</p> <p>An Appeal was filed before the SC on September 2, 2010.</p> <p>This case was consolidated with the MIAA case docketed as GR No. 194889. The SC issued Resolution dated December 1, 2016, noting the Motion for early Resolution filed by the Union, now awaiting resolution.</p>
12	PPA represented by Glenn G. Cabanez Port Manager, PMO-PPA Cagayan de Oro City VS. Bernardo Dayao, Emeverto Dayao, and Sergio Alcibar	Civil Case No. 798 RTC-Mambajao, Camiguin Branch 28	Eminent Domain and Writ of Possession and Other Reliefs	<p>On May 23, 2017, PPA received a copy of Decision dated May 8, 2017 of the Honorable Court fixing the amount of just compensation to P225,491 for the 631 sq. m. Property of Bernardo Dayao and P442,010 for the improvements thereon with legal interest of 12 per cent per annum from April 30, 2013.</p> <p>On December 4, 2017, PPA filed a Notice of Appeal that it is appealing to the Court of Appeals the Decision dated May 8, 2017 and Order dated October 26, 2017 which are not in accordance with law and evidence.</p> <p>On March 13, 2018, PPA filed its Compliance with the court's directive in the Notice to File Brief dated February 20, 2018.</p> <p>PPA filed its Brief for the Petitioner-Appellee thru OSG dated October 8, 2018.</p> <p>The Commissioners' Report dated September 7, 2020 was submitted to the RTC fixing the value of the land at P300 per square meter and the</p>

No.	Case Title	Case No./Court	Description	Status
				<p>value of the building at P442,009.98</p> <p>On February 18, 2021, LSD Lawyer attended the hearing. The Presiding Judge asked if PPA received the Commissioner's Report and if the PPA has any objections to it. Atty. Tecson answered in affirmative and manifested that the PPA has no objection to it. Considering that the opposing counsel and party were not present, the Presiding Judge cancelled the hearing for the last time and reset it to April 15, 2021 at 9:00AM</p> <p>On April 15, 2021, LSD lawyer attended the hearing via videoconferencing. Atty. Miguel Paderanga manifested that he will be filing his opposition to the Commissioner's Report. He was given a period of ten (10) days from receipt of the order to file his opposition while LSD was also given a period of ten (10) days from receipt of the opposition to file a reply. Upon submission, the case will be deemed submitted for resolution. No more hearing was set by the Presiding Judge in relation to the instant case.</p> <p>On May 25, 2021, LSD received a Notice of Resolution and/or Resolution from the CA dated April 26, 2021.</p> <p>On May 25, 2021, LSD filed Compliance through registered mail.</p> <p>On July 12, 2021, Counsel for the PPA filed a Manifestation to the court.</p>

No.	Case Title	Case No./Court	Description	Status
				<p>On July 19, 2021, LSD received an Order directing PPA to file its opposition to the Commissioner's Report within 10 days from receipt.</p> <p>On October 6, 2021, LSD received a Notice of Change of Address of the Rehabilitation Receiver.</p> <p>On November 9, 2021, LSD received a CA Decision dated July 29, 2021, partly granted the Petition.</p> <p>PPA, through its Counsel OGCC, filed a Motion for Partial Reconsideration and LSD received a copy on November 23, 2021.</p> <p>The Court set a status hearing on March 30, 2023.</p>
13	PPA VS. Hon. Agerico A. Avila, in his capacity as the Presiding Judge of the RTC Branch 8 at Tacloban City, Philippine Phosphate Fertilizer Corporation, and Atty. Aris Gulapa, in his capacity as Rehabilitation Receiver	SPEC. Pro Case, R-TAC-17-00328-SP (Case R-ORM-15-00072SP) RTC-Tacloban Branch 8	Petition for Voluntary Rehabilitation of Philippine Phosphate Fertilizer Corporation	<p>PPA filed a Petition for Certiorari before the Court of Appeals which denied the application of receiver and confirmed PPA's claim for P174,000,000. The rehabilitation plan prepared by the receiver was declined by the creditors and Philphos' joint venture pulled out. Philphos then filed a new rehabilitation plan to pay only half of the amount recognized by the receiver. PPA has filed a Motion for Reconsideration on the new rehabilitation plan.</p> <p>The case is submitted for Decision.</p>
14	Pier 8 and Arrastre and Stevedoring Services, Inc. VS. PPA, Juan C. Sta. Ana, Oscar Sevilla and MNHPI	GR No. 241029 (SC 1 st Division) CA-GR SP No. 145455 Civil Case No. 11-125680	Damages, Actual, Moral and Exemplary Damages of at least P2 million, and Injunction	PPA filed its comment dated December 21, 2017, praying for the denial of Petitioner's Motion for Reconsideration on the Court's Order dated October 13, 2017, dismissing the Petition for Certiorari and reinstating the Orders of the

