

CIVIL AVIATION AUTHORITY OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Agency Profile

The Civil Aviation Authority of the Philippines (CAAP or Authority) was created under Republic Act (RA) No. 9497 otherwise known as the Civil Aviation Authority Act of 2008 which was enacted on March 4, 2008. Under its Transitory Provisions (Section 85, Chapter XII), the Air Transportation Office (ATO), created under RA No. 776 also known as the “Civil Aeronautics Act of the Philippines”, was abolished, and all its powers, duties, and rights vested by law and exercised by the said agency was transferred to CAAP. Likewise, all assets, real and personal properties, funds, and revenues owned by or vested in the different offices of the ATO, including all contracts, records, and documents relating to the operations of the abolished agency and its offices and branches were similarly transferred to CAAP. Any real property owned by the national government or government-owned corporation that is being used and utilized as an office or facility by the ATO shall also be transferred and titled in favor of CAAP.

The mandate of CAAP is in line with the policy of the State to provide safe and efficient air transportation for the country as enunciated in Chapter I, Section 2 (Declaration of Policy) of RA No. 9497, to wit, *It is hereby declared the policy of the State to provide safe and efficient air transport and regulatory services in the Philippines by providing for the creation of a civil aviation authority with jurisdiction over the restructuring of the civil system, the promotion, development and regulation of the technical, operational, safety and aviation security functions under the civil aviation authority.*

Chapter II, Section 4 (Organization of Authority) of its enabling law created CAAP as *an independent regulatory body with quasi-judicial and quasi-legislative powers and possessing corporate attributes*. It is attached to the Department of Transportation (DOTr) for policy coordination.

CAAP is the administrator of the Flight Information Region and the Authority managing the aviation sector of the Philippines.

Corporate Objectives

The objectives of the Authority are as follows:

- a. Development and utilization of the air potential of the Philippines;
- b. Encouragement and development of an air transportation system properly adapted to the present and future of foreign and domestic commerce of the Philippines;
- c. Regulation of air transportation in such a manner as to support sound economic conditions in such transportation and to improve the relations between air carriers;

- d. Assurance of the safety, quality, reliability, and affordability of air transport services for the riding public; and
- e. Encouragement and development of a viable and globally competitive Philippine aviation industry.

Organizational Structure

The corporate powers of CAAP are vested in a board which is composed of eight members, as follows:

- Secretary of the DOTr who shall act as Ex-Officio Chairman;
- Director General of the Civil Aviation (DGCA) who shall automatically be the Vice-Chairman of the Board;
- Secretary of the Department of Finance (DOF);
- Secretary of the Department of Foreign Affairs (DFA);
- Secretary of the Department of Justice (DOJ);
- Secretary of the Department of the Interior and Local Government (DILG)
- Secretary of the Department of Labor and Employment (DOLE); and
- Secretary of the Department of Tourism (DOT).

CAAP is headed by a Director General (DG), who is also the Chief Executive and Operating Officer responsible for all civil aviation in the Philippines and the administration of RA No. 9497. He shall be appointed by the President of the Philippines and shall have a tenure of office of four years, which may be extended for another non-extendible term of four years and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission (CSC).

The DG has two Deputy Director Generals (DDGs). Before 2011, the two positions already existed to oversee the administrative and operational aspects of the Authority. In order for CAAP to realize its full corporate powers, and pursue the objectives of RA No. 9497, specifically Section 15 (please refer to page 11 under '*Fiscal Autonomy*'), the need to create the position of the Chief Financial Officer (CFO) became apparent. The Board of Directors, through Board Resolution No. 2011-006, series of 2011 approved the creation of the CFO, who shall assume a co-terminus appointment with the appointing authority and the corresponding qualification standards and salary shall be at par/equivalent with that of the DDG.

CAAP Organizational Structure and Staffing Pattern (CAAP-OSSP)

In November 2023, a review and validation team was organized to conduct a comprehensive review of CAAP's Reorganization Plan. A technical assistance group of organizational development experts and manpower planning and workforce analysts were engaged to assist in the review and validation process, with particular focus on the determination of the correct and appropriate number of manpower complements and the delineation and realignment of technical functions.

To streamline the operations of the Authority, the management implemented an Airport Clustering Scheme in 2018 and created four Clusters covering the 79 airports and six facilities operated by CAAP, to wit:

Cluster/Area Center	Location	No. of Satellite Airports/Facilities
HEAD OFFICE	Metro Manila	1
CLUSTER 1		
Area 1	Laoag	6
Area 2	Tuguegarao	6
Area 3	Clark	16
CLUSTER 2		
Area 4	Puerto Princesa	4
Area 6	Iloilo	6
Area 7	Bohol-Panglao	5
CLUSTER 3		
Area 5	Bicol	7
Area 8	Tacloban	10
Area 12	Butuan	5
CLUSTER 4		
Area 9	Pagadian	9
Area 10	Laguindingan	5
Area 11	Davao	5

Pursuant to RA No. 11457 or the Charter of the Davao International Airport Authority (DIAA), the Authority is expected to cede and transfer the ownership and operation of the Francisco Bangoy International Airport (FBIA) to the DIAA. However, as of December 31, 2023, CAAP has yet to transfer the FBIA to the DIAA. Based on CYs 2017 to 2019 Revenues, CAAP is estimated to forego P652.662 million in revenue yearly once the FBIA is transferred to DIAA. Pending the transfer, all income generated and expenses incurred by the FBIA are being recorded in the books of CAAP.

Meanwhile, six airports in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) were transferred to the Bangsamoro Airport Authority (BAA) pursuant to Section 38 of Article XII on Regional Economy and Patrimony of RA No. 11054 which states that the Bangsamoro Government shall have the authority to grant regional franchises, licenses, and permits to land, sea and air transportation plying routes in the provinces or cities within the Bangsamoro Autonomous Region. However, the National Government, through CAAP, shall regulate the airside operations of all existing airports.

The turnover of all assets, powers and functions relative to the landside operations of the following airports were transferred to the BAA on January 1, 2023:

1. Cotabato Airport
2. Wao Airport
3. Malabang Airport
4. Sanga-Sanga Airport
5. Mapun Airport
6. Jolo Airport

Fiscal Autonomy

Under Section 15 of the Implementing Rules and Regulations of RA No. 9497, the Authority shall enjoy fiscal autonomy. All revenues earned by the Authority from the collection/levy of any such fees, charges, dues, assessments, and fines it is empowered to collect/levy shall be used solely to fund the operations of the Authority. All monetary revenues collected shall accrue to the Authority and shall be deposited to its bank account. Funds collected by the Authority shall be retained effective March 23, 2008, the date of effectivity of the CAAP Charter.

Exemption from Taxes, Customs, and Tariff Duties

Under Section 16 of RA No. 9497, the importation of equipment, machinery, spare parts, accessories, and other materials, including supplies and services used solely and exclusively in the operations of the Authority, not obtainable locally shall be exempt from all direct and indirect taxes, wharfage fees and other charges and restrictions, the existence of pertinent laws to the contrary notwithstanding.

Likewise, the Authority is also exempt from the payment of capital gains tax, documentary stamp tax, real property estate tax, and all other local government-imposed taxes and fees.

Principal Office

The Authority's principal office is at MIA Road, Pasay City, Metro Manila, Philippines.

Authorization to issue the 2023 Financial Statements

The financial statements of CAAP for the years ended December 31, 2023, and 2022 were approved and authorized for issue by the Chairman of the Board of Directors on May 27, 2024, as shown in the Statement of Management's Responsibility for Financial Statements.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Authority were prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee, Philippine Interpretations Committee and Standing Interpretations Committee as approved by the Financial Reporting Standards Council and Board Of Accountancy and adopted by the Securities and Exchange Commission.

Basis of Preparation

The financial statements of the Authority were prepared on a historical cost basis unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly section between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Agency takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs of the asset or liability.

Functional and Presentation Currency

The financial statements are presented in the Philippine peso, which is the Authority's functional currency. All financial information presented has been rounded off to the nearest peso, except when otherwise stated.

In preparing the financial statements of the Authority, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences in monetary items are recognized in profit or loss in the period in which they arise.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and

expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in Note 5 to the financial statements.

3. NEW AND REVISED ACCOUNTING STANDARD

Adoption of New and Amended PFRS

a. Effective in 2023 that are relevant to CAAP

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, Classification of Liabilities as Current or Non-Current – The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income, or expenses, or the information that entities disclose about those items. Clarify that the classification of liabilities as current or non-current (i) should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of liability, (ii) is unaffected by expectations about whether an entity will exercise its right to defer settlement of liability, and (iii) settlement refers to the transfer to the counterparty of cash, equity instruments, and other assets or services.
- Amendments to PAS 1 and *PRFS Practice Statement 2*, Disclosure Initiative – *Accounting Policies* – The amendments aim to help entities provide accounting policy disclosures that are more useful by: (i) replacing the requirement for the entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies; and (ii) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments introduced a definition of accounting estimates are, “monetary amounts in financial statements that are subject to measurement uncertainty” and to clarify

the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

- Amendments to PAS 12, Income Taxes, Deferred Tax related to Assets and Liabilities from a Single Transaction – The main change is an exemption from the initial recognition exemption provided in PAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

b. Effective in 2023 that are not relevant to CAAP

- Amendments to PFRS 17, *Insurance Contracts* – The main changes resulting from Amendments to PFRS 17 are:
 - Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023, and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.
 - Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
 - Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
 - Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
 - Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
 - Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
 - Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.
 - Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
 - Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
 - Several small amendments regarding minor application issues.

- Amendment to PFRS 17, *Initial Application of PFRS 17, and PFRS 9 – Comparative Information* – The amendment adds a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on the initial application of PFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of PFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of PFRS 9. The overlay can be applied by entities that have already applied PFRS 9 or will apply it when they apply PFRS 17.

c. New and amended PFRS issued but not yet effective

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback* – The amendments pertain to the addition of subsequent measurement requirements for sale and leaseback transactions.
- Amendments to PAS 1, *non-current Liabilities with Covenants* – The amendments improve the information an entity provides when its right to defer settlement of liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

Deferred effectivity

- Amendment to PFRS 10, *Consolidated Financial Statement* and PAS 28, *Investment in Associates and Joint Ventures* – *Sale of Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Corporation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

Financial Assets

Initial Recognition

Financial assets are recognized in the Authority's financial statements when the Authority becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Authority's financial assets, except for investments classified at fair value through profit or loss (FVTPL).

Classification and Subsequent Measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Authority classifies financial assets as subsequently measured at amortized cost, FVOCI or FVTPL on the basis of both:

- The Authority's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset.

A financial asset is classified at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVOCI.

As of the reporting date, the Authority's financial assets are classified at amortized cost except for the investment placed under COCOLIFE as can be seen in Note 8.

Impairment of financial assets

With the exception of purchased or originated credit-impaired financial assets, expected credit losses are measured through loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

With the exception of purchased or originated credit-impaired financial assets, the loss allowance for financial instruments is measured at an amount equal to lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition unless the credit risk of the financial instrument is low at the reporting date in which case it can be assumed that credit risk on the financial asset has not increased significantly since initial recognition.

