



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

**CENTER FOR INTERNATIONAL TRADE
EXPOSITIONS AND MISSIONS**

For the Year Ended December 31, 2017



CORPORATE GOVERNMENT SECTOR
Cluster 6 – Social, Cultural, Trading, Promotional
and Other Services

March 28, 2018

28 MAR 2018
MARICOR D. ORTEGA
RECEIVED BY:
DED

USEC. NORA K. TERRADO

Officer-in-Charge

Center for International Trade Exposition and Missions (CITEM)
Roxas Boulevard, cor. Sen. Gil Puyat Avenue
Pasay City

Dear Usec. Terrado:

We are pleased to transmit the Annual Audit Report on the results of the audit of the accounts and transactions of the Center for International Trade Expositions and Missions (CITEM) for the year ended December 31, 2017, pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The Report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, and Status of Implementation of Prior Year's Audit Recommendations.

We rendered an unqualified opinion on the fairness of presentation of the financial statements of CITEM for the year 2017.

The other significant observations and recommendations included the following

A. Financial Audit

1. The existence, validity and reliability of the total net book balance totaling P44.133 million of the Property, Plant and Equipment (PPE) were not established due to: a) non-submission of the Report of Physical Count of Property, Plant and Equipment (RPCPPE); b) absence of Property, Plant and Equipment Ledger Cards (PPELC) and Property Cards (PC); c) some of the recorded PPE items did not meet the capitalization threshold of P15,000 as required in Chapter 10 of the Government Accounting Manual (GAM); d) some of the adjusting entries made on the account could not be substantiated due to lack of supporting documents; and e) absence of a detailed schedule to support the recorded computation of the Accumulated Depreciation for the PPE accounts.

We recommended and management agreed to:

- a. *require the Inventory Committee to complete RPCPPE for CY 2017 and submit the same to the Finance Division for purposes of reconciliation with the books of accounts, copy furnish COA.*
- b. *require the Finance Division and Property Officer to prepare and regularly update recording of transactions in the PPELC and PCs, respectively.*
- c. *require the Finance Division to observe the criteria for recognition of PPE under Section 3, Chapter 10 of the GAM on the capitalization threshold of P15,000.00; reclassify to expense accounts semi-expendable items recorded in the PPE account that did not meet the capitalization threshold; and require the Property Officer to issue the corresponding Inventory Custodian Slip in lieu of the Property Acknowledgement Receipt to establish accountability on these semi-expendable items;*
- d. *submit all the necessary documents to establish the propriety of the adjusting entries recorded;*
- e. *furnish COA copy of the schedules/supporting computation of the Accumulated Depreciation/depreciation expense.*

B. Compliance Audit

2. Proper procedures and documentation to support the procurement of high-end electronic gadgets and computers during CY 2017 were not observed such as :
 - a) absence of sufficient justification for the need to procure high-end gadgets pursuant to COA Circular 2012-009; b) non-observance of "Reference to Brand Name" prohibition under RA 9184, and c) realignment of Budget not supported with the documentation required by the DBM; and e) Amendment of Annual Procurement Plan (APP) was not submitted to the GPPB.

We recommended and the management agreed to:

- a) *submit justification for the need to procure high-end gadgets and exercise prudence in the utilization of government resources to prevent the incurrence of unnecessary, excessive, or irregular expenditures in the conduct of its operation.*
 - b) *observe proper documentation for every procurement of property and obtain from higher authorities the requisite prior approval on any government transaction.*
3. CITEM continued to maintain three Phil. National Bank (PNB) accounts as at the end of CY 2017 contrary to DOF Dept. Circular No. 001-2015 dated June 1, 2015 and DOF Dept. Circular 002-2016 dated July 8, 2016 which provide that government agencies shall deposit and maintain accounts with government financing institutions (GFIs)/ Authorized Government Depository Banks (AGDBs).
 - a) *We recommended and management agreed to inquire from the DOF the status of their request to maintain the two PNB Accounts;*

b) We further recommended that CITEM comply with existing regulations to maintain and deposit the bulk of its funds in AGDBs.

4. The Center disposed of three motor vehicles with an appraised value of P226,039.62 without complying with: a) the requisite advertisement in any newspaper of general circulation as required under Section 79 of P.D. 1445; and b) the Center did not furnish COA the required documents 20 days before the advertisement or call to public auction as required under COA Circular 89-296 dated January 27, 1989.

We recommended and management agreed to comply with the publication requirements for the disposal of properties to attract as many bidders as possible to obtain price most advantageous to the government and furnish the COA Team at least twenty days before the advertisement of the call to public auction so that COA may conduct the necessary audit procedures on the disposal of the properties.

5. Important provisions of the Memorandum of Agreement (MOA) between CITEM and National Commission for Culture and Arts (NCCA) for the holding of the Design Week Philippines 2016 were not complied with by CITEM, thus, placing the Center under the risk of possible cancellation of the remaining grant pledged by the NCCA and non-recoupment of the expenditures in the amount of P785,693 which CITEM had already paid in advance.

