



EXECUTIVE SUMMARY

INTRODUCTION

The Philippine Tourism Authority (PTA), created pursuant to Presidential Decree (PD) No. 189, as amended by PD No. 564, was reorganized as the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) attached to the Department of Tourism (DOT) for purposes of program and policy coordination pursuant to Section 63 of Republic Act (RA) No. 9593, otherwise known as "The Tourism Act of 2009". Its mandates are as follows:

- a. To designate, regulate and supervise the Tourism Enterprise Zones (TEZs) established under RA No. 9593;
- b. To develop, manage and supervise tourism infrastructure projects in the country;
- c. To supervise and regulate the cultural, economic and environmentally sustainable development of TEZs toward the primary objective of encouraging investments therein;
- d. To ensure strict compliance of the TEZ operator with the approved development plan by imposing penalties for failure or refusal of the tourism enterprises to comply with the approved development plan which shall also be considered a violation of the terms of accreditation; and
- e. To continue the previously exercised functions of PTA under PD No. 564 not otherwise inconsistent with the other provisions of RA No. 9593. It shall, however, cease to operate the Duty Free Philippines.

TIEZA is headed by a Chief Operating Officer who acts as Vice Chairperson of the Board of Directors. The Board of Directors, composed of ex-officio public sector and private sector representatives, acts as the policy-making body of TIEZA.

TIEZA is composed of 379 permanent employees, 40 coterminous with the official being served, 28 coterminous with the privatization of the operating entity, 49 coterminous with the incumbent, 474 job orders, 34 contracts of service and 6 consultants as of December 31, 2019.

FINANCIAL HIGHLIGHTS

I. Comparative Financial Position

	2019	2018 (As restated)	Increase (Decrease)
Assets	26,402,194,636	23,881,581,136	2,520,613,500
Liabilities	4,394,750,391	4,383,628,365	11,122,026
Equity	22,007,444,245	19,497,952,771	2,509,491,474

II. Comparative Results of Operations

	2019	2018 (As restated)	Increase (Decrease)
Income	4,582,084,703	3,779,696,536	802,388,167
Expenses	2,125,862,193	1,732,799,424	393,062,769
Net Income (Loss)	2,456,222,510	2,046,897,112	409,325,398

III. Budget and Actual Expenditures

The total corporate operating budget and the corresponding expenditures of TIEZA are broken down as follows:

	2019		2018	
	Budget	Actual	Budget	Actual
Personnel Services	445,855,000	447,279,528	411,709,000	385,962,734
Maintenance and Other Operating Expenses	748,441,000	523,798,766	685,752,000	479,799,454
Capital Outlay	2,398,012,000	2,391,715,278	1,714,113,000	1,701,929,489
Debt Payment	32,937,000	32,673,504	32,937,000	32,663,623
Finance Cost	7,649,000	7,780,373	8,393,000	9,127,537
Total	3,632,894,000	3,403,247,449	2,852,904,000	2,609,482,837

SCOPE AND OBJECTIVES OF AUDIT

Our audit covered the examination, on a test basis, of the accounts and transactions of TIEZA for the period January 1 to December 31, 2019 in accordance with International Standards of Supreme Audit Institutions (ISSAIs) to enable us to express an opinion on the fairness of presentation of the financial statements for the years ended December 31, 2019 and 2018. Also, we conducted our audits to assess compliance with pertinent laws, rules and regulations, as well as adherence to prescribed policies and procedures.

INDEPENDENT AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements of TIEZA for the years 2019 and 2018 because the accuracy and existence of the recorded Property and Equipment (PE) including Investment Property and Service Concession Assets accounts at a total cost of P9.030 billion could not be ascertained due to the non-inclusion of real properties amounting to P8.835 billion in the physical inventory, and non-reconciliation of the discrepancy amounting to P199.256 million between the results of the partial physical inventory and the accounting records.

Except for the review of the land account with historical cost of P3.241 billion pertaining to the Club Intramuros Golf Course area, the Audit Team was not able to perform other audit procedures to attest Management's assertions of accuracy and existence of the affected accounts in the absence of a complete Annual Physical Inventory Report that should have been subjected to examination.

Moreover, unreconciled discrepancies aggregating P77.586 million between the confirmed and book balances of Due from Local Government Units (LGUs) and Due from National Government Agencies (NGAs) cast doubt on the fair presentation of these accounts in the TIEZA's financial statements as required under International Public Sector Accounting Standards (IPSAS) No. 1.

SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

For the above observations, which caused the issuance of a qualified opinion, we recommended that Management:

On PE, Investment Property and Service Concession Assets:

- a. Conduct complete physical count of assets or refrain from partial inventory taking;
- b. Adhere to the provision of COA Circular No. 80-124 on the reconciliation of inventory report with the accounting records; and
- c. Adjust the balances per books of accounts after the reconciliation of asset account balances between the General Services Department (GSD) and Financial Service Department (FSD) to reflect the accurate balances of the PE account in the financial statements.

On Due from LGUs and NGAs:

- a. Require the Construction Management Department (CMD) to consistently coordinate and follow-up with the LGUs and NGAs who replied to the confirmation letters to submit the necessary liquidation reports;
- b. Require the FSD to reconcile the accounts with LGUs and NGAs and adjust the books of accounts, where necessary, to arrive at the correct balances of Due from LGUs/NGAs and Subsidy to LGUs/NGAs in the financial statements; and

- c. Require the Legal Department to act timely on the issuance of demand letter to the concerned LGUs and NGAs referred by the FSD or file legal action, if necessary.

The other significant observations and recommendations are as follows:

1. Dividends due to the National Government (NG) amounting to P6.664 billion based on the taxable income and net earnings derived from operations for Dividend Years (DVs) 2010-2018 remained unrecorded in the books of accounts in violation of Republic Act (RA) No. 7656, otherwise known as the Dividends Law, and its 1998 Implementing Rules and Regulations (IRR) and 2016 Revised Implementing Rules and Regulations (RIRR).

Even with the remittance of P12 billion to the Bureau of the Treasury in 2020 pursuant to RA No. 11469 known as the Bayanihan to Heal as One Act and the subsequent Notice from the Secretary of Department of Finance that the remittance shall be treated as advance payment of dividends from TIEZA, Management maintained their position that travel taxes are not covered by the Dividends Law.

We recommended that Management declare and record in the books of accounts the dividends due to the NG from DVs 2010-2018 in the amount of P6.664 billion and every year thereafter as provided under Sections 5 and 7 of the IRR, s. 1998 and RIRR, s. 2016 of the Dividends Law. The said amount covers net earnings from tax revenue and service and business income commencing from 2010, the year of effectivity of RA No. 9593, otherwise known as the Tourism Act of 2009.

2. The dual role of TIEZA as investor and regulator of the Boracay Island Water Company, Inc. (BIWCI), if not properly addressed, may raise conflict of interest. Moreover, the creation of two or more regulatory offices could affect the efficiency of public services within enterprise zones.

We recommended that Management:

- a. Revisit the provisions of the Joint Venture Agreement (JVA) and Concession Agreement (CA) with Manila Water Company, Inc. (MWCI) and BIWCI, respectively and study actions to take so as not to impair the independence of the TIEZA Regulatory Office; and
 - b. Consider the centralization of TIEZA's regulatory power to enhance the delivery of service within tourist zones.
3. The retention period of travel tax collections from 30 to 45 calendar days by airlines based on Rule XI of the 1979 RIRR of PD No. 1183, as amended, unnecessarily impede the timely inflow of funds to the government.

We recommended that Management respectfully propose to the Secretary of Department of Tourism (DOT) for the revision of Section XI of the RIRR of PD No. 1183, as amended, to impose the remittance of online travel tax collections on the next banking day, and the Counter and Billing and Settlement Plan collections within seven days after the date of collection in order for TIEZA to avail of investment opportunities and keep abreast with the best business practices relevant to our times.

4. TIEZA's payment collection system (PCS) customized by CIS Bayad Center, Inc. (CBCI) was found to be unsound resulting in the uploading of understated Daily Collection Reports (DCRs) by P0.726 million; delayed reporting of collections amounting to P0.996 million; penalty charges amounting to P231,980 as of to date; and non-closure of Reference Numbers (RNs) with validity period of 24 hours.