Derecognition of financial assets

The Authority derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risk and rewards of ownership of a transferred financial asset, the Authority continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Authority retains an option to repurchase part of a transferred asset), the Authority allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any

cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the average cost method. Inventories are recognized as Expenses when deployed for utilization or consumption in the ordinary course of operations of CAAP.

Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured in the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Authority's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Other current assets represent assets of the Authority that are expected to be realized or consumed within one year or within the Authority's normal operating cycle whichever is longer. Other current assets are presented in the financial statement of financial position at cost.

Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the future 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.

Property and equipment, except land, are stated in the financial statements at cost less accumulated depreciation, amortization, and any impairment in value. Land is stated at cost less any impairment in value.

Existing assets that satisfy the criteria for asset recognition as provided in Paragraphs 9 or 10 of IPSAS 32 will be reclassified as Service Concession Assets and are depreciated based on the depreciation policy of the Authority. Assets provided by the Operator will be recorded as Service Concession Assets and initially measured at fair value and are also depreciated based on the depreciation policy of the Authority.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the property and equipment.

Assets provided by operators in a service concession arrangement which satisfy the requirements of the International Public Sector Accounting Standard (IPSAS) 32 – Service Concession Arrangements: Grantor, are recognized as service concession assets and are initially measured at fair value. Meanwhile, existing assets of the grantor that meet the conditions set under IPSAS 32 are reclassified as service concession assets. Service Concession assets are depreciated based in the existing depreciation policy of the Authority.

Impairment of Non-financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Derecognition of Non-financial Assets

Non-financial assets are derecognized when the assets are disposed of or when no future economic benefits are expected from these assets. Any difference between the carrying value of the asset derecognized and the net proceeds from derecognition is recognized in profit or loss.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments issued by the Authority are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial Liabilities

Initial recognition

Financial liabilities are recognized in the Authority's financial statements when the Authority becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Authority's financial liabilities except for debt instruments classified at FVTPL. In a regular purchase or sale, financial liabilities are recognized and derecognized, as applicable, using settlement date accounting.

Classification and Subsequent Measurement

Financial liabilities are classified as either financial liability 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or designated upon initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Authority manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.
A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Authority's documented risk management or investment strategy, and information about the Authority is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and PAS 39 *Financial Instruments: Recognition and Measurement* permit the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in the notes.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Derecognition of financial liabilities

The Authority derecognizes financial liabilities when, and only when, the Authority's obligations are discharged, canceled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Deferred Credits/Unearned Revenue/Income

Liabilities resulting in the recognition of assets from Operators through Service Concession Arrangements will be recorded as deferred revenue and initially measured based on the fair value of the assets recognized. Subsequently, the recognized liability will be amortized on a straight-line basis over the term of the agreement.

Liabilities resulting in the receipt of properties from the DOTr will be recorded as deferred revenue and initially measured based on the fair value of the assets recognized. Subsequently, the recognized liability will be amortized on a straight-line basis over the useful life of the asset, except land.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Authority are recognized at the proceeds received, net of direct issue costs.

Retained earnings

Retained earnings represent accumulated profit attributable to equity holders of the Authority after deducting dividends declared. Retained earnings may also include the effect of changes in accounting policy and prior period adjustments as may be required by the standard's transitional provisions.

Provisions and Contingencies

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts of receivable services provided in the normal course of business.

The following specific recognition criteria must also be met before revenue is recognized.

Rendering of Services

Revenue from a contract to provide services is recognized as revenue in the accounting periods in which the services are rendered. Revenue from a contract to provide services is recognized when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Authority;
- the stage of completion of the transaction can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest Revenue

Interest revenue is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental Revenue

Revenue from rental is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Leases

Authority as Lessee

The Authority recognizes asset (right of use) and liability (present value of minimum lease payment) relating to the lease, except for the lease of assets of relatively small in value and lease with a term of 12 months or less.

Authority as Lessor

Leases wherein the Authority substantially transfers to the lessee all risks and benefits incidental to ownership of the leased items are classified as finance leases and are presented as receivable at an amount equal to the Authority's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Authority's net investment outstanding in respect of the finance lease.

Leases that do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the statement of comprehensive income on a straight-line basis over the lease term.

The Authority determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Employee Benefits

Short-term benefits

Short-term benefits include salaries, bonuses, compensated absences, and other forms of employee benefits that are expected to be settled within one year from the reporting date. Short-term employee benefits are recognized as expenses in the period the related services are provided.

Terminal leave benefits

Terminal leave benefits are computed based on the actual leave credits earned by employees as of reporting date. The amount reported as a liability in the statement of financial position is based on the employees' salary grade as of reporting dates.

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 net profit for the year. Taxable profit differs from net profit 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. Due to the utilization of Net Operating Loss Carry Over from previous years, the current tax liability was calculated using the Minimum Corporate Income Tax at the rate of 1.5% of the Gross Income pursuant to BIR RMC 26-2024.

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 rates that are 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 tax 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.

Foreign Currency Transactions and Translation

The accounting records of the Authority are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Events after Reporting Date

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent

events that provide additional information about conditions existing after the period ends (non-adjusting events) are disclosed in the notes to financial statements.

Changes in accounting policies and estimates

The effects of changes in accounting policies are recognized retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impracticable.

The effects of changes in accounting estimates are recognized prospectively by including in profit and loss.

The material prior period errors are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by:

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

The increase in capitalization threshold of Property and Equipment from P15,000 to P50,000 shall be considered as a change in accounting policy and shall be applied retrospectively pursuant to COA Circular No. 2022-004 dated May 31, 2022.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards requires the Authority to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgments

In the process of applying the Authority's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Assessment of Impairment of Non-financial Assets

The Authority determines whether there are indicators of impairment of the Authority's property and equipment. Indicators of impairment include a significant change in usage and, a decline in the asset's fair value on underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Authority to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that

these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Authority's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

Impairment of financial assets

With the exception of purchased or originated credit-impaired financial assets, expected credit losses are measured through loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with PFRS 15.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

With the exception of purchased or originated credit-impaired financial assets, the loss allowance for financial instruments is measured at an amount equal to lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition unless the credit risk of the financial instrument is low at the reporting date in which case it can be assumed that credit risk on the financial has not increased significantly since initial recognition.

Estimates

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimating useful lives of property and equipment

The Authority estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The estimated useful lives used in depreciating property and equipment are as follows:

	Years		Years
Buildings	30	Other Machineries &	
Runways and Taxiways	10	Equipment	10
Other Structures	10	Firefighting Equipment	7
Land Improvements	10	Motor Vehicles	7
Airport Equipment	10	Furniture and Fixtures	7
Communication Equipment	10	Office Equipment	5
Medical, Dental, Laboratory	10	Other PE	5

6. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2023	2022
Current Account - Peso	4,827,245,654	4,488,780,561
Savings Account - Dollar and Peso	406,517,927	472,769,008
Cash on Hand (collecting Officers / Petty Cash)	21,196,110	9,539,298
Time Deposit - Dollar	0	557,550,000
Time Deposit - Peso	0	500,000,000
	5,254,959,691	6,028,638,867

Foreign currency deposits were translated into Philippine Peso using the Bankers Association of the Philippines closing rates of P55.370 and P55.755 to US\$1.00 as of December 31, 2023, and 2022, respectively. The decrease in *Cash and Cash Equivalents*, despite the robust collection of receivables, is due to the additional placement of investments as can be seen in Note 8.

7. FINANCIAL ASSETS

This account pertains to placements of Treasury Bills amounting to ₱3.467 billion in 2023 and ₱1.194 billion in 2022 with interest rates ranging from 3.7 per cent to 5.97 per cent and a maturity period ranging from 91 days to 182 days. The treasury bills earned interest amounting to P122.220 million in 2023 and P7.245 million in 2022.

8. OTHER INVESTMENTS

This account consists of the following:

	2023	2022
Current		
Investment in Time Deposits – Foreign Currency	3,656,637,547	0
Investment in Time Deposits – Local Currency	443,712,956	424,043,129
Non-Current		
Other Investments	489,614,461	472,544,188
	4,589,964,964	896,587,317

Investment in Time Deposits - Local and Foreign Currency are measured at amortized cost. The amounts were deposited in authorized government depository banks with an interest rate of 2.50% and will mature between 91 to 185 days.

Other Investments refers to investments that are managed by the United Coconut Planter's Life Assurance Corporation, otherwise known as COCOLIFE, where 80 per cent of the amount is allocated to the Peso Bond Fund and 20 per cent to the Peso Fixed Income Fund. The interest rate varies depending on the movement of the market but in no case shall earnings be lower than three per cent. The investment is measured at fair value through other comprehensive income. CAAP has already sent COCOLIFE a letter informing them of the intention of the Authority to terminate the investment in CY 2024.

9. RECEIVABLES

This account consists of the following:

	2023	2022 (As Restated)
Loans and Receivable		
Accounts Receivable	5,597,513,480	5,723,810,663
Interests Receivable	30,641,559	24,166,207
	5,628,155,039	5,747,976,870
Allowance for Impairment	(1,691,155,660)	(1,600,326,351)
	3,936,999,379	4,147,650,519
Lease Receivables		
Operating Lease Receivable	352,373,197	310,524,700
Allowance for Impairment	(43,895,968)	(11,722,185)
	308,477,229	298,802,515
Inter-Agency Receivables		
National Government Agencies (NGAs)	68,856,526	70,378,996
Local Government Units (LGUs)	4,930,170	4,930,170
Government-Owned or Controlled Corporations (GOCCs)	0	2,849,616
	73,786,696	78,158,782
Allowance for Impairment	(39,874,548)	(29,098,887)
	33,912,148	49,059,895
Other Receivables		
Receivables-Disallowances/Charges	100,487,294	100,813,546
Due from Officers and Employees	451,943	507,070
Insurance Claims Receivable	0	62,500,000
Others	50,755,610	51,995,766
	151,694,847	215,816,382
Allowance for Impairment	(9,376,734)	(9,207,320)
	142,318,113	206,609,062
	4,421,706,869	4,702,121,991

Accounts Receivable pertains to amounts due from airline companies, concessionaires/lessees, and other government entities for the use of facilities, services, and utilities of the airport.

Interests Receivable pertains to accrued interests on time deposits, treasury bills, and bonds. The increase was due to the additional placement of investment.

A reconciliation of the allowance for impairment on Accounts Receivable at the beginning and end of 2023 and 2022 is shown below.

	2023	2022 (As Restated)
Beginning Balance	1,600,326,351	1,591,455,099
Impairment loss during the year	90,829,309	8,871,252
	1,691,155,660	1,600,326,351

Full provisions for impairment were recognized for unsupported account balances in Accounts Receivable, particularly those involving carried forward balances from the then Air Transportation Office (ATO) and balances whose supporting documents were destroyed by Super Typhoon Yolanda.