We recommended and management agreed to submit all the requirements provided in the MOA and notify NCCA in writing, explaining the causes of the delay that may have adverse implications and consequences on the fulfillment of the release of the remaining two tranches of the grant/ recoupment of the related expenditures which CITEM paid in advance.

6. The Center procured IT Hardware Equipment pursuant to its Information Systems Strategic Plan (ISSP) CY 2015-2017, but did not submit the terms of reference and/or technical specification of its Information and Communication Technology (ICT) requirements to the Information and Communications Technology Office (ICTO) and did not observe the proper realignment of budget and/or amendment of Annual Procurement Plan, contrary to pertinent provisions of the General Appropriation Act (GAA) and the Implementing Rules & Regulations (IRR) of RA 9184, thus, casting doubt on the validity of the procurement transactions.

We recommended and management agreed to:

- a. *observe the requirements under the GAA to submit to ICTO the terms of reference and/or technical specifications in the procurement of their ICT requirements before procuring the same in accordance with CITEM's duly endorsed ISSP.*
- b. *observe the prescribed period in realigning budget and submit the amended/ approved Annual Procurement Plan to the GPPB as required by law.*


We respectfully request that the recommendations contained in Parts II and III of the report be implemented and that this Commission be informed of the actions taken thereon by accomplishing the Agency Action Plan and Status of Implementation Form (copy attached) and returning the same to us within 60 days from the date of receipt hereof.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

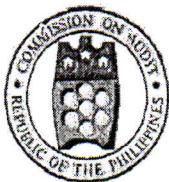
COMMISSION ON AUDIT

By:


WILFREDO A. AGITO
Director IV

Copy furnished:

The President of the Republic of the Philippines
The Vice President
The President of the Senate
The Speaker of the House of Representatives
The Chairperson – Senate Finance Committee
The Chairperson – Appropriations Committee
The Secretary of the Department of Budget and Management
The Governance Commission for Government – Owned or Controlled Corporations
The Presidential Management Staff, Office of the President
The National Library
The UP Law Center
The COA Commission Central Library



CORPORATE GOVERNMENT SECTOR
Cluster 6 – Social, Cultural, Trading, Promotional
and Other Services

March 28, 2018

THE BOARD OF GOVERNORS

Center for International Trade Exposition and Missions (CITEM)
Roxas Boulevard, cor. Sen. Gil Puyat Avenue
Pasay City

CENTER FOR INTERNATIONAL TRADE
EXPOSITIONS AND MISSIONS
OFFICE OF THE EXECUTIVE DIRECTOR
RECEIVED
BY: GLENNIE TIME: 2:00

Gentlemen:

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- b. *observe the prescribed period in realigning budget and submit the amended/ approved Annual Procurement Plan to the GPPB as required by law.*


In a letter of even date, we requested the Officer-in-Charge of CITEM that the recommendations contained in Parts II and III of the report be implemented and that this Commission be informed of the actions taken thereon by accomplishing the Agency Action Plan and Status of Implementation Form and returning the same to us within 60 days from the date of receipt.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

COMMISSION ON AUDIT

By:


WILFREDO A. AGITO
Director IV

Copy furnished:

The President of the Republic of the Philippines
The Vice President
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The Speaker of the House of Representatives
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The Secretary of the Department of Budget and Management
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The Presidential Management Staff, Office of the President
The National Library
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The COA Commission Central Library

PART I
AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF GOVERNORS

Center for International Trade Expositions and Missions
Roxas Boulevard Cor. Sen. Gil J. Puyat Ave.
Pasay City

Unqualified Opinion

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Center for International Trade Expositions and Missions as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principle (GAAP).

We have audited the financial statements of the **Center for International Trade Expositions and Missions (CITEM)** which comprise the statement of financial position as at December 31, 2017, and the statement of financial performance, statement of changes in equity, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principle (GAAP), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **CITEM's** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the **CITEM** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **CITEM's** financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

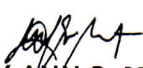
The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Philippine Public Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

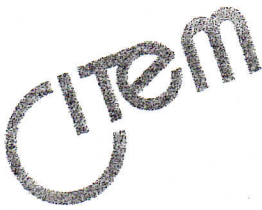
Report on Supplementary Information Required Under BIR Revenue Regulation 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees paid or accrued during the taxable year described in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


MARY ANN S. MONTA
OIC-Supervising Auditor
Audit Group F
Trading and Promotions Audit Group
Cluster 6, Corporate Government Sector

March 19, 2018



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of the **CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS (CITEM)** is responsible for the preparation of the financial statements as at **DECEMBER 31, 2017**, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the **CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS (CITEM)** in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

WILMA G. DULAY
Officer-in-Charge, Controllershship

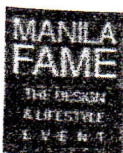
2.15.18

Date Signed

MA. LOURDES D. MEDIRAN
Supervising Deputy Executive Director for
Controllershship