We recommended that Management:

- a. Require CBCI to remit the undeposited collections and penalty charges, in the total amount of P0.958 million;
 - b. Require the Management Information System Department (MISD) to review the system flaws and its root causes whether in the uploading or the payment collection program;
 - c. Require CBCI to fix/solve the gathered root causes of the system flaws to eliminate erroneous DCRs and non-closure of RNs;
 - d. Consider requiring CBCI to explain how the system flaws existed and why these should not be regarded as a breach of the Agreement;
 - e. Consider working with CBCI to amend disadvantageous terms and conditions of the Agreement; and
 - f. Strengthen monitoring controls surrounding the PCS including, among others, the random verification of DCRs against the payment transactions generated by the system.
5. The bid of the winning bidder of Mindanao Tourism and Cultural Village Center project was declared as the lowest calculated responsive bid despite the discrepancy between the quantities of eight items in the Bid Form and the Bill of Quantities (BoQ), which is a ground for disqualification under Section 32.2.1.a of the RIRR of RA No. 9184, the Government Procurement Reform Act.

Even granting that the declared winning bid is justified, the contract price in the amount of P88.877 million was not adjusted to current prices despite being overstated by P5.554 million due to erroneous computation of the ABC that was based on Department of Public Works (DPWH) Department Order (DO) No. 072, series of 2012 instead of DO No. 22, series of 2015.

We recommended that Management:

- a. Adhere to Sections 31.1 and 61.2 of the RIRR of RA No. 9184 and the prevailing DPWH DO on the preparation of the ABC or contract price adjustment;
- b. Adhere to Section 32.2.1(a) of the same RIRR on the conformity of Bid Form with the BoQ;
- c. Adhere to Sections 32.2 and 34.3 of the same RIRR and require the TWG to submit a complete and detailed report of Bid Evaluation and Post-qualification on the Mindanao Tourism and Cultural Village Center, Davao City project; and

- d. Explain why the payment for the contract on the said project should not be disallowed in audit, in whole or in part, due to violations of Sections 31.1, 61.2 and 32.2.1(a) of the RIRR of RA No. 9184 and DO No. 22, series of 2015.

SUMMARY OF UNSETTLED AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

The total audit suspensions, disallowances and charges issued in the audit of various transactions of TIEZA amounted to P209,193,729 as of December 31, 2019, details of which are included in Part II of this report.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 85 audit recommendations embodied in the previous years' Annual Audit Reports, 45 were implemented/reconsidered, 26 were partially implemented, and 14 were not implemented. Details are presented in Part III of this Report.

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PART I

AUDITED FINANCIAL STATEMENTS



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Tourism Infrastructure and Enterprise Zone Authority
6th and 7th Floor, Tower 1 Double Dragon Plaza, Meridian Park
Macapagal Avenue corner EDSA Extension Bay Area,
Pasay City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), which comprise the statements of financial position as at December 31, 2019 and 2018, the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2019, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Bases for Qualified Opinion paragraph of our report, the accompanying financial statements present fairly, in all material respects, the financial position of TIEZA as at December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

The accuracy and existence of the recorded Property and Equipment (PE), including Investment Property and Service Concession Assets accounts of TIEZA at a total cost of P9.030 billion could not be ascertained due to the non-inclusion of real properties amounting to P8.835 billion in the physical inventory, and non-reconciliation of the discrepancy amounting to P199.256 million between the results of the partial physical inventory and the accounting records.

As alternative auditing procedure, the Audit Team reviewed the land account with historical cost of P3.241 billion pertaining to the 23.363-hectare lot in Intramuros, Manila where the Club Intramuros Golf Course (CIGC) is situated. However, except for the said CIGC lot, the Audit Team was not able to perform other audit procedures to attest Management's assertions of accuracy and existence of the affected accounts in the absence of a complete Annual Physical Inventory Report that should have been subjected to examination.

Moreover, unreconciled discrepancies aggregating P77.586 million between the confirmed and book balances of Due from Local Government Units (LGUs) and Due from National Government Agencies (NGAs) cast doubt on the fair presentation of these accounts in the TIEZA's financial statements as required under IPSAS 1 - Presentation of Financial Statements.

We were not able to perform alternative audit procedures in the absence of a reconciliation of the said discrepancies. Consequently, we were unable to determine whether any adjustment is necessary.

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of TIEZA in accordance with the Code of Ethics for Government Auditors (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Notes 34 and 32 to the financial statements.

Note 34 describes the subsequent events after the reporting date related to the impact of the global COVID-19 pandemic to TIEZA. Upon instruction of the Secretary of Finance, TIEZA remitted P12 billion to the Bureau of Treasury as support to the National Government for the implementation of emergency measures undertaken to contain the spread of COVID-19 pursuant to Republic Act No. 11469 known as the Bayanihan to Heal as One Act. The Authority had determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted in this regard. Our opinion is not modified in respect of this matter.