Operating Lease Receivable refers to the amount due from concessionaires in Airports operated by CAAP. This account also includes accrual of rental income from the lease of the CAAP hangar by Alphaland Corporation (lessee) with an aggregate land area of 1,580 square meters and a lease term of ten years. The lessee renewed its contract of lease in June 2021. As a consideration for the lease of the Hangar, the lessee shall pay on a monthly basis the amount of P200.00 per square meter, subject to an escalation rate of ten per cent per annum.

A reconciliation of the allowance for impairment on Lease Receivables at the beginning and end of 2023 and 2022 is shown below.

	2023	2022 (As Restated)
Beginning Balance	11,722,185	10,025,922
Impairment loss during the year	32,173,783	1,696,263
	43,895,968	11,722,185

Due from NGAs pertains to advances for the purchase of goods/services as authorized by law and fund transfers to NGAs for implementation of projects. Provisions for impairment were recognized relative to the carried forward balance from the then ATO.

Due from LGUs pertains to fund transfers to the provincial government of Misamis Oriental for the development of the Laguindingan Airport. Full provision for impairment for this account has been made.

Due from GOCCs pertains to fund transfers to APO Production Unit Inc. for the printing of VAT Registered Accountable Forms. The balance was fully utilized in 2023.

A reconciliation of the allowance for impairment on interagency receivables at the beginning and end of 2023 and 2022 is shown below.

	2023	2022 (As Restated)
Beginning Balance	29,098,887	29,098,887
Impairment loss during the year	10,775,661	0
	39,874,548	29,098,887

Receivables-Disallowances/Charges pertains to audit disallowances/charges due from public/private individuals/entities which became final and executory.

Insurance Claims Receivable refers to the amount due to CAAP arising out of its death benefit claim from COCOLIFE due to the untimely death of one of its key men, as part of the investment program of CAAP. In 2023, the receivable was fully collected.

Others pertains to receivables not falling under any other specific receivables account. This includes unliquidated cash advances of CAAP employees/disbursing officers who are separated, retired, resigned, and/or deceased. The balance also includes receivables from the Federal Aviation Administration of the United States of America relative to a 2016 engagement where the latter will provide CAAP with Safety Specialists and a Subject Matter Expert with backgrounds in airworthiness, operations, and/or other expertise, as appropriate, who are competent in applying recommended practices outlined in Annexes 1,6 and 8 to the Convention on International Civil Aviation.

A reconciliation of the allowance for impairment on other receivables at the beginning and end of 2023 and 2022 is shown below.

	2023	2022 (As Restated)
Beginning Balance	9,207,320	9,207,320
Impairment loss during the year	169,414	0
	9,376,734	9,207,320

10. INVENTORIES

This account consists of the following:

	2023	2022 (As Restated)
Inventories held for consumption		
Fuel, Oil, and Lubricants	38,456,335	36,242,206
Accountable Forms, Plates and Stickers	21,770,371	22,613,995
Office Supplies	19,577,672	20,039,857
Housekeeping/Cleaning Supplies	2,157,786	1,703,902
Construction Materials	1,636,771	1,401,751
Electrical Supplies and Materials	940,403	655,537
Drugs and Medicines	547,434	501,406
Medical, Dental and Laboratory Supplies	460,209	1,672,023
Other Supplies and Materials	53,605,958	62,021,126
	139,152,939	146,851,803
Allowance for Impairment	(15,963,233)	0
	123,189,706	146,851,803
Semi-Expendable Machinery and Equipment		
Semi-Expendable Office Equipment	2,723,312	1,453,023
Semi-Expendable Information and Communication Technology Equipment	2,435,264	1,260,930
Semi-Expendable Communication Equipment	1,106,157	495,337
Semi-Expendable Electrical Equipment	754,539	512,878
Semi-Expendable Airport Equipment	612,277	60,714
Semi-Expendable Disaster Response and Rescue Equipment	346,404	400,607
Semi-Expendable Construction and Heavy Equipment	286,048	138,552
Semi-Expendable Medical Equipment	127,853	96,918
Semi-Expendable Other Machinery and Equipment	3,548,441	2,122,224
	11,940,295	6,541,183
Semi-Expendable Furniture and Fixtures		
Semi-Expendable Furniture and Fixtures	3,063,523	3,033,045
	3,063,523	3,033,045
	138,193,524	156,426,031

11. OTHER CURRENT ASSETS

This account consists of the following:

	2023	2022 (As Restated)
Prepayments	777,549,553	716,563,662
Advances	5,705,995	1,867,701
	783,255,548	718,431,363

11.1 Breakdown of the *Prepayments* account is as follows:

	2023	2022 (As Restated)
Creditable Input Tax	293,861,184	328,413,634
Input Tax	269,581,962	227,178,154
Withholding Tax at Source	123,414,444	47,417,196
Prepaid Insurance	28,052,199	26,110,746
Advances to Contractors	8,929,114	7,368,418
Other Prepayments	53,710,650	80,075,514
	777,549,553	716,563,662

Creditable Input Tax pertains to the excess input tax paid on purchases over output tax.

Input Tax pertains to the amount of value-added tax (VAT) included in the price of purchased goods and services from VAT-registered entities. The remaining balance pertains to input taxes relative to unpaid purchases of the Authority.

Withholding Tax at Source is the amount of creditable withholding tax deducted by the Authority's clients from their payment of rental or other services, which shall be deducted against future income taxes payable of the Authority.

Prepaid Insurance pertains to the amount paid to the Government Service Insurance System (GSIS) for the insurance of CAAP properties. The increase was due to the shift of insurance policy with regards to the Authority's properties, from a maximum of two billion coverage to full coverage.

Advances to Contractors pertains to advances for mobilization funds of contractors.

Other Prepayments refers to the payment in excess of the annual income tax of the Authority in CY 2020. The account also includes an advance payment for the provision of aviation fuel for aircraft and diesel fuel for generators of CAAP.

11.2 Breakdown of *Advances* account is as follows:

	2023	2022 (As Restated)
Advances to Officers & Employees	3,431,224	706,356
Advances to Special Disbursing Officer	1,204,272	90,846
Advances for Payroll	1,070,499	1,070,499
	5,705,995	1,867,701

Advances to Officers and Employees pertains to the balances of unliquidated cash advances of officers and employees for local and foreign travels.

Advances to Special Disbursing Officer refers to amounts granted to accountable officers and employees for special purpose/time-bound undertakings to be liquidated within a specified period.

Advances for Payroll pertains to amounts granted to regular disbursing officers for payment of wages of Job Order personnel, overtime and night differential.

12. PROPERTY AND EQUIPMENT

This account consists of the following:

	Land	Land Improvements	Buildings and Other Structures	Service Concession Assets	Furniture and Equipment	Construction in Progress	TOTAL
Balance, December 31, 2022							
Cost	36,258,998,873	34,856,245,049	7,749,449,279	7,366,759,284	6,647,597,014	826,754,724	93,705,804,223
Accumulated Depreciation/Adjustment	0	(23,796,179,985)	(2,677,678,314)	(2,882,151,696)	(4,251,897,117)	0	(33,607,907,112)
Net Carrying Amount December 31, 2022 (As restated)	36,258,998,873	11,060,065,064	5,071,770,965	4,484,607,588	2,395,699,897	826,754,724	60,097,897,111
Cost:							
Balance, January 1, 2023	36,258,998,873	34,856,245,049	7,749,449,279	7,366,759,284	6,647,597,014	826,754,724	93,705,804,223
Additions/Acquisition	0	35,477,948	25,833,019	0	83,910,928	459,445,071	604,666,966
Adjustments	(1,078,791,600)	0	(60,946,572)	0	(24,111,804)	0	(1,163,849,976)
Balance, December 31, 2023	35,180,207,273	34,891,722,997	7,714,335,726	7,366,759,284	6,707,396,138	1,286,199,795	93,146,621,213
Accumulated Depreciation:							
Balance, January 1, 2023	0	23,796,179,985	2,677,678,314	2,882,151,696	4,251,897,117	0	33,607,907,112
Depreciation Expense	0	1,281,961,403	239,329,480	503,815,454	428,885,520	0	2,453,991,857
Adjustments	0	0	(50,836,477)	0	(20,894,047)	0	(71,730,524)
Balance, December 31, 2023	0	25,078,141,388	2,866,171,317	3,385,967,150	4,659,888,590	0	35,990,168,445
Balance, December 31, 2023							
Cost	35,180,207,273	34,891,722,997	7,714,335,726	7,366,759,284	6,707,396,138	1,286,199,795	93,146,621,213
Accumulated Depreciation	0	(25,078,141,388)	(2,866,171,317)	(3,385,967,150)	(4,659,888,590)	0	(35,990,168,445)
Net Carrying Amount December 31, 2023	35,180,207,273	9,813,581,609	4,848,164,409	3,980,792,134	2,047,507,548	1,286,199,795	57,156,452,768

Land account pertains to the cost of land owned/controlled by the Authority for use of its airports, air strips, offices, and facilities.

Land Improvements account includes Runways, Aprons, Taxiways, and the Airport Systems of the 81 Airports and facilities managed by the Authority.

Buildings and Other Structures account includes the Administration Buildings, Training Centers, Hangars, Control Towers, Transmitter Buildings, and Radar Buildings which are necessary for the daily operations of CAAP.

Service Concession Assets pertains to property and equipment under the following service concession arrangements:

Caticlan Airport Development Project under Service Concession Arrangement

On 22 June 2009, the Government of the Republic of the Philippines, acting through the Department of Transportation and Communications (now Department of Transportation) and the Civil Aviation Authority of the Philippines, the “Grantor”, entered into a Service Concession Agreement (SCA) with Caticlan International Airport and Development Corporation, now TransAire Development Holdings Corporation (TADHC), the “Operator”, to rehabilitate and operate the Caticlan Airport. Under the terms of the SCA, the Operator will finance the cost to construct and rehabilitate the Caticlan Airport and in return, it can charge the users a terminal fee based on the provisions of the SCA. The concession period is for twenty-five (25) years, and may be renewed or extended for another twenty-five (25) years.

The Grantor is responsible for:

1. Regulating the Terminal Fee, based on the SCA, that can be charged to its customers.
2. Approving the Drawing and Design of the Rehabilitation Plan.
3. Assisting the Operator in obtaining consents and exemptions for the importation and transport of equipment, as well as compliance with regulations.
4. Providing the Operator access to the existing assets of the Caticlan Airport for use in the airport operation.
5. Monitoring the Operator’s plans and programs for the development, rehabilitation, construction, and completion of the Project.

The Operator is responsible for:

1. Preparing the Drawing and Design of the Rehabilitation Plan.
2. Constructing, supplying, completing, and commissioning the Caticlan Airport.
3. Financing the cost of rehabilitation and operation of the Caticlan Airport.
4. Obtaining consent from the Competent Authority for the removal of buildings, structures, and other impediments at the site.
5. Paying the Grantor, a Concession Fee of Eight Million Pesos (P8,000,000.00) annually.
6. Providing a Right of Way Fund for the acquisition of land/site.
7. Ensuring a safe and secure environment within the Caticlan Airport.