2.15.18

Date Signed



CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF FINANCIAL POSITION
(ALL FUNDS)
AS AT DECEMBER 31, 2017

	NOTES*	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	196,971,286	159,888,532
Receivables	5	21,325,893	15,219,337
Inventories	6	1,232,808	935,315
Other Current Assets	7	12,346,229	14,752,354
Total Current Assets		231,876,216	190,795,538
Non-current Assets			
Receivables (net)	5	2,587,792	3,275,374
Property and Equipment (net)	8	44,133,417	42,779,962
Other Non-current Assets	7	296,723,985	295,127,716
Total Non-current Assets		343,445,194	341,183,052
TOTAL ASSETS		575,321,410	531,978,590
LIABILITIES			
Current Liabilities			
Financial Liabilities	9	41,780,505	52,480,938
Inter-agency Payables	10	17,598,490	5,108,508
Trust Liabilities	11	1,474,806	1,314,431
Deferred Credits/Unearned Income	12	19,906,165	17,617,006
Other Payables	13	4,071,213	2,834,030
Total Current Liabilities		84,831,179	79,354,913
Non-current Liabilities			
Financial Liabilities	9	12,271,982	7,754,262
Other Payables	13	6,248,650	5,182,145
Total Non-current Liabilities		18,520,632	12,936,407
TOTAL LIABILITIES		103,351,811	92,291,320
TOTAL ASSETS LESS TOTAL LIABILITIES		471,969,599	439,687,270
NET ASSETS/EQUITY			
Government Equity			
Government Equity	14	41,221,808	41,221,808
Revaluation Surplus	15	5,054,354	5,054,354
Accumulated Surplus	16	394,364,448	414,848,655
Net Surplus / (Deficit) for the period	16	31,328,989	(21,437,547)
Total Net Assets/Equity		471,969,599	439,687,270

* The notes on pages 9 to 28 form part of these financial statements

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF FINANCIAL PERFORMANCE
(ALL FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	NOTE*	2017	2016
Revenue			
Service and Business Income	17	66,424,151	46,276,910
Gains from Operations	17	0	115,014
Other		491,435	1,254,347
Total Revenue		66,915,586	47,646,271
Current Operating Expenses			
Personnel Services	18	57,929,093	54,404,369
Maintenance and Other Operating Expenses	19	103,534,362	109,613,636
Financial Expenses	19	271,761	402,668
Direct Costs	19	86,387,973	92,038,963
Non-Cash Expenses	19	7,463,408	7,624,182
Total Current Operating Expenses		255,586,597	264,083,818
Surplus/(Deficit) from Current Operations		322,502,183	311,730,089
Surplus/(Deficit) before Subsidy		322,502,183	311,730,089
Income Tax Expenses/(Benefit)		0	0
Surplus/(Deficit) after Subsidy		322,502,183	311,730,089
Net Subsidy	20	220,000,000	195,000,000
Net Surplus/(Deficit) for the period		542,502,183	506,730,089

*The notes on page 9 to 28 form part of these financial statements

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
(ALL FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Accumulated Surplus (Deficit)	Government Equity	Total
BALANCE AT JANUARY 1, 2016	408,825,262	46,276,162	455,101,424
ADJUSTMENTS:			
Add/(Deduct):			
Prior period errors	3,105,645	0	3,105,645
RESTATED BALANCE AT JANUARY 1, 2016	411,930,907	46,276,162	458,207,069
Changes in Net Assets/Equity for CY 2016			
Add/(Deduct):			
Surplus/(Deficit) for the period	(21,437,547)	0	(21,437,547)
Other adjustments	2,917,748	0	2,917,748
BALANCE AT DECEMBER 31, 2016	393,411,108	46,276,162	439,687,270
Changes in Net Assets/Equity for CY 2017			
Add/(Deduct):			
Surplus/(Deficit) for the period	31,328,989	0	31,328,989
Other adjustments	953,340	0	953,340
BALANCE AT DECEMBER 31, 2017	425,693,437	46,276,162	471,969,599

*The notes on page 9 to 28 form part of these financial statements

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
STATEMENT OF CASH FLOWS
(ALL FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Inflows		
Proceeds from sale of goods and services	P 3,533,186	-
Collection of revenues	55,444,686	-
Receipt of government subsidy	220,000,000	195,000,000
Collection of receivables	4,045,715	47,228,046
Receipt of inter-agency fund transfers	27,780,237	23,344,242
Trust receipts	822,068	-
Other receipts	5,594,655	9,707,950
Total Cash Inflows	317,220,548	275,280,238
Cash Outflows		
Payment of expenses	195,387,348	277,192,716
Payment of inventories	19,055	-
Grant of cash advances	16,818,905	-
Prepayments	9,717,245	-
Refund of deposits	944,639	-
Payment of payables	35,667,701	-
Grant of financial assistance	58,000	-
Other disbursements	19,210,971	-
Total Cash Outflows	277,823,864	277,192,716
Net Cash Provided (Used in) Operating Activities	P 39,396,684	(1,912,478)
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Inflows		
Proceeds from sale/disposal of property and equipment	P 41,531	-
Receipt of interest earned	639,068	700,956
Total Cash Inflows	680,599	700,956
Cash Outflows		
Purchases of Property, Equipment, and Motor Vehicles	3,508,465	1,471,322
Total Cash Outflows	3,508,465	1,471,322
Net Cash Provided (Used in) Investing Activities	P (2,827,866)	(770,366)
Net Increase (Decrease) in Cash and Cash Equivalents	P 36,568,818	(2,682,845)
Effect of foreign exchange rate on cash and cash equivalents	513,936	1,641,610
Cash and Cash Equivalents, January 01	159,888,532	160,929,767
Cash and Cash Equivalents, December 31	P 196,971,286	159,888,532