No.	Case Title	Case No./Court	Description	Status
		RTC-Manila Branch 8		<p>RTC of Manila, Branch 8, dated October 3, 2017 and February 23, 2016.</p> <p>Petition for Certiorari filed by Petitioner dated September 14, 2018.</p> <p>SC Resolution dated July 5, 2021, denying the motion with FINALITY, as no compelling reason exists to warrant its reconsideration.</p> <p>In Civil Case No 11-125680, the RTC of Manila, reset the hearing to March 17, 2021 for presentation of PPA's witness.</p> <p>On March 10, 2021, the OGCC and LSD lawyer attended the hearing with the PPA witness, Ms. Amelia Yangorin. Due to time constraints, Atty. Yap of OGCC sought for continuance of presentation of our witness. Next hearing of the case for presentation of witness is set on May 19, 2021 at 1:30 PM.</p> <p>On May 17, 2021, LSD has received a Notice of Hearing for May 19, 2021 at 1:30 PM via Video Conference through Teams.</p> <p>On May 18, 2021, the OGCC filed, through registered mail, an Urgent Motion for Postponement, due to the PPAs witness, Ms. Yangorin, for her mandatory quarantine which will end on May 24, 2021 and has no access to the application for videoconference and the handling counsel was exposed to her co-workers who tested positive for COVID-19 and completing her mandatory quarantine.</p>

No.	Case Title	Case No./Court	Description	Status
				<p>On October 19, 2021, LSD received an OGCC letter with attached SC Resolution dated July 5, 2021, denying the motion with FINALITY, as no compelling reason exists to warrant its reconsideration.</p> <p>PASSI, PPA and MNHPI, already completed their presentation of evidence. Currently, for presentation of evidence of co-defendant, former GM Oscar Sevilla.</p>
15	Pier 8 and Arrastre and Stevedoring Services, Inc. VS. PPA	<p>Civil Case No. 00-97157 RTC-Manila Branch 19</p> <p>Court of Appeals CA-GR 100359</p>	Injunction with Damages (With Prayer for Temporary Restraining Order and Writ of Preliminary Injunction).	<p>RTC issued a Decision dated December 28, 2012 dismissing the case. Despite the Court dismissal, the Court ordered PPA to pay rentals for the equipment of PASSI in the amount of P4,800,838.00</p> <p>CA issued an Order dated February 20, 2013, discharging PPA of its liability as adjudged in the Decision dated December 28, 2012</p> <p>PASSI filed an Appeal before the CA.</p>
16	Shipside Inc. VS. PPA	<p>CA-GR 141321 Court of Appeals</p> <p>Civil Case No. 3917 MTCC-San Fernando La Union Branch 2</p> <p>Civil Case No. 9121 RTC-La Union Branch 26</p>	Unlawful Detainer, With Prayer For Reasonable Compensation For The Actual Occupancy of The Property located in San Fernando, La Union.	<p>The CA dismissed the petition in its December 27, 2017 Decision.</p> <p>On January 15, 2018 Shipside Inc. filed its Motion for Reconsideration.</p> <p>PPA filed its Comment/Opposition dated March 2018.</p> <p>The case is submitted for Decision.</p>
17	PPA VS. Melca Ejera, et al.	<p>RO10-WMO-CV-2017-02-0104-G</p> <p>OS-LS-0021-0129-2018</p>	Petition for Review (SOLE Ruling on Non-payment of Salaries and Night Shift Premium of Outsourced Employees)	In December 2016, PMO Misamis Oriental received a Notice of Conference from the DOLE Regional Office X requiring the appearance of its Port Manager to appear as an observer in relation to the