Furniture and Equipment account includes air navigational equipment installed in different airports operated by CAAP. The account also includes K9 dogs donated to CAAP.

Construction in Progress account includes the costs of ongoing construction or rehabilitation projects of the Authority such as perimeter fences, asphalt of the runway, construction and repair of buildings, and other infrastructure assets in various CAAP airports and facilities.

Adjustments in PE pertains to assets with cost and accumulated depreciation amounting to P1.164 billion and P71.731 million, respectively, transferred to Bangsamoro Airport Authority (BAA) by CAAP relative to the implementation of Republic Act (RA) No. 11054. The transfer of assets was considered a return of investment to the National Government and was directly deducted from the Authority's equity. The balance also includes unserviceable assets derecognized by CAAP.

13. INTANGIBLE ASSETS

Intangible assets pertain to the procurement of computer software to be used in the operation of the Authority. This arises due to the reclassification of Instrument Flight Rule (IFR) Procedure Design Software previously recorded as Information and Communication Technical Equipment.

	2023	2022
Cost	10,870,570	10,870,570
Accumulated Amortization	(8,950,102)	(6,884,694)
	1,920,468	3,985,876

14. DEFERRED TAX ASSET

Deferred Tax Asset pertains to the unexpired Net Operating Loss Carry-Over (NOLCO) that may be utilized based on a five-year projection of the Statement of Comprehensive Income and the deductible temporary differences recoverable in future periods. Details are as follows:

	2023	2022 (As restated)
Deferred Service Concession Revenue	997,068,413	1,044,807,628
Net Operating Loss Carry Over (NOLCO)	783,027,320	1,279,400,096
Leave Benefits Payable	251,869,072	240,210,829
Unrealized Forex Loss	20,226,089	0
	2,052,190,894	2,564,418,553

Relevant information about the NOLCO of CAAP can be seen below:

Year	Amount	Amount Expired/Used	Remaining Balance	Tax Benefit from NOLCO	
				Amount	Expiry
2020	2,807,600,384	1,985,491,104	822,109,280	205,527,320	2025
2021	2,310,000,000	0	2,310,000,000	577,500,000	2026
	5,117,600,384	1,985,491,104	3,132,109,280	783,027,320	

Meanwhile, MCIT amounting to P69.152 million was not recognized as the Authority does not anticipate taxable profits will become sufficiently available against which the tax credit can be utilized before its expiry. MCIT consists of the following:

Year	MCIT Amount	Year of Expiration
2021	9,787,784	2024
2022	32,999,253	2025
2023	26,364,864	2026
	69,151,901	

15. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2023	2022 (As Restated)
Deposits	29,502,415	29,502,415
Other Assets, net	3,449,992	3,449,992
	32,952,407	32,952,407

15.1 Breakdown of *Deposits* account is as follows:

	2023	2022 (As Restated)
Deposits on Letters of Credit	18,332,140	18,332,140
Guaranty Deposits	11,170,275	11,170,275
	29,502,415	29,502,415

Deposits on Letters of Credit pertains to Letters of Credit opened to import various spare parts, equipment, etc. The balance refers to transactions of the then Air Transportation Office (ATO).

Guaranty Deposits pertains to refundable security deposits in relation to the provision for connectivity and data communication of Air Navigation facilities. This also includes refundable security deposits in connection with the energization of various airports/facilities of CAAP.

15.2 Breakdown of *Other Assets* account is as follows:

	2023	2022 (As Restated)
Deferred Charges/Losses	3,449,992	3,449,992
Other Assets	2,167,477,213	2,167,477,213
	2,170,927,205	2,170,927,205
Less: Accumulated Impairment Losses	(2,167,477,213)	(2,167,477,213)
	3,449,992	3,449,992

Other Assets balance pertains to dormant, undocumented assets of the then ATO. Full provision of impairment was recognized pending verification of unidentified assets.

16. FINANCIAL LIABILITIES

Financial Liabilities represents payables to suppliers/contractors for purchases of materials, supplies and other obligations to non-government entities in connection with the operation of the Authority.

17. INTER-AGENCY PAYABLES

This account consists of the following:

	2023	2022 (As restated)
Due to NGAs	2,876,638,424	1,693,980,335
Due to BIR	89,652,577	129,742,955
Value Added Tax Payable	72,871,860	0
Due to GSIS	45,140,804	61,515,685
Due to PHILHEALTH	10,276,640	13,904,815
Due to PAG-IBIG	5,344,913	4,644,443
Due to SSS	367,721	242,780
Due to Government-Owned or Controlled Corporations	32,476	70,559
Due to LGUs	15,652	15,652
	3,100,341,067	1,904,117,224

Due to National Government Agencies (NGAs) consists of the following:

	2023	2022
Funds from DOTr for downloaded INFRA projects	2,810,759,573	1,635,072,608
Prior years' ATO account balances for undocumented/ unsupported transactions transferred to CAAP books	50,472,589	50,472,589
Payable to National Printing Office for the printing and delivery of Accountable Forms	6,990,978	0
Funds received by ATO from DOT for asphalt paving of runway shoulder at Kalibo Airport transferred to CAAP books with supporting documents	5,000,000	5,000,000
Fund received from DOTr for land titling expense for the Laguindingan Airport Development Project	2,706,231	2,725,510
Amount garnished by the National Labor Relations Commission (NLRC) and Security Fee for reconciliation from Area 02	709,053	709,628
	2,876,638,424	1,693,980,335

The increase in *Due to NGAs* account is due to fund transfers made by DOTr to CAAP for the implementation of downloaded infrastructure projects. While the non-moving accounts are fund transfers carried over from ATO accounts subject to reconciliation with the concerned NGAs.

Due to Bureau of Internal Revenue (BIR) represents taxes withheld from employee compensation, as well as creditable withholding tax and withholding VAT from suppliers of goods and services subject to remittance to the BIR.

Value Added Tax (VAT) Payable is the amount of tax liability based on VAT charged to customers, net of VAT paid to suppliers of goods and services.

Due to GSIS, Philippine Health Insurance Corporation (PhilHealth) and Home Development Mutual Fund (Pag-IBIG) accounts represent premiums and loan amortization deductions from the employees' salaries for remittance to the concerned offices.

Due to Social Security System (SSS) pertains to the amount withheld for SSS personal share voluntary contribution of a regular employee and a job order of Area Centers 6 and 10.

Due to Government-Owned or Controlled Corporations (GOCCs) pertains to payables of Area Center 5 to other collection agencies such as government banks for loans of personnel.

Due to Local Government Units (LGUs) have been carried over from the December 31, 2013 balance of Area Center 12 and have remained unverified due to a lack of general ledgers, journals, and any other supporting schedule to corroborate the figures in the Financial Statements.

18. PROVISIONS

This account consists of the following:

	2023		2022 (As Restated)	
	Current	Non-Current	Current	Non-Current
Leave Benefits Payable	23,363,293	984,112,993	36,354,261	924,489,055

Leave Benefits Payable pertains to the accumulated unused leave credits of officers and employees.

19. TRUST LIABILITIES

This account consists of the following:

	2023	2022 (As Restated)
Guaranty/Security Deposits Payable	66,048,495	74,139,190
Trust Liabilities - Disallowances/Charges	30,566,395	31,623,983
Trust Liabilities	6,453,632	2,829,239
Customers' Deposits Payable	6,073,562	4,356,011
	109,142,084	112,948,423

Guaranty/Security Deposits Payable pertains to the liability arising from cash received from contractors to guaranty performance which is refundable to the depositor.

Trust Liabilities-Disallowances/Charges refers to the settlement of disallowances/charges pending the finality of the decision of the Commission on Audit.

Trust Liabilities account pertains to the voluntary deposit of American Airlines in the amount of \$20,000 to secure payment of their dues to the Authority in case of their delinquency. It also includes funds from Trans Aire Development Holdings Corporation (TADHC) for the procurement of land relative to the Caticlan Airport Development Project.

Customers' Deposits Payable pertains to the refundable security deposit of concessionaires.

20. DEFERRED CREDITS

This account consists of the following:

	2023	2022 (As Restated)
Deferred Revenue from Grants and Donations	4,820,206,513	5,544,097,503
Deferred Service Concession Revenue	3,988,273,652	4,179,230,511
Other Unearned Revenue/Income	241,731,653	280,135,590
Output Tax	212,615,605	340,575,130
Other Deferred Credits	1,262,528	1,661,558
	9,264,089,951	10,345,700,292

Deferred Revenue from Grants and Donations pertains to unearned income from assets transferred by the DOTr to CAAP. The account is amortized over the remaining useful life of the assets.

Deferred Service Concession Revenue pertains to the assets introduced by TADHC in connection with the Service Concession Agreement pursuant to IPSAS 32. The balance is amortized over the term of the service concession arrangement.

Other Unearned Revenue/Income pertains to advance payments and overpayments on actual billing of clients/airline operators. International airline operators who have not established a local office in the Philippines are required to pay Air Navigational Charges in advance upon application for a flight permit. The account is credited upon receipt of cash and debited upon issuance of billing statements for actual charges.

Output Tax pertains to the value-added tax (VAT) included in the selling price of goods and services. The remaining balance pertains to a portion of VAT on uncollected receivables.

Other Deferred Credits pertains to advance payment from Concessionaires/Customers.

21. DEFERRED TAX LIABILITY

Deferred Tax Liability pertains to the amount of income tax payable in future periods relative to taxable temporary differences. Details are as follows:

	2023	2022 (As restated)
Service Concession Asset, net	995,198,033	1,121,151,897
Unrealized Forex Gain	0	5,926,575
	995,198,033	1,127,078,472

22. OTHER PAYABLES

This account consists of the following:

	2023	2022 (As Restated)
Undistributed Collections	1,177,446,208	638,572,510
Due to Officers and Employees	118,539,475	174,005,064
Other Payables	23,506,125	22,976,418
	1,319,491,808	835,553,992

Undistributed Collections pertains to unidentified collections directly deposited to the bank account of CAAP by customers. This account is debited when a payor has provided the necessary information relative to the payment made.

Due to Officers and Employees refers to the amounts due to officers and employees of the agency which includes overtime, salaries, and other claims pertaining to personnel services.

Other Payables pertains to deductions from salaries due to loans from various institutions granted to CAAP employees due for remittance in the following month.

23. GOVERNMENT EQUITY

Under RA No. 9497, CAAP has an authorized capital stock of P50 billion which is fully subscribed by the Republic of the Philippines.

24. CONTRIBUTED CAPITAL

Contributed Capital pertains to the amount in excess of the P50 billion subscribed capital stock of the National Government.

25. DEFICIT

This account pertains to the accumulated losses and prior period adjustments starting July 2008 onwards when CAAP was established and became operational.

26. DIVIDENDS

No dividends were declared in 2023 considering the net loss after tax of CAAP amounting to P900.160 million for CY 2022.