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS & MISSIONS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CORPORATE FUNDS AND GOVERNMENT SUBSIDY
FOR THE YEAR ENDED DECEMBER 31, 2017

Particulars	Notes*	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Tax Revenue		-	-		-
Services and Business Income	3.10 & 17	65,500,000	65,500,000	66,424,151	(924,151)
Assistance and Subsidy	20	220,000,000	220,000,000	220,000,000	
Shares, Grants and Donations		-	-	-	-
Gains	21	-	523,046	523,046	-
Total Receipts		285,500,000	286,023,046	286,947,197	(924,151)
PAYMENTS					
Personnel Services	3.10 & 18	64,965,000	61,737,000	57,929,093	3,807,907
Maintenance and Other Operating Expenses	3.10 & 19	219,656,055	218,013,055	197,385,743	20,627,312
Capital Outlay	3.5, 3.11 & 9	10,000,000	9,700,000	3,508,465	6,191,535
Financial Expenses	3.10 & 19.12	343,945	343,945	271,761	72,184
Total Payments		294,965,000	289,794,000	259,095,062	30,698,938
Net Receipts/Payments		(9,465,000)	(3,770,954)	27,852,135	(31,623,089)

*The notes on page 9 to 28 form part of these financial statements

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS
Notes to Financial Statements
For the year ended December 31, 2017

1. GENERAL INFORMATION

The financial statement of the Center for International Trade Expositions and Missions (CITEM) was authorized for issue on 15 February 2018, as shown in the Statement of Management Responsibility for Financial Statements signed by Ma. Lourdes D. Mediran, Supervising Deputy Executive Director for Controllershship and CITEM Officer-in-Charge.

CITEM is a government instrumentality vested with corporate powers, is an agency attached to the Department of Trade and Industry (DTI). It was created by virtue of Executive Order (EO) Nos. 989 and 133, as amended by Executive Order No. 242, dated July 24, 1987, to institutionalize the holding of trade exhibits for the promotion of locally manufactured products and implement projects designed to upgrade the quality of such products to international standards, coordinate raw material sourcing, develop markets and provide assistance to Philippine manufacturers in general.

As the export promotion arm of the DTI, CITEM is mandated to develop, nurture, and promote globally-competitive small and medium enterprises (SMEs), exporters, designers, and manufacturers by implementing an Integrated Approach to Export Marketing in partnership with other government and private entities.

To attain the aforementioned mission, CITEM is vested with the following powers and functions: a) Organize, prepare, review and approve official participation in foreign trade fairs, exhibitions and expositions in accordance with the trade promotion of DTI; b) Supervise the selection, collection and shipment of products and materials for use in such official participation; and c) Implement DTI's policies and guidelines for servicing all incoming missions and the conduct of all outgoing missions that are related to international trade fair exhibitions.

The Center is governed by a Board of Governors composed of a Chairman and four members. Its management is being headed by an Executive Director and assisted by a Deputy Executive Director. CITEM's registered office is located in Golden Shell Pavilion, ITC Complex, Roxas Boulevard corner Sen. Gil Puyat Avenue, Pasay City.

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

The financial statements have been prepared in compliance with the Philippine Public-Sector Accounting Standards (PPSAS) prescribed by the Commission on Audit (COA) through COA Resolution No. 2014-003 dated January 24, 2014. The Calendar Year (CY) 2017 is the first year of adoption.

The accounting policies have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flow is prepared using the direct method.

The financial statements are presented in peso (P), which is also the country's functional currency.

The preparation of financial statements in compliance with the adopted PPSAS requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are also disclosed in the notes accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation of Financial Statements

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

3.2 Financial Instruments

a. Financial assets

i. Initial recognition and measurement

Financial assets within the scope of PPSAS 29-Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit. CITEM determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, that is the date that CITEM commits to purchase or sell the asset.

CITEM's financial assets include: cash and cash equivalents and trade and other trade receivables.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

b. Financial liabilities

i. Initial recognition and measurement

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit. CITEM determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value.

CITEM's financial liabilities include trade and other payables.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

iii. Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the financial statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, including the bank guarantee for the corporate credit card.

3.4 Inventories

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of CITEM.