Note 32 describes the pending cases/petitions in various courts and administrative bodies involving various claims by and against TIEZA. The ultimate outcome of these cases/petitions could not presently be determined. Accordingly, no provision for liability that may result has been made in the financial statements. Our opinion is also not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing TIEZA's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate TIEZA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing TIEZA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TIEZA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TIEZA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TIEZA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 35 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in our audits of the basic financial statements. In our opinion, except for the effects of the information of the matters described in the Bases for Qualified Opinion paragraph, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT



LOURDES D. BENITEZ
Supervising Auditor

August 25, 2020



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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Tourism Infrastructure and Enterprise Zone Authority (TIEZA) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the TIEZA's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stakeholders and other users.

The Commission on Audit has audited the financial statements of the TIEZA in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Directors, has expressed its opinion on the fairness of the presentation upon completion of such audit.

EDWIN R. ENRILE

Chairman of the Board/Alternate Representative

POCHOLO J.D. PARAGAS

Chief Operating Officer

RODOLFO E. ANCHETA

Manager, Financial Services Department

AUG 25 2020

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
CONDENSED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018
(In Philippine Peso)

	Note	2019	2018 (As Restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	1,149,474,488	2,285,315,095
Investments	5	14,724,240,534	11,608,791,041
Receivables, net	6	558,930,525	393,733,558
Inventories	7	17,739,645	14,227,591
Other Current Assets	8	159,697,626	181,882,055
		16,610,082,818	14,483,949,340
Non-Current Assets			
Investments, net	5	1,237,278,005	762,278,005
Investment in Associate	9	181,126,882	165,689,956
Receivables, net	6	581,244,124	588,606,808
Investment Property, net	10	328,268,035	335,736,047
Property and Equipment, net	11	5,398,745,542	5,364,973,482
Service Concession Assets, net	12	1,916,466,746	2,030,886,609
Other Non-Current Assets	8	148,982,484	149,460,889
		9,792,111,818	9,397,631,796
TOTAL ASSETS		26,402,194,636	23,881,581,136
LIABILITIES			
Current Liabilities			
Financial Liabilities	13	273,442,718	249,091,870
Inter-Agency Payables	14	2,004,406,227	1,061,819,955
Deferred Credits/Unearned Income	15	103,807,018	108,170,802
Provisions	16	88,983,251	78,723,842
Other Payables	17	33,730,200	34,055,567
		2,504,369,414	1,531,862,036
Non-Current Liabilities			
Financial Liabilities	13	153,401,024	189,364,942
Inter-Agency Payables	14	0	856,136,226
Trust Liabilities	18	266,822,484	239,976,360
Deferred Credits/Unearned Income	15	1,470,157,469	1,566,288,801
		1,890,380,977	2,851,766,329
TOTAL LIABILITIES		4,394,750,391	4,383,628,365
Net Assets (Total Assets Less Total Liabilities)		22,007,444,245	19,497,952,771
NET ASSETS/EQUITY			
Share Capital	30	10,850,215	10,850,215
Accumulated Surplus	30	21,996,594,030	19,487,102,556
TOTAL NET ASSETS/EQUITY		22,007,444,245	19,497,952,771

The notes on pages 11 to 77 form part of these financial statements.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
CONDENSED STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2019 and 2018
(In Philippine Peso)

	Note	2019	2018 (As Restated)
Revenue			
Tax Revenue	19	3,565,509,945	3,181,863,530
Service and Business Income	20	996,595,394	590,294,101
		4,562,105,339	3,772,157,631
Current Operating Expenses			
Personnel Services	21	447,676,339	398,928,199
Maintenance and Other Operating Expenses	22	692,629,440	558,101,723
Financial Expenses	23	7,414,052	8,679,677
Direct Costs	24	20,396,614	19,823,201
Non-Cash Expenses	25	218,227,517	209,409,381
		1,386,343,962	1,194,942,181
Surplus from Operations		3,175,761,377	2,577,215,450
Non-Operating Income (Loss)			
Miscellaneous Income	26	2,014,172	4,173,928
Gain on Foreign Exchange		17,965,192	3,364,977
Losses		(16,229,028)	(23,702,496)
Surplus Before Tax		3,179,511,713	2,561,051,859
Income Tax Expense		4,376,803	1,363,133
Surplus After Tax		3,175,134,910	2,559,688,726
Net Assistance/Subsidy/(Financial Assistance/ Subsidy/Contribution)	27	(718,912,400)	(512,791,614)
Net Surplus for the Period		2,456,222,510	2,046,897,112