No.	Case Title	Case No./Court	Description	Status
		CA-GR SP No. 09308-MIN CA-GR SP No. 160468		<p>complaint of 25 workers outsourced from Workers' Vision Manpower Services, Inc. (WVMSI) for violating labor standards laws alleged to have been committed at the said PMO.</p> <p>On February 1, 2017, the DOLE Regional Office conducted a workplace inspection. Thereafter, the parties were made to submit their respective Position Papers.</p> <p>On November 7, 2017, PPA received from the DOLE Regional Office an Order directing PPA and WVMSI to pay jointly and severally the affected workers the amount of P330,749 for the non-payment of salaries and night shift premiums.</p> <p>PPA appealed on November 17, 2017, however on July 30, 2018, the DOLE rendered a Resolution dismissing the appeal.</p> <p>After PPA's Motion for Reconsideration was denied by the SOLE in a Resolution dated March 29, 2019, PPA filed the Petition in the CA on April 22, 2019.</p> <p>In a Resolution dated September 11, 2019, the CA suspended appellate proceedings and referred the case to the Philippine Mediation Center (PMC) – CA unit for mediation, and ordered the parties to pay mediation fees.</p> <p>In the proceedings at the DOLE Regional Office, a Pre-Execution Conference (PEC) was held on October 15, 2019, wherein the parties have</p>

No.	Case Title	Case No./Court	Description	Status
				<p>expressed their unwillingness to the possibility of a settlement.</p> <p>The respective counsels for respondents WVMSI and PPA have manifested the pendency of appellate actions filed before the Court of Appeals. Counsels for both respondents requested that the execution be deferred as a matter of judicial courtesy. It was also requested that the complainants post a bond in light of the appeals filed at the CA, which was objected by the counsel for complainants.</p> <p>The Med-Arbiter informed the parties that the requests of the counsels for the respondents would be relayed to the regional Director for appropriate action. Likewise, considering no payment was made and no TRO was issued by the CA, the judgment monetary award will be collected by virtue of a writ of execution in accordance with the DOLE Sheriff's Manual and applicable laws.</p> <p>On December 2, 2019, the CA issued a Resolution directing PPA to Comment on the Manifestation of the Ejera group to transfer the mediation proceedings from Manila to Cagayan de Oro on the basis of the distance and financial incapacity of the respondents to attend the proceedings in Manila.</p> <p>On December 9, 2019, LSD lawyers appeared before the PMC Unit of the CA for the mediation conference of the said case. As no representatives from the defendants were present, the</p>

No.	Case Title	Case No./Court	Description	Status
				<p>mediation conference was reset to February 4, 2020.</p> <p>On December 19, 2019, PPA filed its Comment/Opposition to the Ejera group's Manifestation, averring that the respondents can merely authorize their counsel to attend the proceedings in Manila on their behalf.</p> <p>The case is still under mediation with the CA – Mindanao station.</p> <p>On November 5, 2020, a PPA lawyer attended the Mediation Conference at the CA - PMC – Mindanao station. Respondents Merly Catubig, et al. manifested that they have yet to complete the signatories in an SPA, to which the Mediator directed them to complete before the next setting. The Mediator took note of the manifestations of both PPA and the respondents but insisted that the issue may be settled and drafted a Compromise Agreement wherein the parties will agree to no longer pursue the appeal. The draft was signed by the respondents.</p> <p>PPA manifested its previous stance that the NLRC decision was not proper since money claims against it should have been filed with the COA. Hence, the PPA lawyer averred that he could not sign on the Compromise Agreement.</p> <p>The Mediator then mentioned that the draft would be forwarded to the Head Office for consideration of management.</p>