3.5 Property, Plant and Equipment

a. Recognition

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

The characteristics of PPE are as follows:

- i. tangible items;
- ii. are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes; and
- iii. are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- i. it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- ii. the cost or fair value of the item can be measured reliably; and
- iii. the cost is at least P15,000.00.

b. Measurement at recognition

An item recognized as PPE is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

Cost includes the following:

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

c. Measurement after recognition

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

When significant parts of PPE are required to be replaced at intervals, CITEM recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

d. Depreciation

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for CITEM operation. The same shall disclose if it happens.

iii. Estimated useful life

CITEM uses the life span of PPE prescribed by COA (previous recommendation) in determining the specific estimated useful life for each asset based on its experience. CITEM shall review the existing useful life of each type of PPE and if necessary, will adjust accordingly to the new COA prescribed years.

iv. Residual value

CITEM uses a residual value equivalent to 10 percent of the cost of PPE.

e. Impairment

An asset's carrying amount is written down to its recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

f. Derecognition

CITEM derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6 Changes in Accounting Policies and Estimates

CITEM recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

CITEM recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

CITEM corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after discovery by:

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

3.7 Foreign Currency Transactions

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

At each reporting date:

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

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.8 Revenue from Non-Exchange Transactions

a. Recognition and measurement of assets from non-exchange transactions

An inflow of resources from a non-exchange transaction, other than services, in-kind, that meets the definition of an asset are recognized as an asset if the following criteria are met:

- i. It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- ii. The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

b. Recognition of revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As CITEM satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

3.9 Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided and maintained at a level adequate to cover potential uncollectibility of receivables.

3.10 Income and Expenses

The Center generally adopts the accrual method of accounting for income and expenses. Advance collections of fees are recorded as deferred credits and are adjusted/recognized as income at the period they are earned or realized.

3.11 Property and Equipment

Property and Equipment includes cost of building and improvements which are stated at appraised values as determined in May 1995 by two independent appraisers. Subsequent additions to the improvement of the building are stated at

cost. The account also includes depreciable assets with serviceable life of more than one year and high cost materials which can be re-used in similar or other related projects.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

The net appraisal increment resulting from the revaluation is recorded as appraisal capital.

Minor repairs and maintenance are expensed when incurred; significant renewals and betterments are capitalized. There is no management policy as to the ceiling costs for minor repairs and maintenance costs and the floor price of significant renewals and betterments.

When assets are retired or otherwise disposed of, the costs of the related accumulated depreciation are removed from the books; any resulting gain or loss is reflected as other income or loss for the period.

3.12 Transactions in foreign currencies are recorded in Philippine Peso based on the Bangko Sentral ng Pilipinas (BSP) rate of exchange prevailing at the date of transaction. At the end of the year, these are revalued based on BSP exchange rate at Statement of Financial Position date. Likewise, foreign currency-denominated monetary assets are also revalued based on BSP exchange rate at Statement of Financial Position date. For CY 2017 and 2016 the foreign exchange rates used were P49.923 and P49.813 respectively.

4. CASH AND CASH EQUIVALENTS

This account consists of the following:

Particulars	As at December 31, 2017	As at December 31, 2016
	(in thousand pesos)	
Cash in Bank	196,379	159,773
Cash – Collecting Officers	547	78
Cash – Disbursing Officers	9	19
Petty Cash Fund	37	19
Cash and Cash Equivalents	196,972	159,889

5. RECEIVABLES

Accounts receivable includes participation fees and extension charges billed to the exhibitors in connection with their participation in trade exhibits organized by CITEM. This also includes amounts collectible to government agencies who committed to

shoulder cost and/or subsidize participation fees of exhibitors under a Memorandum of Agreement.

The account Due from National Government Agencies (NGAs) consists of expenses incurred by CITEM in the implementation of various local and international projects which are covered by a MOA and chargeable against funds from the DTI and other government agencies.

The account Due from Officers and Employees represents personal receivables from employees, year-end tax adjustments and other obligations due to CITEM which are regularly deducted from salaries.

Advances to Officers and Employees include various cash advances of employees.

Other Receivables include long outstanding other personal accounts from resigned employees, rental and operational charges billed to tenants.

These consist of accounts which are expected to be collected within one year:

Particulars	2017 (in thousand pesos)			2016 (in thousand pesos)		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Receivable	17,512	7,908	25,420	12,092	8,983	21,075
Due from Officers and Employees	30	0	30	30	0	30
Advances to Officers and Employees	67	1,379	1,446	5	1,379	1,384
Due from NGAs						
	3,653	348	4,001	2,815	0	2,815
Other Receivables	64	2,662	2,726	277	2,623	2,900
Allowance for Impairment	0	(9,709)	(9,709)	0	(9,709)	(9,709)
Receivables	21,326	2,588	23,914	15,219	3,276	18,495

6. INVENTORIES

This account consists of the following:

Particulars	2017	2016
	(in thousand pesos)	(in thousand pesos)
Office Supplies Inventory	937	670
Drugs and Medicines Inventory	32	32
Other Supplies	261	232
Textbooks and Instructional Materials	2	2
Total Inventories	1,232	936

7. OTHER ASSETS

Prepaid Rent and Other Prepayments represent reservations for space/venue rental and advance payments to the booth contractors for various international trade fairs in 2018.