27. CUMULATIVE CHANGES IN THE FAIR VALUE OF INVESTMENTS

Cumulative Changes in Fair Value of Investments pertains to the accumulated unrealized gain/loss on change in the fair value of investment with COCOLIFE on which the fund is allocated to the Peso Fixed Income Fund and Peso Bond Fund. The increase was due to the appreciation of the market value of the investment.

28. DORMANT ACCOUNTS

Dormant accounts are individual or group of account balances within the account that remained non-moving for 10 years or more pursuant to COA Circular No. 2023-008 dated August 17, 2023. Dormant accounts as of December 31, 2023, are as follows:

Account Title	Amount	Allowance for Impairment	Net Book Value
Assets			
Accounts Receivable	1,586,048,502	1,533,283,160	52,765,342
Operating Lease Receivable	38,720,315	33,586,329	5,133,986
Due from National Government Agencies	30,005,419	29,975,419	30,000
Deposit on Letters of Credit	18,332,140	0	18,332,140
Due from LGU	4,930,170	4,930,170	0
Other Receivables	37,689,700	9,376,734	28,312,966
Advances to Contractors	3,566,129	0	3,566,129
Advances to Officers and Employees	21,516	0	21,516
Other Assets	2,167,477,213	2,167,477,213	0
	3,886,791,104	3,778,629,025	108,162,079
Liabilities			
Due to NGA	55,491,329	0	55,491,329
Other Unearned Income	23,322,206	0	23,322,206
Undistributed Collections	2,046,837	0	2,046,837
	80,860,372	0	80,860,372
	3,967,651,476	3,778,629,025	189,022,451

As part of the initial measures of CAAP to apply for the write-off of these balances, demand letters were issued for dormant accounts in Account Receivables.

29. INCOME

This account consists of the following:

	2023	2022 (As Restated)
Business Income	10,110,357,193	6,390,981,501
Service Income	200,384,768	185,862,110
Grants and Donations	1,412,000	0
Gains on Foreign Exchange (FOREX)	0	23,706,300
Other Non-Operating Income	17,944,747	38,781,626
	10,330,098,708	6,639,331,537

The overall increase in income is due to the steady return to normal operations of airlines and CAAP.

Business Income pertains to operational charges, telecommunication charges, and other fees and charges for the use of aeronautical and air navigation facilities.

This consists of the following:

	2023	2022 (As Restated)
Income from Communication Facilities	6,125,124,299	3,580,322,881
Transportation System Fees	2,145,144,356	1,430,006,293
Service Concession Revenue	607,685,406	558,521,205
Landing and Parking Fees	567,735,778	425,750,340
Interest Income	192,835,661	26,095,639
Rent/Lease Income	167,944,337	169,513,524
Fines and Penalties - Business Income	85,627,769	46,765,232
Communication Network Fees	31,730,532	22,195,079
Other Business Income	186,529,055	131,811,308
	10,110,357,193	6,390,981,501

Income from Communication Facilities pertains to income from the use of communication facilities owned by CAAP. Income is recognized and billed on a semi-monthly basis. Based on the data captured by the Communication, Navigation, and Surveillance/Air Traffic Management System (CNS/ATM), the number of flights increased by 32.29% from 361,428 in 2022, to 478,127 in 2023.

Transportation System Fees refers to terminal fees imposed by CAAP on departing passengers, presently pegged at P200, P150, and P100 depending on the airport terminal. These fees are presently termed as Domestic Passengers Service Charges (DPSC) which are already integrated at the Point of Sale of Airline Tickets pursuant to CAAP Memorandum Circular No. 022-17, series of 2017. Income is recognized upon remittance by the Airline Carriers. Based on data gathered by the Aerodrome Development and Management Service (ADMS), the number of passengers using CAAP airports increased by 31.50% from 20,764,946 in 2022, to 27,305,261 in 2023.

Service Concession Revenue pertains to the amortized portion of the total assets introduced by the TADHC which was initially recognized as Deferred Service Concession Revenue. It also includes the collection of the annual concession fee relative to the Service Concession Agreement. The concession agreement began in 2010 and will continue until 2035.

Landing and Parking Fees refers to fees charged for the use of the aircraft of the airport facilities and services for landing and parking. Income is recognized upon billing at month end. Based on data gathered by the ADMS, the number of aircraft movements increased by 45.06% from 198,427 in 2022 to 287,833 in 2023.

Interest Income pertains to interest earned from savings and current accounts, treasury bills, time deposits, and investments in debt instruments for both peso and dollar deposits. The increase was due to the additional investments placed during the year.

Total interests earned on deposits and investments are as follows:

	2023	2022 (As Restated)
Financial Assets	122,219,615	7,244,902
Other Investments	65,733,015	15,680,240
Cash and Cash Equivalents	4,883,031	3,170,497
	192,835,661	26,095,639

Rent/Lease Income pertains to the rental of land and floor areas within the vicinity of CAAP. Income is recognized upon billing at month end.

CAAP (lessor) is under a lease agreement with Alphaland Corporation (lessee) for the lease of the CAAP hangar with a land area of 1,580 square meters for P200.00 per square meter subject to an escalation rate of ten per cent per annum.

The non-cancellable operating lease contract with Alphaland Corporation will be terminated on May 31, 2026.

Fines and Penalties - Business Income pertains to fines and penalty charges for delayed payment or non-compliance with business regulatory requirements. Income is recognized upon receipt of payment.

Communication Network Fees pertains to the revenue share of the Authority for the Remote Ground Stations enumerated in the Agreement between CAAP and Aeronautical Radio of Thailand for the Operations and Maintenance of Very High Frequency Air Ground Data Link Stations at sites in the Philippines. It includes fees collected for the connection of telephone services and for the use of the facility.

Other Business Income pertains to income not falling under any of the specific business income accounts. Income is recognized upon receipt of payment. This consists of the following:

	2023	2022 (As Restated)
Vehicular Parking	85,567,264	58,549,311
Weighing Conveyor and Check-in Charges	42,197,232	29,972,551
Aerobridge	35,493,403	24,220,732
Bid Documents	11,154,395	6,578,344
Ground Handling Service	5,161,319	3,515,554
Access Pass/ID	4,037,951	3,226,711
Garbage Collection	2,127,165	2,208,733
Records (authentication/photocopy/ verification)	423,585	373,008
Aeronautical Information Publication (AIP)	322,098	3,166,364
Disposal of Unserviceable Properties	44,643	0
	186,529,055	131,811,308

Service Income pertains to fees and charges for licenses, permits, certifications, and other service income. This consists of the following:

	2023	2022 (As Restated)
Permit Fees	29,596,506	24,058,826
Clearance & Certification Fees	23,018,602	29,548,903
Licensing Fees	13,676,781	10,897,517
Fines and Penalties - Service Income	1,548,479	3,942,325
Other Service Income	132,544,400	117,414,539
	200,384,768	185,862,110

Permit Fees pertains to fees and charges collected by CAAP in the issuance of permits to operators in the exercise of regulatory powers. Income is recognized upon receipt of payment.

Clearance and Certification Fees refers to fees and charges collected for the issuance of clearances/certificates to operators of aircraft. Income is recognized upon receipt of payment.

Licensing Fees pertains to fees charged by CAAP to individuals for the issuance of licenses such as private pilot licenses and the like. Income is recognized upon receipt of payment.

Fines and Penalties - Service Income pertains to fees collected for the processing of documents for fines and penalties charged to service income. Income is recognized upon receipt of payment.

Other Service Income refers to income not falling under any of the specific service income account. This is recognized upon receipt of payment. This consists of the following:

	2023	2022 (As Restated)
Flight Inspector Fee	67,037,801	62,560,977
Water/Electricity/Tel/Cable	53,846,864	46,406,542
Energy Fee	4,788,154	2,765,034
Medical Examination	3,574,421	1,348,260
Laboratory	1,634,090	400,230
Dental Examination	1,290,450	513,050
Course Fee	150,020	2,991,676
Medical Procedures/Treatment	81,800	31,500
Change Form	74,100	46,920
Inspection Fee	25,850	315,370
De-Registration	20,850	16,730
Transfer Fee	20,000	18,250
	132,544,400	117,414,539

Income from Grants and Donations pertains to donations of pushcarts and K9 dogs from private individuals.

Other Non-Operating Income pertains to the following:

	2023	2022 (As Restated)
Liquidated damages imposed to erring suppliers and contractors	17,944,747	28,396,877
Proceeds from insurance claim	0	10,384,749
	17,944,747	38,781,626

30. ASSISTANCE AND SUBSIDIES

This account consists of the following:

	2023	2022 (As restated)
Assistance from the Department of Budget and Management to cover the operating requirements of CAAP	100,000,000	2,439,279,000
Transferred Assets from DOTr		
New CNS/ATM and Information and Communication Technical Equipment	695,283,280	351,051,161
Dipolog Development Project - Turnover of Runways, Taxiways, and Apron of New Bicol International Airport	38,536,691	38,536,691
Runway asphalt overlay - Calbayog Airport	10,001,428	10,001,428
Expansion of Apron with Ramp, Construction of River Protection with Shoulder Grade Correction, Widening of Taxiway	4,743,618	4,743,618
Strip Grade Correction and Recollection of Open Ditch Canal and Runway Strip - San Vicente Airport	4,529,308	4,529,308
Assistance from DOTr for Masbate Airport-Asphalt Overlay of Runway Shoulder Grade Correction	3,922,005	326,834
Continuation of Asphalt Overlay of Runway - Cauayan Airport	3,415,406	3,415,406
Asphalt Overlay of Runway and Runway Markings - Daet Airport	3,236,524	3,236,524
Reblocking of Apron - San Jose Airport	2,980,681	2,732,291
Shoulder Grade Correction, Rehabilitation of VPA, and Concreting of Ramp Area including Drainage Canal - Masbate Airport	2,060,753	2,060,753
Expansion of Passenger Terminal Building - Tuguegarao Airport	1,342,758	0
Construction of Barbed Wire Fence and Site Grading at the Landside Area at Catarman Airport	1,297,150	1,297,150
Rehabilitation of the Passenger Terminal Building at Ormoc Airport	1,040,212	1,040,212
Construction of Runway Extension - Catbalogan Airport	732,238	610,196
Dipolog Development Project - Drainage System	673,138	673,138
Marinduque Airport Development Project - Improvement of Existing Perimeter Fence	606,144	606,144
Laoag International Airport Development Project	460,681	0
Shoulder Grade Correction and Rehabilitation of depressed Portion of Runway		
Administration Building and Perimeter Fence - Bagabag Airport	227,633	0
Five (5) sets of Contactless Common Use Self Service Kiosk at Bicol International Airport	0	10,727,753
	875,089,648	2,874,867,607

31. PERSONNEL SERVICES

This account consists of the following:

	2023	2022 (As Restated)
Salaries and Wages	1,584,847,775	1,537,804,821
Other Compensation		
Overtime and Night Pay	274,887,419	186,840,799
Year End Bonus	132,468,677	130,905,733
Mid-Year Bonus	129,743,545	123,350,273
Personnel Economic Relief Allowance	68,140,569	67,470,826
Clothing/Uniform Allowance	16,769,080	16,765,132
Cash Gift	14,227,250	13,842,887
Representation Allowance	8,390,625	8,086,625
Transportation Allowance	8,147,375	7,555,875
Honoraria	4,034,672	6,374,978
Hazard Pay	2,512,659	43,309,673
Longevity Pay	1,558,000	235,000
Subsistence Allowance	218,150	170,350
Laundry Allowance	30,030	24,829
Other Bonuses and Allowances	79,154,500	71,537,451
	740,282,551	676,470,431
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums	193,779,595	176,625,213
PhilHealth Contributions	30,374,546	28,488,158
Employees Compensation Insurance Premiums	3,569,958	3,354,492
Pag-IBIG Contributions	3,327,659	3,302,914
	231,051,758	211,770,777
Other Personnel Benefits		
Terminal Leave Benefits	122,579,526	181,001,031
	2,678,761,610	2,607,047,060

The increase in *Overtime and Night Pay* is due to the steady return to normal operations of CAAP.

32. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2023	2022 (As Restated)
General Services	1,405,606,978	1,254,215,934
Utility Expenses	541,099,634	506,464,262
Professional Services	281,404,097	365,149,637
Supplies and Materials Expenses	236,685,534	223,693,082
Repairs and Maintenance	218,363,121	245,102,261
Taxes, Insurance Premiums, and Other Fees	110,360,624	94,667,350
Traveling Expenses	82,066,784	67,415,619
Fees and Commission Expenses	73,405,176	57,282,524
Communication Expenses	64,127,506	63,990,715
Training and Scholarship Expenses	25,693,931	7,698,509
Confidential, Intelligence and Extraordinary Expenses	15,347,810	15,143,656
Other Maintenance and Operating Expenses	205,973,192	182,037,459
	3,260,134,387	3,082,861,008

32.1 Breakdown of *General Services* is as follows:

	2023	2022 (As Restated)
Security Services	426,424,017	377,137,434
Janitorial Services	327,484,586	284,894,182
Environment/Sanitary Service	555,615	940,896
Other General Services	651,142,760	591,243,422
	1,405,606,978	1,254,215,934

Environmental/sanitary services pertains to expenses incurred by airports for the hauling and disposal of garbage collected from various CAAP offices, buildings, and facilities.

Fees and Commission Expenses account pertains to the 3.5 per cent service charge from Terminal Fees collected by airlines.

33. FINANCIAL EXPENSES

Financial expenses pertain to bank charges to clients.

34. NON-CASH EXPENSES

This account consists of the following:

	2023	2022 (As Restated)
Depreciation	2,453,991,857	1,931,171,577
Impairment	151,021,674	10,567,515
Losses	69,423,858	7,943,371
Amortization	2,065,408	2,065,408
	2,676,502,797	1,951,747,871

34.1 Breakdown of *Depreciation* is as follows:

	2023	2022 (As Restated)
Infrastructure Assets	1,177,627,239	737,652,390
Service Concession Asset	503,815,454	472,118,385
Machinery and Equipment	404,817,993	408,616,614
Buildings and Other Structures	239,329,480	212,058,546
Land Improvements	104,334,164	72,177,039
Transportation Equipment	18,934,770	22,703,952
Furniture, Fixtures and Books	3,494,483	4,845,023
Other Property Plant & Equipment	1,638,274	999,628
	2,453,991,857	1,931,171,577

34.2 Breakdown of *Impairment* is as follows:

	2023	2022 (As Restated)
Loans and Receivables	90,829,309	8,871,252
Lease Receivables	32,173,783	1,696,263
Inventories	15,963,233	0
Inter-Agency Receivables	10,775,661	0
Property, Plant and Equipment	1,110,274	0
Other Receivables	169,414	0
	151,021,674	10,567,515

The Authority recognized full provision for impairment for ATO balances in Other Receivable. The increase in impairment loss for loans and receivables is due to unsupported receivables due to the loss of records during Super Typhoon Yolanda.

Impairment loss on property, plant, and equipment pertains to the derecognition of unserviceable equipment and the death of K9 dogs.

The Authority recognized impairment on inventories based on the actual count of inventories as of year-end.

34.3 Breakdown of *Losses* is as follows:

	2023	2022 (As Restated)
Loss on Foreign Exchange (FOREX)	68,723,988	0
Loss of Assets	699,870	430,000
Other Losses	0	7,513,371
	69,423,858	7,943,371

Loss on Foreign Exchange refers to the amount of loss in the conversion of foreign currency in accordance with paragraph 23 of Philippine Accounting Standards (PAS) 21. This includes net realized foreign gain amounts to P12.180 million. A foreign exchange rate difference of P0.385, P55.755 in 2022, and P55.370 in 2023, was used in recognizing net foreign exchange loss for CY 2023.

Loss of Assets pertains to the death of 7 K9 dogs.

Amortization pertains to the amortization of computer software previously recorded as information and communication technology and equipment.

35. INCOME TAX EXPENSE (BENEFIT)

35.1 Income Tax Expense (Benefit) for the years ended December 31, consists of the following:

	2023	2022 (As Restated)
Current tax	26,364,864	32,999,253
Deferred tax	380,347,221	(135,394,978)
	406,712,085	(102,395,725)

35.2 REGULAR CORPORATE INCOME TAX

	2023	2022 (As restated)
Net Income per books	1,714,224,543	(1,002,555,362)
Permanent Differences		
Interest Income	(192,835,661)	(26,095,639)
Temporary Differences		
Depreciation of Service Concession Asset	503,815,454	472,118,385
Decrease in Unrealized Forex Loss	80,904,357	0
Accrual of Leave Benefits Payable	46,632,970	62,764,802
Decrease in Unrealized Forex Gain	23,706,300	(41,540,452)
Amortization of Deferred Service Concession Revenue	(190,956,859)	155,414,140
Net Deductible Temporary Differences	464,102,222	648,756,875
Taxable Income before NOLCO	1,985,491,104	(379,894,126)
Less: NOLCO	1,985,491,104	0
Taxable Income	0	0
Income Tax Rate	25%	25%
Regular Corporate Income Tax	0	0

Due to the utilization of NOLCO from prior years in 2023 and the net loss in 2022, the taxable income of the Authority is zero, prompting the shift to the payment of Minimum Corporate Income Tax (MCIT) equivalent to 1.5% in 2023 and 1% in 2022 of gross income.

35.3 MINIMUM CORPORATE INCOME TAX

	2023	2022 (As restated)
Gross Revenue	10,330,098,708	6,639,331,537
Cost of Service	(8,379,605,451)	(3,313,310,583)
Permanent Differences		
Interest Income	(192,835,661)	(26,095,639)
Gross Income	1,757,657,596	3,299,925,315
Tax Rate	1.50%	1.00%
Minimum Corporate Income Tax	26,364,864	32,999,253

35.4 SCHEDULE OF NET OPERATING LOSS CARY OVER

Year Incurred	NOLCO Amount	Tax Losses Utilized	Unused Tax Losses	Expiry
2020	2,807,600,384	1,985,491,104	822,109,280	2025
2021	2,310,000,000	0	2,310,000,000	2026
	5,117,600,384	1,985,491,104	3,132,109,280	

CAAP has incurred a loss before tax in previous years which be carried forward as a deduction within five consecutive years as provided in BIR Revenue Regulation No. 25-2020 – Rules and Regulations Implementing Section 4 (bbbb) of RA No. 11494, otherwise known as “Bayanihan to Recover as One Act” Relative to Net Operating Loss Carry-Over (NOLCO) Under Section 34 (D)(3) of the NIRC, as Amended. For CY 2023, an amount of P1.985 billion was utilized for the computation of Annual Income Tax.

35.5 COMPUTATION OF DEFERRED TAX

	2023	2022 (As restated)
Deductible Temporary Difference, beg	1,285,018,457	0
Deductible Temporary Difference, end	(1,269,163,573)	(1,285,018,457)
Change in DTA	15,854,884	(1,285,018,457)
Utilization of NOLCO	496,372,776	0
Excess MCIT	0	22,545,007
Deferred Tax Liabilities, beg	1,127,078,472	0
Deferred Tax Liabilities, end	(995,198,033)	(1,127,078,472)
Change in DTL	131,880,439	(1,127,078,472)
	380,347,221	(135,394,978)

36. RESTATEMENT OF ACCOUNTS

The 2022 financial statements were restated to reflect the following transactions/adjustments:

CY 2021 errors discovered in 2022 & 2023

	December 31, 2021 (As previously Reported)	Restatement / Adjustment	January 1, 2022 (As Restated)
STATEMENT OF FINANCIAL POSITION			
Receivables, net	3,825,235,681	(44,695,776)	3,780,539,905
Loans and Receivables, net	3,432,841,869	(34,945,365)	3,397,896,504
Unrecorded Revenue for CY 2021 and prior years		14,840,306	
Reversal of previously impaired receivables		29,988,658	
Reclassification of Allowance for Impairment for Operating Lease		956,925	

	December 31, 2021 (As previously Reported)	Restatement / Adjustment	January 1, 2022 (As Restated)
<i>Receivable (OLR) erroneously recorded under Accounts Receivable (AR)</i>			
<i>Identified Collections previously recorded under Undistributed Collections</i>		(80,731,254)	
Lease Receivables, net	183,899,008	(2,375,298)	181,523,710
<i>Reversal of previously impaired receivables</i>		53,320	
<i>Reclassification of Allowance for Impairment for OLR erroneously recorded under AR</i>		(956,925)	
<i>Unbilled Rental Charges for CY 2021 and prior years</i>		3,668,926	
<i>Reversal of interests and penalties</i>		(5,275,019)	
<i>Correction of advance payment erroneously credited to OLR</i>		134,400	
Inter-Agency Receivables	55,924,709	(124,176)	55,800,533
<i>Correction of erroneous adjustment</i>		(124,176)	
Other Receivables	152,570,095	(7,250,937)	145,319,158
<i>Recognition of unrecorded disallowance with Notice of Finality of Decision</i>		561,974	
<i>Recognition of receivables from overpayment of expenses</i>		346,625	
<i>Reversal of prior year billings due to cancelled request of inspections</i>		(18,315,299)	
<i>Reclassification of Deferred Charges to Other Receivables Account</i>		10,155,763	
Inventories	160,256,196	(3,887,636)	156,368,560
<i>Unrecorded issuance of Inventories</i>		(4,364,219)	
<i>Adjustment of unissued inventories previously recognized as expense</i>		476,583	
Other Current Assets	690,629,899	7,562,444	698,192,343
<i>Liquidation of CY 2021 and prior years' cash advances</i>		(112,755)	
<i>Adjustment in Advances to Officers and Employees (OEs) due to double recording of liquidation of cash advances</i>		16,220	
<i>Recognition of unrecorded input tax</i>		56,627	
<i>Adjustment relative to advances to contractors previously recorded as repairs and maintenance</i>		268,383	
<i>Adjustment to Deferred Tax Asset (DTA) due to erroneous computation of Minimum Corporate Income Tax (MCIT) in CY 2020</i>		7,453,901	