No.	Case Title	Case No./Court	Description	Status
				<p>On August 17, 2021, LSD received a Notice of Decision from the Court of Appeals dated July 27, 2021 denying the petition for review and the Resolution(s) dated July 30, 2018 and March 29, 2019 of the Secretary of the Department of Labor and Employment in OS-LS-0021-0129-2018 are affirmed.</p>
18	Rosemarie Astrera VS LSERV Corporation and PPA	Civil Case No. 1566 (2021) MTC Paniqui, Tarlac	Damages	<p>On November 16, 2021, LSD received a Summons and Verified Complaint that plaintiff prays the honorable court; (1) To pay the expenses for the repair of the Isuzu Altera owned by the plaintiff amounting to Eight Hundred and Ninety Four Thousand and Eighty Eight pesos (P894,088.00) and; (2) for defendants to pay in favor of plaintiffs, attorney's fees in the amount of P100,000.00, cost of litigation in the amount of P50,000.00, per appearance fees of P3,000 per hearing, and such other reliefs as may be just and equitable under the foregoing circumstances.</p> <p>On November 23, 2021, LSD formally referred the case to OGCC for legal representation in Court and assistance in the preparation of Comment to the Petition.</p> <p>Astrera, PPA and LServ are currently finalizing a compromise agreement wherein the amount of amicable settlement consisting of:</p> <ul style="list-style-type: none"> • P300,000 to be borne by LServ, since the driver at fault is an employee of LServ, assigned at PPA;

No.	Case Title	Case No./Court	Description	Status
				<ul style="list-style-type: none"> P100,000 to be borne by PPA, being the owner of the vehicle involved, which amount corresponds to the GSIS Motor Vehicle Insurance proceeds covering PPA's vehicle.
19	PPA VS Commissioner of Internal Revenue	OSJ Case No. 03-2020		<p>On September 7, 2021, LSD received an Answer (Re: Petition for Review dated September 18, 2020) filed by the counsel of Respondent praying to the honorable court the dismissal of the Petition for Review for lack of jurisdiction or in alternative order petitioner to pay the total amount of P1,487,203,749.57 for deficiency Income Tax, Final Withholding VAT/Percentage Tax inclusive of increments for the taxable year 2011 and that the Final Decision on Disputed Assessment be upheld in too.</p> <p>On September 7, 2021, LSD filed its Motion for Judgment Based on Compromise Settlement to the DOJ MNL.</p> <p>CIR filed its Comment dated 2 November 2022. Awaiting the Decision of the Sec of Justice.</p>
20	Movers and Managers Corp. represented by its President Josefino G. Baltazar VS. PPA	Civil Case No. R-MNL-22-02855-CV RTC-Manila Branch 51	for Specific Performance with application for TRO and Writ of Preliminary Injunction	<p>Complaint filed by Plaintiff on April 8, 2022, praying to order PPA to cease and desist from proceeding with the bidding for the Port of Pasig - Port Terminal Management Contract.</p> <p>Application for TRO and Writ of Preliminary Injunction were denied by the RTC.</p> <p>PPA submitted its Answer with Counter Claim for unpaid rentals amounting to</p>

No.	Case Title	Case No./Court	Description	Status
				P343,862,308.03, attorney's fees and costs of suit. Currently for presentation of Plaintiff's evidence.
21	Diconex Phils. Inc. VS COSCO Shipping Lines (Phils.) Inc., PPA and ICTSI	Civil Case No. MNL-19-08631-CV	Diconex filed Specific Performance and Damages with Verified Application for a Writ of Preliminary Injunction (WPI) and Temporary Restraining Order (TRO) against defendants Cosco, PPA, and ICTSI	According to Diconex, because of the refusal by Cosco to release the 3 shipments docked at Manila International Port (MIP) under the control of PPA, Diconex has incurred unnecessary demurrage costs with Cosco and storage charges with ICTSI and PPA. Diconex demanded the waiver of detention charges, the release and refund of the container deposit, release of the 3 shipments withheld, and waiver of the demurrage costs with Cosco and storage charges with PPA and ICTSI. Also, Diconex demanded actual damages amounting to P13,573,698.54, loss of profits amounting to P4,326,301.46, and cost of money amounting to P243,493.32. RTC Manila Branch 30 issued a Resolution dated 6 November 2019 denying plaintiff's application for a writ of preliminary prohibitory and mandatory injunction. The case is pending before the RTC Manila Branch 3 for the presentation of plaintiff's witness.