Guaranty Deposits are payments to different companies for relocation of electric meter and additional electrical load, telephone sets, cash/guaranty deposits for fuel credit line, building protection bond for venue exhibits and performance security bond for projects.

Creditable Input Value Added Tax (VAT) is the excess of Input VAT over Output VAT which can be credited for the next three years (CY 2020).

Included in the Other Non-Current Assets are Non-Current Guaranty Deposits, Other Deposits - Restricted Fund and Other Assets, net of Accumulated Impairment Losses which are already unserviceable and for disposal but in the custody of other government agencies.

Non-Current Guaranty Deposits is in the amount of P2,273,081 while the Other Assets, net of Accumulated Impairment Losses is in the amount of P843,723 for the years 2016 and 2017.

Other deposits/Accumulated Surplus (Appropriated) Formerly Restricted Fund Capital) represents the Building Fund allocated by the Governing Board for the construction of CITEM's office building in the future, which was temporarily invested in High-Yield Savings Account.

Particulars	2017 (in thousand pesos)			2016 (in thousand pesos)		
	Current	Non-Current	Total	Current	Non-Current	Total
Prepaid Rent	8,551	0	8,551	13,683	0	13,683
Other Prepaid Expenses	1,210	0	1,210	458	0	458
Guaranty Deposits	611	2,273	2,884	611	2,273	2,884
Creditable Input VAT	1,974	0	1,974	0	0	0
Net Accumulated Impairment Loss	0	844	844	0	844	844
High Yield Savings Account (LBP)	0	291,623	291,623	0	290,027	290,027
Dollar Time Deposit (Portion)	0	1,984	1,984	0	1,984	1,984
Total Prepaid Expenses	12,346	296,724	309,070	14,752	295,128	309,880

8. PROPERTY AND EQUIPMENT

This account consists of:

PARTICULARS	Office Building and Other Structures	Office Equipment, Furniture & Fixtures, & IT Equipment & Software	Motor Vehicles	Library Books, Sports & Communication Equipment & Other Property & Equipment	TOTAL
Acquisition cost					
Balance, January 1, 2017	44,398,118	44,002,219	12,652,501	9,686,864	110,739,702
Additions	1,918,214	5,844,841	0	367,409	8,130,464
Disposals/Adjustments		(2,904,844)	(1,140,160)	(311,194)	(4,356,198)
Balance, December 31, 2017	46,316,332	46,942,216	11,512,341	9,743,079	114,513,968
Accumulated depreciation					
Balance, January 1, 2017	(28,495,265)	(26,388,223)	(8,521,121)	(4,555,131)	(67,959,740)
Depreciation	(2,277,485)	(4,173,967)	(851,152)	(160,804)	(7,463,408)
Disposals/Adjustments	0	3,006,200	1,985,544	50,853	5,042,597
Balance, December 31, 2017	(30,772,750)	(27,555,990)	(7,386,729)	(4,665,082)	(70,380,551)
Net book value					
December 31, 2017	15,543,582	19,386,226	4,125,612	5,077,997	44,133,417
December 31, 2016	15,902,853	17,613,996	4,131,380	5,131,733	42,779,962

9. LIABILITIES

Non-current liabilities are payables duly obligated in previous years and are outstanding for more than one year as of Statement of Financial Position date.

Financial liabilities, current consist of payables due to officers and employees, various suppliers, contractors and other creditors which are expected to be settled within one year.

Financial liabilities, non-current consist of payables due to officers and employees, various suppliers, contractors and other creditors which are not expected to be paid within one year.

Particulars	2017 (in thousand pesos)		2016 (In thousand pesos)	
	Current	Non-Current	Current	Non-Current
Payable Accounts:				
Suppliers and Contractors	35,759	12,006	42,637	7,489
Officers and Employees	6,021	266	9,844	266
Total	41,780	12,272	52,481	7,755

10. INTER-AGENCY PAYABLES

This account consists of the following:

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Due to Bureau of Internal Revenue (BIR)	3,998	2,175
Deferred Tax Liability	1,110	0
Due to Government Service Insurance System (GSIS)	609	569
Due to Pag-IBIG	56	49
Due to PHILHEALTH	38	33
Due to Other NGAs	11,637	2,132
Due to Other Government-Owned or Controlled Corporations (GOCCs)	150	150
Total Inter-Agency Payables	17,598	5,108

Due to BIR, GSIS, Pag-IBIG and Philhealth are the mandatory deductions from employees' salaries to be remitted to the above-concerned government agencies.

The Deferred Tax Liability represents the Output Tax recorded when invoices were issued but not yet collected.

The account Due to Other National Government Agencies represents advances/fund transfers received from various Funding Agencies (DTI, its attached bureaus and agencies and other government agencies such as Department of Agriculture) for the implementation of various trade missions and promotional projects.

Due to Other GOCCs represents employees' salary deductions for housing loans to be remitted to National Home Mortgage Finance Corporation (NHMFC).