	December 31, 2021 (As previously Reported)	Restatement / Adjustment	January 1, 2022 (As Restated)
<i>Adjustment in Construction in Progress (CIP) erroneously recorded as advances to contractors</i>		(119,932)	
Property and Equipment	51,730,464,345	4,182,292,213	55,912,756,558
<i>Adjustment in CIP erroneously recorded as advances to contractors</i>		119,932	
<i>Erroneous recording of payment of accounts payable to CIP</i>		(15,753)	
<i>Adjustment to CIP due to double recording of transactions</i>		(9,688,362)	
<i>Derecognition of Land due to incorrect valuation in Area Center (AC) I and AC VI</i>		(472,509,000)	
<i>Reclassification of already issued Property and Equipment (PE) accounts to Semi-Expendable Expense</i>		(40,109,830)	
<i>Recognition of unrecorded depreciation expenses in prior years</i>		(69,237,718)	
<i>Recognition of Communication Equipment (Remote Ground Station) installed by Aerothai in Manila Radar, Mactan, Davao, Laoag, Palawan, and Zamboanga</i>		1,156,670	
<i>Recognition of Service Concession Assets to the Caticlan Airport Development Project</i>		6,718,833,062	
<i>Recognition of Depreciation Expense for the Service Concession Assets</i>		(2,240,632,546)	
<i>Recognition of previously unrecorded Assets found at station</i>		1,849,994	
<i>Recognition of DOTr transferred assets</i>		292,525,764	
Deferred Tax Asset	1,319,003,487	(39,603,389)	1,279,400,098
<i>Adjustment to DTA due to erroneous computation of MCIT in CY 2020</i>		(7,453,901)	
<i>Derecognition of expired CY 2021 and prior years' DTA on MCIT</i>		(32,149,488)	
Other Non-Current Asset	43,057,408	(10,155,763)	32,901,645
<i>Reclassification of Deferred Charges to Other Receivables Account</i>		(10,155,763)	
Financial Liabilities	631,445,217	(8,043,631)	623,401,586
<i>Erroneous recording of payment of accounts payable to CIP</i>		(15,753)	
<i>Reversal of long outstanding payables/Accounts Payable (AP)</i>		(16,386,172)	
<i>Recognition of unrecorded payables</i>		8,358,294	

	December 31, 2021 (As previously Reported)	Restatement / Adjustment	January 1, 2022 (As Restated)
Inter-Agency Payables	1,674,439,237	523,777	1,674,963,014
<i>Adjustments in the recording of mandatory deductions</i>		523,777	
Trust Liabilities	172,790,658	(24,156,021)	148,634,637
<i>Reversal of long outstanding payables/Guaranty/Security Deposits Payable (GDP)</i>		(26,012,340)	
<i>Reclassification from Other payables to Trust Liabilities</i>		1,856,319	
Deferred Credits	1,170,790,368	4,191,267,351	5,362,057,719
<i>Correction of advance payment erroneously credited to OLR</i>		134,400	
<i>Recognition of Service Concession Assets relative to the Caticlan Airport Development Project</i>		6,718,833,062	
<i>Recognition of output tax in prior years' billing</i>		55,895,120	
<i>Recognition of DOTr transferred assets</i>		266,657,180	
<i>Recognition of Concession Revenue from Caticlan Airport Development Project</i>		(2,850,252,411)	
Provision	912,024,747	(13,946,233)	898,078,514
<i>Adjustment in Leave Benefits Payable</i>		(13,946,233)	
Deferred Tax Liabilities	0	0	0
Other Payables	481,545,249	(81,448,495)	400,096,754
<i>Identified Collections previously recorded under Undistributed Collections</i>		(80,731,254)	
<i>Reversal of long outstanding payables/Due to OEs</i>		(502,079)	
<i>Recognition of unrecorded payables</i>		1,641,157	
<i>Reclassification from Other payables to Trust Liabilities</i>		(1,856,319)	
Government Equity	75,900,252,208	(482,197,362)	75,418,054,846
<i>Adjustment in CIP due to double recording of transactions</i>		(9,688,362)	
<i>Derecognition of Land due to incorrect valuation in AC I and AC VI</i>		(472,509,000)	
Retained Earnings (Deficit)	(17,687,427,873)	509,512,707	(17,177,915,166)
<i>Unrecorded Revenue for CY 2021 and prior years</i>		14,840,306	
<i>Reversal of previously impaired receivables</i>		30,041,978	
<i>Unbilled Rental Charges for CY 2021 and prior years</i>		3,668,926	

	December 31, 2021 (As previously Reported)	Restatement / Adjustment	January 1, 2022 (As Restated)
<i>Reversal of interests and penalties</i>		(5,275,019)	
<i>Correction of erroneous adjustment</i>		(124,176)	
<i>Recognition of unrecorded disallowance with Notice of Finality of Decision</i>		561,974	
<i>Recognition of receivables from overpayment of expenses</i>		346,625	
<i>Reversal of prior year billings due to canceled request of inspections</i>		(18,315,299)	
<i>Unrecorded issuance of Inventories</i>		(4,364,219)	
<i>Adjustment of unissued inventories previously recognized as expense</i>		476,583	
<i>Liquidation of CY 2021 and prior years' cash advances</i>		(112,755)	
<i>Adjustment in Advances to OEs due to double recording of liquidation of cash advances</i>		16,220	
<i>Recognition of unrecorded input tax</i>		56,627	
<i>Adjustments relative to advances to contractors previously recorded as repairs and maintenance</i>		268,383	
<i>Reclassification of already issued PE accounts to Semi-Expendable Expense</i>		(40,109,830)	
<i>Recognition of unrecorded depreciation expenses in prior years</i>		(69,237,718)	
<i>Recognition of Communication Equipment (Remote Ground Station) installed by Aerothai in Manila Radar, Mactan, Davao, Laoag, Palawan, and Zamboanga</i>		1,156,670	
<i>Recognition of Depreciation Expense for the Service Concession Assets</i>		(2,240,632,546)	
<i>Recognition of previously unrecorded Assets found at the station</i>		1,849,994	
<i>Recognition of DOTr transferred assets</i>		25,868,584	
<i>Derecognition of expired CY 2021 and prior years' DTA on MCIT</i>		(32,149,488)	
<i>Reversal of long outstanding payables/AP, GDP, and Due to OEs</i>		42,900,591	
<i>Recognition of unrecorded payables</i>		(9,999,451)	
<i>Adjustments in the recording of mandatory deductions</i>		(523,777)	
<i>Recognition of output tax in prior years' billing</i>		(55,895,120)	
<i>Recognition of Concession Revenue from the Caticlan Airport Development Project</i>		2,850,252,411	
<i>Adjustment in Leave Benefits Payable</i>		13,946,233	

CY 2022 errors discovered in 2023

	December 31, 2022 (As Adjusted)	Restatement / Adjustment	December 31, 2022 (As Restated)
STATEMENT OF FINANCIAL POSITION			
Receivables, net	4,684,201,651	17,920,340	4,702,121,991
Loans and Receivables, net	4,139,452,952	8,197,567	4,147,650,519
Recognition of unrecorded revenues in CY 2022		185,669,500	
Adjustment to Receivable accounts due to erroneous recording of Domestic Passenger Service Charge (DPSC)		(104,505,840)	
Reclassification from AR to OLR		(6,985)	
Recognition of previously unidentified collections		(72,959,108)	
Lease Receivables, net	292,340,843	6,461,672	298,802,515
Reclassification from AR to OLR		6,985	
Unrecorded Rent Income in CY 2022		6,326,287	
Correction of advance payment erroneously credited to OLR		128,400	
Inter-Agency Receivables	49,059,895	0	49,059,895
Other Receivables	203,347,961	3,261,101	206,609,062
Recognition of unrecorded liquidated damages imposed on suppliers		950,029	
Overpayment of training and traveling expenses to OEs		20,788	
Correction of settlement of disallowances erroneously credited to Receivables - Disallowances/Charges instead of Trust Liabilities		2,634,992	
Correction of settlement of final and executory disallowances erroneously credited to Other Payables		(344,708)	
Inventories	159,536,726	(3,110,695)	156,426,031
Recognition of unrecorded issuances of inventories and semi-expendable properties		(3,110,695)	
Other Current Assets	752,954,164	(34,522,801)	718,431,363
Recognition of unrecorded liquidations of cash advances		(5,400,263)	
Recognition of utilization of prepayments		(58,836)	
Recognition of unrecorded input tax		3,846,005	
Correction of erroneous capitalization of Input Tax		89,546	
Adjustment in Income Tax Benefits		(32,999,253)	

	December 31, 2022 (As Adjusted)	Restatement / Adjustment	December 31, 2022 (As Restated)
Property and Equipment	59,680,202,072	417,695,039	60,097,897,111
<i>Correction of erroneous capitalization of Input Tax</i>		(89,546)	
<i>Recognition of PE previously recorded as an expense</i>		8,969,005	
<i>Adjustment to Depreciation Expense</i>		(56,753,527)	
<i>Recognition of Depreciation Expense for the Service Concession Assets</i>		(470,093,201)	
<i>Recognition of DOTr Transferred Asset</i>		78,440,091	
<i>Correction of erroneous recording of payable for progress billings</i>		(4,805,991)	
<i>Recognition of Service Concession Assets relative to the Caticlan Airport Development Project</i>		862,028,208	
Deferred Tax Asset	1,301,945,103	1,262,473,450	2,564,418,553
<i>Adjustment in Income Tax Benefits</i>		1,285,018,457	
<i>Derecognition of CY 2022 DTA on MCIT</i>		(22,545,007)	
Other Non-Current Assets	32,952,407	0	32,952,407
Financial Liabilities	778,361,734	93,056,020	871,417,754
<i>Correction of erroneous recording of payable for progress billings</i>		(4,805,991)	
<i>Recognition of various unrecorded expenses/payables</i>		98,722,998	
<i>Correction of Accounts Payable due to double recording</i>		(860,987)	
Inter-Agency Payables	1,898,435,083	5,682,141	1,904,117,224
<i>Recognition of additional premiums due to salary differential and step increment</i>		5,682,141	
Trust Liabilities	110,313,431	2,634,992	112,948,423
<i>Correction of settlement of disallowances erroneously credited to Receivables - Disallowances/Charges instead of Trust Liabilities</i>		2,634,992	
Deferred Credits	9,984,009,812	361,690,480	10,345,700,292
<i>Correction of advance payment erroneously credited to OLR</i>		128,400	
<i>Adjustment to Other Deferred Credits due to erroneous recording of Interest Income</i>		(8,987)	
<i>Recognition of Service Concession Revenue</i>		(551,378,348)	
<i>Recognition of DOTr Transferred Asset</i>		50,921,207	
<i>Recognition of Service Concession Assets relative to the Caticlan Airport Development Project</i>		862,028,208	
Provision	960,440,071	403,245	960,843,316
<i>Recognition of additional leave benefits</i>		403,245	

	December 31, 2022 (As Adjusted)	Restatement / Adjustment	December 31, 2022 (As Restated)
Deferred Tax Liabilities	0	1,127,078,472	1,127,078,472
<i>Adjustment in Income Tax Benefits</i>		<i>1,127,078,472</i>	
Other Payables	839,479,597	(3,925,605)	835,553,992
<i>Unrecorded payables to officers and employees</i>		<i>69,276,061</i>	
<i>Recognition of previously unidentified collections</i>		<i>(72,959,108)</i>	
<i>Correction of settlement of final and executory disallowances erroneously credited to Other Payables</i>		<i>(344,708)</i>	
<i>Salary withheld for the payment of employees' cooperative loans</i>		<i>102,150</i>	
Statement of Changes in Equity	60,163,556,250	73,835,588	60,237,391,838
Retained Earnings (Deficit)	(15,277,042,784)	73,835,588	(15,203,207,196)

The Authority presented three statements of financial position in compliance with the requirement of PAS 1, Presentation of Financial Statements, to include a complete set of financial statements as a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

The December 31, 2022 balances, as adjusted, are CY 2022 balances as previously reported including CY 2021 errors discovered in 2022 and 2023.