38. OTHER DISCLOSURES WITH POSSIBLE FUTURE FINANCIAL IMPACT

- A.** Land located north of the mouth of Pasig River off Pier 2 in the North Harbor with a book value of P10,921.32 million which is currently being utilized by ICTSI and recorded by PPA as service concession land is the subject of OGCC Arbitration Case No. 2012-01 with the following related information:

- Records show that PD No. 802 directing the registration of the subject property in the name of Government Service Insurance System (GSIS) was issued on September 18, 1975.
 - On December 23, 1975, PD No. 857 was issued expressly transferring to PPA all powers and rights in all properties and appropriations of any government authority, agency and instrumentality pertaining to every matter concerning port facilities, port works or port operations.
 - Express repeal of PD No. 802 by PD No. 1284 which was issued on July 16, 1978, affirming the power and responsibility of PPA to undertake any study or work for the development, construction and supervision of all port works, facilities and dredging in the International Port Complex and its vicinity.
 - GSIS is claiming that the land is part of their assets as it possesses the Original Certificate of Title (OCT) 10722 which was subsequently subdivided into TCT No. 272971 and TCT No. 272972. In the March 21, 2018 issue of the Philippine Star, GSIS published an article announcing the auction of the port area property on May 3, 2018. Said auction was said to be cancelled as the GSIS Board revoked resolutions authorizing the sale of the ICTSI/PPA property until further review and consultation with all concerned stakeholders as per article published by Philippine Star on July 5, 2019.
- B.** Parcels of land with a total area of 4,627.46 square meters (sq. m.) situated in the South Harbor, Port Area, Manila is under dispute by National Power Corporation (NPC). The parcels of land involved are the following lots of Block 1:
- Lot 3 (Block 1) consisting of 1,129.60 sq. m.
 - Lot 4 (Block 1) consisting of 1,147.80 sq. m.
 - Lot 5 (Block 1) consisting of 1,165.90 sq. m.
 - Lot 6 (Block 1) consisting of 1,184.30 sq. m.

Hereunder are the details of the case under dispute:

- On NPC's rights under Proclamation No. 413:

Proclamation No. 413 reserving the subject property for the use of NPC was revoked by PD No. 857, as amended, issued on December 23, 1975, and EO No. 321 issued on March 17, 1988.

With the issuance of EO No. 321 expanding the territorial area of the South Harbor Port Zone of the Port of Manila to include subject property previously reserved to NPC, the same area became a Port District and was placed under the PPA's jurisdiction.

- On NPC's rights under its MOA with PPA:

Power Sector Assets and Liabilities Management's claim that it has possessory rights over the subject property pursuant to the MOA executed between NPC and PPA in 1997 has no basis on the ground that the consideration for entering into said MOA did not materialize. Consequently, the possessory rights granted to NPC, if any, should and ought to have been withdrawn too. Hence, there is no possessory right on the part of NPC to speak of.

- On the issue of ownership pending with RTC of Manila, Branch 4:

What is pending in Court, for more than two decades already, is the claim of NPC of its alleged ownership over the subject property anchored on Proclamation No. 413. NPC filed an Application for Registration of Title before the Regional Trial Court of Manila docketed as LRC No. N-90.

The PPA posits that the claim of NPC of its alleged ownership over the subject property anchored on Proclamation No. 412 merely reserved the subject property for the use of NPC and never vested or granted ownership over the subject property to NPC. With the repeal of Proclamation No. 413 by PD No. 857 and issuance of EO No. 321, the claim of NPC in its application for the title has no legal basis at all.