11. TRUST LIABILITIES

Trust Liabilities include receipts such as commitment fee from various companies/exhibitors. The amount of trust receipts for 2017 is P1,474,806 (P1,314,431 in 2016.)

12. DEFERRED CREDITS

This represents advance rental and fees paid by the exhibitors in connection with their participation in the coming trade shows, events and exhibits of CITEM in the amount of P19,906,165 for 2017 and P17,617,006 for 2016.

13. OTHER PAYABLES

Particulars	2017 (in thousand pesos)		2016 (in thousand pesos)	
	Current	Non-Current	Current	Non-Current
Performance Bonds	461	979	1,430	206
Other Payables	3,377	1,385	1,172	1091
Refunds Payable	233	3,885	233	3,885
Total	4,071	6,249	2,835	5,182

14. GOVERNMENT EQUITY

This consists of capital contribution in the form of either cash or property from the following government agencies:

Agencies	2017 (in thousand pesos)	2016 (in thousand pesos)
National Food Authority	14,746	14,746
National Government-Bureau of the Treasury	10,397	10,397
Central Bank of the Philippines	10,000	10,000
Donation from China	3,949	3,949
Government Service Insurance System	2,000	2,000
Land Bank of the Philippines	1,000	1,000
Philippine International Trading Corporation	625	625
Transfer of donated assets to the DTI and its attached agencies	(1,495)	(1,495)
Total Government Equity	41,222	41,222

The equity balances in the books of CITEM as against the confirmed account balances of the contributors are as follows:

Government Agency (Contributor)	Per Books	Per Confirmation	Variance
National Government- Bureau of Treasury (BTr)	10,397	12,654	(2,257)
Bangko Sentral ng Pilipinas (BSP)	10,000	-	10,000
Land Bank of the Phils. (LBP)	1,000	2,000	(1,000)
TOTAL	21,398	14,654	6,743

The variances shown above remain unresolved because of insufficient documentation. These variances cannot be reconciled and the discrepancy noted cannot be recorded in the books as equity because proofs of remittances or fund receipts by CITEM from the BTr, BSP and LBP cannot be established.

15. REVALUATION SURPLUS

The amount of Revaluation Surplus (P5,054,354) represent the increase in book value of CITEM building upon appraisal.

16. ACCUMULATED SURPLUS, NET

The breakdown of the account is as follows:

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Accumulated Surplus - December 31	393,411	408,825
Prior Year's Adjustments	(643)	3,106
Restated Balance	392,768	411,931
Interest from Restricted Fund	1,596	2,918
Total	394,364	414,849
Net Income (Loss)	31,329	(21,438)
Accumulated Surplus, NET	425,693	393,411

17. SERVICE AND BUSINESS INCOME

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Other Service Income	61,808	44,099
Interest Income	639	606
Other Business Income	3,977	1,687
Other Income		1,254
Total	66,424	47,646

Other Service Income includes trade fair participation fees and other related fees (such as management fee, enrollment fee in Design for Export Coaching Programs, booth construction fee, advertising fee) collected from exhibitors participating in various trade fairs and signature events. The decrease in amount is attributable to the project International Food Exhibition (IFEX), a biennial event.

Other Business Income are miscellaneous in nature such as entrance tickets to events, HallOne venue rentals and management fees, among others.

18. PERSONNEL SERVICES

18.1 Salaries and Wages

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Salaries and Wages	37,227	32,993
Total	37,227	32,993

18.2 Other Compensation

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
PERA	1,943	2,052
RA	1,300	1,341
TA	876	850
Clothing	405	440
Productivity Incentive Allowance	404	427
Honoraria	5	5
Overtime Pay	2,725	1,706
Year-End Bonus	5,962	5,330
Cash Gift	400	426
Other Bonuses and allowances	75	1,978
Total	14,095	14,555

18.3 Personnel Benefit Contribution

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Retirement and Life Insurance Premiums	4,441	4,014
Pag-IBIG Contributions	97	105
Philhealth Contributions	328	351
Employees Compensation Insurance Premiums	97	106
Total	4,963	4,576

18.4 Other Personnel Benefits

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Retirement Gratuity	80	112
Terminal Leave Benefits	431	331
Other Personnel Benefits	1,133	1,837
Total	1,644	2,280

19. MAINTENANCE AND OTHER OPERATING EXPENSES

19.1 Traveling Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Traveling Expenses -Local	3,159	2,115
Traveling Expenses-Foreign	3,301	5,228
Total	6,460	7,343

19.2 Training and Scholarship Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Training Expenses	934	1,438
Total	934	1,438

19.3 Supplies and Materials Expense

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Office Supplies Expenses	192	824
Accountable Forms Expenses	0	15
Drugs and Medicines Expenses	57	92
Fuel, Oil and Lubricants Expenses	655	599
Textbooks and Instructional Materials Expense	0	1
Other Supplies and Materials Expenses	4,853	2,380
Total	5,757	3,911

19.4 Utility Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Water Expenses	494	456
Electricity Expenses	3,905	3,593
Total	4,399	4,049