37. RESTATEMENT OF CY 2022 COMPREHENSIVE INCOME (LOSS)

Net Income (As previously reported)	1,900,872,382
Adjustments	
Income:	
<i>Recognition of unrecorded revenues in CY 2022</i>	<i>185,669,500</i>
<i>Adjustment to Receivable accounts due to erroneous recording of DPSC</i>	<i>(104,505,840)</i>
<i>Unrecorded Rent Income in CY 2022</i>	<i>6,326,287</i>
<i>Recognition of unrecorded liquidated damages imposed on suppliers</i>	<i>950,029</i>
<i>Adjustment to Other Deferred Credits due to erroneous recording of Interest Income</i>	<i>8,987</i>
<i>Recognition of Service Concession Revenue</i>	<i>551,378,348</i>
Expenses:	
<i>Overpayment of training and traveling expenses to OEs</i>	<i>(20,788)</i>
<i>Recognition of unrecorded issuances of inventories and semi-expendable properties</i>	<i>3,110,695</i>

<i>Recognition of unrecorded liquidations of cash advances</i>	5,400,263	
<i>Correction of the prior year's erroneous recordings</i>	58,836	
<i>Recognition of unrecorded input tax</i>	(3,846,005)	
<i>Recognition of PE previously recorded as an expense</i>	(8,969,005)	
<i>Adjustment to Depreciation Expense</i>	56,753,527	
<i>Recognition of Depreciation Expense for the Service Concession Assets</i>	470,093,201	
<i>Recognition of various unrecorded expenses/payables</i>	98,722,998	
<i>Correction of Accounts Payable due to double recording</i>	(860,987)	
<i>Recognition of additional premiums due to salary differential and step increment</i>	5,682,141	
<i>Recognition of additional leave benefits</i>	403,245	
<i>Unrecorded payables to officers and employees</i>	69,276,061	
<i>Salary withheld for the payment of employees' COOP loans</i>	102,150	695,906,332
Income Tax Expense		
<i>Adjustment in Income Tax Benefits</i>	(124,940,732)	
<i>Derecognition of CY 2022 DTA on MCIT</i>	22,545,007	102,395,725
Assistance and Subsidies		
<i>Recognition of DOTr Transferred Asset</i>		27,518,884
Net Adjustments		73,835,588
Net Income (As Restated)		1,974,707,970

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign Currency Risk

The Authority's exposure to the risk of changes in foreign exchange rates relates to the Authority's foreign currency-denominated monetary assets. The carrying amount of the Authority's foreign currency-denominated monetary assets at reporting dates are as follows:

	Amount in Peso
Cash in Bank - Savings Account (Dollar)	405,964,925
	405,964,925

Foreign Currency Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Authority's income before tax for the years ended December 31, 2023, and 2022 (due to changes in the fair value of financial assets and liabilities). There is no other impact on the Authority's equity other than those already affecting profit or loss.

Currency	Increase (Decrease) in Exchange Rate	Effect on Income tax before tax	
		2023	2022
USD	+0.385	(2,806,723)	(87,444,216)
	-0.385	2,806,723	87,444,216
Increase in Exchange Rate		(2,806,723)	(87,444,216)
Decrease in Exchange Rate		2,806,723	87,444,216

Interest Rate Risk

The Authority's exposure to the risk of changes in interest rates relates primarily to the Authority's bank accounts as of December 31, 2023 and 2022, these amounted to P5.234 billion and P4.962 billion, respectively. The Authority's exposure to changes in interest rates is not significant.

Credit Risk

The Company's exposure to credit risk arises from transactions with its customers. The maximum exposure to credit risk on these transactions is equal to the carrying amount of these financial instruments. Trade receivable balances are monitored on an ongoing basis to ensure timely collections. The Authority has provided an allowance for impairment loss at the end of reporting years to cover credit losses expected from trade receivables.

With respect to credit risk arising from other financial assets of the Authority, which comprise cash in banks, investment in debt instruments, and refundable deposits, the Authority's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Authority limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the Board of Directors.

The succeeding tables show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2023, and 2022.

December 31, 2023

	Neither past due nor impaired			Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade			
Cash and Cash Equivalents	5,254,959,691	0	0	0	0	5,254,959,691
Financial Assets	3,466,707,423	0	0	0	0	3,466,707,423
Other Investments	4,589,964,964	0	0	0	0	4,589,964,964
Receivables	0	3,906,357,820	0	0	1,691,155,660	5,597,513,480
Deposits	11,170,275	0	0	0	18,332,140	29,502,415
	13,322,802,353	3,906,357,820	0	0	1,709,487,800	18,938,647,973

December 31, 2022

	Neither past due nor impaired			Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade			
Cash and Cash Equivalents	6,028,638,867	0	0	0	0	6,028,638,867
Financial Assets	1,193,591,795	0	0	0	0	1,193,591,795
Other Investments	896,587,317	0	0	0	0	896,587,317
Receivables	0	4,123,484,312	0	0	1,600,326,351	5,723,810,663
Deposits	11,170,275	0	0	0	18,332,140	29,502,415
	8,129,988,254	4,123,484,312	0	0	1,618,658,491	13,872,137,057

The credit quality of the financial assets is managed by the Authority. High-grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. Financial assets with risks of default but are still collectible are considered standard-grade accounts. Receivables that are still collectible but require persistent effort from the Authority to collect are considered substandard grade accounts.

Liquidity Risk

The Authority's exposure to liquidity risk is minimal. The Authority's objective is to maintain a balance between continuity of funding and flexibility. In addition, the Authority regularly evaluates its projected and actual cash flows. Fundraising activities may include bank loans.

The following tables present the maturity profile of the Authority's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments.

December 31, 2023

	On-demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Financial Liabilities	755,810,418	0	0	0	755,810,418
Inter-Agency Payables*	2,876,638,424	0	0	0	2,876,638,424
Trust Liabilities	0	0	0	109,142,084	109,142,084
Other Payables	1,295,985,683	0	0	23,506,125	1,319,491,808
	4,928,434,525	0	0	132,648,209	5,061,082,734

*Excludes government dues and remittances

December 31, 2022

	On-demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Financial Liabilities	871,417,754	0	0	0	871,417,754
Inter-Agency Payables*	1,693,980,335	0	0	0	1,693,980,335
Trust Liabilities	0	0	0	112,948,423	112,948,423
Other Payables	812,577,574	0	0	22,976,418	835,553,992
	3,377,975,663	0	0	135,924,841	3,513,900,504

*Excludes government dues and remittances

39. CONTINGENCIES

Due to the enactment of RA No. 9497, otherwise known as the Civil Aviation Authority Act of 2008, the Authority has been handling numerous cases that were instituted when the Air Transportation Office (ATO) was still existing under the law.

This is pursuant to Section 85 of the same law which provides that all assets, real and personal properties, funds, and revenues owned by or vested in the different offices of the ATO are transferred to the Authority. All contracts, records, and documents relating to the operations of the abolished agency and its offices and branches are likewise transferred to the Authority. Any real property owned by the national government or government-owned corporation or authority that is being used and utilized as an office or facility by the ATO shall be transferred and titled in favor of the Authority.

Lawsuits or claims against CAAP which are related to land and/or properties that were used for airport projects and expansion are filed before regular courts or under negotiation or compromise agreement. The cases involved are as follows:

- a. Expropriation or Payment of Just Compensation;
- b. Reconveyance;
- c. Reconstitution of Title;
- d. Ejectment;
- e. Recovery of Ownership or Possession;
- f. Petition for Certiorari, Prohibition, and/or Mandamus;
- g. Petition for Cancellation of Decree;
- h. Petition for Injunction; and
- i. Quieting of Title.

In the interim, no provision of any liability that may result from these cases has been recognized in the Financial Statements of CAAP since the outcome of the same is not yet ascertainable.

40. SUPPLEMENTARY INFORMATION ON TAXES

The total taxes withheld during the year by the Head Office and Area Centers amounted to P473.001 million, of which P508.956 million were remitted as follows:

	Restated Beginning Balance 2023	Adjustments During the Year	Tax Withheld	Tax Remitted	Balance, December 2023
Tax on Compensation	67,797,458	(1,809,870)	234,132,989	263,388,439	36,732,138
Creditable Withholding Tax	14,895,845	(553,016)	63,868,806	65,086,311	13,125,324
Final Withholding Tax	47,049,652	(1,772,505)	174,999,288	180,481,320	39,795,115
	129,742,955	(4,135,391)	473,001,083	508,956,070	89,652,577

OUTPUT TAX

	2023
Beginning Balance	340,575,130
Output Tax Recognized during the year	489,612,782
Output Tax Claimed/Collected during the year	(617,572,307)
Ending Balance	212,615,605

Zero-Rated Sales recognized during the year amount to P 5.005 billion These are services rendered to persons engaged in international shipping or air transport operations, including leases of property for use thereof; Provided, that these services shall be exclusively for international shipping or air transport operations. (Thus, the services referred to herein shall not pertain to those made to common carriers by air and sea relative to their transport of passengers, goods, or cargoes from one place in the Philippines to another place in the Philippines, the same being subject to twelve percent (12%) VAT under Sec. 108 of the Tax Code, as amended); Thus, International Air Navigational Charges to Air Operators are subject to Zero-Rated (0%) VAT.

INPUT TAX

	2023
Beginning Balance	227,178,154
Input Tax on Current Year Purchases	269,767,252
Claims for Credit	(216,681,456)
Adjustments	(10,681,988)
Ending Balance	269,581,962

Input Tax for the year includes VAT on purchases of goods and services.

41. TAX ASSESSMENTS AND CASES

On July 10, 2023, CAAP received an electronic Letter of Authority from the Bureau of Internal Revenue (BIR) Revenue District Office No. 051 - Pasay City for the examination of its books of accounts and other accounting records for the period from January 1, 2022, to December 31, 2022, except VALUE ADDED TAX for the period from January 01, 2022 to June 30, 2022 pursuant to eLA202200040264 AUDM29-051-2023-034495.