19.5 Communication Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Postage and Courier Services	364	365
Telephone Expenses	2,939	2,245
Internet Subscription Expenses	2,785	2,857
Total	6,088	5,467

19.6 Confidential, Intelligence and Extraordinary Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Extraordinary and Miscellaneous Expenses	127	95
Total	127	95

19.7 Professional Services

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Auditing Services	3,695	1,904
Other Professional Services (Interpreters/Designers/Craftsmen)	7,401	23,703
Legal Services	19	24
General Services (Service Providers)	19,228	19,435
Total	30,343	45,066

19.8 General Services

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Security Services	4,465	4,365
Janitorial Services	2,185	2,207
Other General Services	6,650	6,572
Total	13,300	13,144

19.9 Repairs and Maintenance

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Repairs and Maintenance-Building and Other Structures	412	159
Repairs and Maintenance-Office Equipment	125	150
Repairs and Maintenance-IT Equipment	16	0
Repairs and Maintenance-Motor Vehicles	212	505
Repairs and Maintenance-Other	0	130
Total	765	944

19.10 Taxes, Insurance Premium and Other Fees

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Taxes, Duties and Licenses	30	50
Fidelity Bond Premiums	474	655
Insurance Expenses	920	885
Total	1,424	1,590

19.11 Other Maintenance and Operating Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Advertising	27,587	19,509
Printing and Publication Expenses	3,635	4,589
Representation Expenses	5,185	4,973
Transportation and Delivery Expenses	421	1,234
Rent/Lease Expenses	49,839	50,921
Membership Dues and Contributions to Organization	48	19
Subscription Expenses	3,651	2,813
Donations	58	1
Other Maintenance and Operating Expenses	36,549	41,118
Total	126,973	125,177

19.12 Financial Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Bank Charges	272	403
Total	272	403

19.13 Non-Cash Expenses

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
Depreciation - Building	2,277	1,776
Depreciation - Office Equipment	224	226
Depreciation - Furniture and Fixtures	228	267
Particulars	2017	2016
	(in thousand pesos)	(in thousand pesos)
Depreciation - ICT Equipment	3,722	3,150
Depreciation - Communication Equipment	10	90
Depreciation - Motor Vehicles	851	1,367
Depreciation - Other PPE	151	748
Total	7,463	7,624

20. SUBSIDY FROM NATIONAL GOVERNMENT

For this year, the Program Subsidy received by CITEM from the Department of Budget and Management to support the implementation of its export promotion programs was P220,000,000 a slight increase from last year's P195,000,000.

21. GAINS AND LOSSES

Particulars	2017 (in thousand pesos)
Gain on Foreign Exchange	518
Gain on Disposal of Unserviceable Assets	5
Total	523

Particulars	2017 (in thousand pesos)
Loss on Foreign Exchange	4
Loss on Disposal of Unserviceable Assets	28
Total	32

22. NET SURPLUS

Particulars	2017 (in thousand pesos)	2016 (in thousand pesos)
General Income		
Service Income	61,808	44,099
Interest Income	639	606
Other Business Income (Miscellaneous)	3,977	1,572
Other Income		1,254
Gains		115
Total	66,424	47,646
Less: Expenses		
Personal Services	57,929	54,404
Maintenance and Operating Expenses	110,998	117,238
Direct Costs	86,388	92,039
Financial Expenses	272	403
Total	255,587	264,084
Loss from Operations	(189,163)	(217,692)
Other Non-Operating Income (Loss)		
Net Gain on Foreign Exchange	514	1,642
Net Loss on Asset Disposal	(23)	(387)
Program Subsidy from National Government	220,000	195,000
Net Surplus	31,328	(21,437)

The resulting Net Surplus in the amount of P31,328,989 can be attributed to the increase in Service Income due to the event IFEX which was held this year. Results from cost-cutting efforts and other funding sources contributed also to the recorded net

profit for 2017. However, it is noted that due to the number of funding sources which reduced the expense recorded in the books, the subsidy was not fully utilized.

23. SUPPLEMENTARY INFORMATION REQUIRED BY BIR UNDER RR NO. 15-2010

In compliance with the requirements set forth by Revenue Regulation (RR) 15-2010, hereunder are the information on taxes, duties and license fees paid during the taxable year.

23.1. CITEM is a VAT-Registered corporate taxpayer, with the total output VAT of P2,943,224.67 and total input VAT of P 4,917,658.20, resulting to creditable Input VAT of P1,974,433.53 for CY 2017.

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

PARTICULARS	Withheld Taxes	Taxes Remitted for CY 2017	Unremitted Portion as of Dec. 2017	Remarks
Withholding Taxes on Compensation and Benefits	8,876,526.24	5,656,945.42	3,219,580.82	The amount of P2,512,085.01 of the unremitted portion is remitted on Jan. 2018
Withholding Taxes from Suppliers, Contractors, etc.	11,739,599.02	10,799,983.37	939,615.65	The amount of P884,630.94 of the unremitted portion is remitted on Jan. 2018.
TOTAL	20,616,125.26	16,456,928.79	4,159,196.47	