The notes on pages 11 to 77 form part of these financial statements.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2019 and 2018
(In Philippine Peso)

	Note	Accumulated Surplus	Share Capital	Total
BALANCE AT JANUARY 1, 2018		17,432,776,306	10,850,215	17,443,626,521
CHANGES IN NET ASSETS/EQUITY FOR CY 2018				
Surplus for the Year		2,046,897,112		2,046,897,112
Other Adjustments	30	7,429,138		7,429,138
BALANCE AT DECEMBER 31, 2018, As Restated		19,487,102,556	10,850,215	19,497,952,771
CHANGES IN NET ASSETS/EQUITY FOR CY 2019				
Surplus for the Year		2,456,222,510		2,456,222,510
Other Adjustments	30	53,268,964		53,268,964
BALANCE AT DECEMBER 31, 2019		21,996,594,030	10,850,215	22,007,444,245

The notes on pages 11 to 77 form part of these financial statements.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
CONDENSED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018
(In Philippine Peso)

	2019	2018 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Collection of Income/Revenue	7,247,736,340	6,733,260,913
Collection of Receivables	316,670,138	67,835,822
Receipt of Inter-Agency Fund Transfers	23,627,665	27,386,155
Receipt of Intra-Agency Fund Transfers	243,890,338	213,179,928
Trust Receipts	91,567,710	59,874,589
Other Receipts	19,578,807	65,346,287
Total Cash Inflows	7,943,070,998	7,166,883,694
Cash Outflows		
Payment of Expenses	672,243,555	580,096,707
Purchase of Inventories	48,732,740	54,138,109
Grant of Cash Advances	14,124,038	13,759,614
Prepayments	1,023,866	1,325,868
Refund of Deposits	23,153,476	27,018,273
Payments of Accounts Payable	109,044,870	112,921,609
Remittance of Share on Travel Tax Collections	3,486,658,630	3,083,581,485
Remittance of Personnel Benefit Contributions and Mandatory Deductions	288,852,939	235,765,123
Grant of Financial Assistance/Subsidy/Contribution	41,036,087	41,812,642
Release of Inter-Agency Fund Transfers	103,324,696	179,590,005
Release of Intra-Agency Fund Transfers	247,665,237	217,341,075
Other Disbursements	76,274,806	62,667,700
Total Cash Outflows	5,112,134,940	4,610,018,210
Net Cash Provided by Operating Activities	2,830,936,058	2,556,865,484
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Proceeds from sale of disposed assets	0	12,250
Proceeds from Matured Investments/Redemption of Long-term Investments/Return on Investments	331,329,883	171,705,079
Total Cash Inflows	331,329,883	171,717,329
Cash Outflows		
Purchase/Construction of Property and Equipment	673,296,686	509,100,771
Purchase of Investments	3,590,449,494	3,767,433,538
Total Cash Outflows	4,263,746,180	4,276,534,309
Net Cash Used In Investing Activities	(3,932,416,297)	(4,104,816,980)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Outflows		
Payment of Long-Term Liabilities	34,385,917	38,915,177
Total Cash Outflows	34,385,917	38,915,177
Net Cash Used In Financing Activities	(34,385,917)	(38,915,177)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,135,866,156)	(1,586,866,673)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	25,549	52,235
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,285,315,095	3,872,129,533
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,149,474,488	2,285,315,095

The notes on pages 11 to 77 form part of these financial statements.

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2019
(In Philippine Peso)

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual Amounts
	Original	Final (1)	(2)	(3) = (1) - (2)
RECEIPTS				
Tax Revenue	3,388,995,000	3,388,995,000	3,565,509,945	(176,514,945)
Business Income	245,924,000	245,924,000	249,531,710	(3,607,710)
Service Income	3,321,000	3,321,000	3,799,769	(478,769)
Other Income	204,425,000	183,800,000	507,012,303	(323,212,303)
	3,842,665,000	3,822,040,000	4,325,853,727	(503,813,727)
PAYMENTS				
Personnel Services	534,704,000	445,855,000	447,279,528	(1,424,528)
Maintenance and Other Operating Expenses	870,563,000	748,441,000	523,798,766	224,642,234
Capital Outlay	2,396,812,000	2,398,012,000	2,391,715,278	6,296,722
Debt Payment	32,937,000	32,937,000	32,673,504	263,496
Finance Cost	7,649,000	7,649,000	7,780,373	(131,373)
	3,842,665,000	3,632,894,000	3,403,247,449	229,646,551
NET RECEIPTS/PAYMENTS	0	189,146,000	922,606,278	(733,460,278)

The notes on pages 11 to 77 form part of these financial statements.

**TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

1. GENERAL/CORPORATE INFORMATION

The Tourism Infrastructure and Enterprise Zone Authority (TIEZA), formerly known as Philippine Tourism Authority (PTA), is a corporation attached to the Department of Tourism (DOT) for purposes of program and policy coordination pursuant to Section 63 of Republic Act (RA) No. 9593, otherwise known as "The Tourism Act of 2009", which took effect on August 13, 2009. Its mandates are as follows:

- a. To designate, regulate, and supervise the Tourism Enterprise Zones (TEZs) established under RA No. 9593;
- b. To develop, manage, and supervise tourism infrastructure projects in the country;
- c. To supervise and regulate the cultural, economic, and environmentally sustainable development of TEZs toward the primary objective of encouraging investments therein;
- d. To ensure strict compliance of the TEZ operator with the approved development plan by imposing penalties for failure or refusal of the tourism enterprises to comply with the approved development plan which shall also be considered a violation of the terms of accreditation; and
- e. To continue the previously exercised functions of PTA under Presidential Decree (PD) No. 564 not otherwise inconsistent with the other provisions of RA No. 9593. It shall, however, cease to operate the Duty Free Philippines.

In addition to its mandate to regulate and supervise TEZs, TIEZA shall likewise be deemed a government infrastructure corporation under the provisions of Executive Order No. 292, otherwise known as the Administrative Code of 1987.

The powers and functions of TIEZA are exercised by a Board of Directors composed of the:

- a. DOT Secretary as Chairperson;
- b. TIEZA Chief Operating Officer (COO) as Vice-Chairperson;
- c. Tourism Promotions Board (TPB) COO as Member;
- d. Department of Public Works and Highways (DPWH) Secretary as Member;
- e. Department of Environment and Natural Resources (DENR) Secretary as Member;
- f. Department of the Interior and Local Government Secretary (DILG) as Member;
- g. Mindanao Development Authority (MDA) Chairperson as Member; and

- h. Five representative directors to be appointed by the President upon the recommendation of the Tourism Congress from a list of three nominees coming from its members, from each of the following sectors:

- Tourism estate development and management services;
- Accommodation enterprises;
- Air, land, and sea tourism transport services;
- Travel and tours enterprises; and
- Other accredited tourism enterprises.

The Secretaries of the DPWH, the DENR, and the DILG shall each designate a permanent representative in the Board who must possess relevant experience and whose position must be at least Assistant Secretary or equivalent rank. The permanent representative should be duly authorized in writing to act on behalf of the Secretary in his or her absence.

Sources of Revenue

Funds for operations, investments, and programs of TIEZA come from the following:

- a. 50 per cent of the proceeds from travel tax collections. Five per cent of TIEZA share shall be earmarked for the development of historic, cultural, religious and heritage sites, and prime tourist destinations. Another five per cent shall be earmarked for the development of eco-tourism sites in depressed provinces with strong tourism potentials;
- b. Reasonable share from the collections of the Office of Tourism Resource Generation, as determined by the DOT under Section 16 of RA No. 9593;
- c. Income from projects managed by TIEZA;
- d. One-third (1/3) of the proceeds from back taxes to be paid under Section 39 of RA No. 9593;
- e. Unallocated portion of the Tourism Promotions Fund under Section 55 of RA No. 9593;
- f. One-third (1/3) of the five per cent tax on gross income earned by new tourism enterprises under Section 86 of RA No. 9593;
- g. Subsidies or grants from local and foreign sources; and
- h. Other sources of funds.

Collection and Allocation of Travel Taxes

TIEZA is the principal agency responsible for the timely, effective, and efficient collection of travel taxes. In pursuance thereof, TIEZA stations itself in strategic areas in all international airports, including final check areas, to ensure compliance with travel tax requirements by departing passengers.

The amount of travel taxes collected by TIEZA is distributed as follows:

Agency	Percentage
TIEZA	50
CHED	40
NCCA	10

TIEZA retains its share and remits to the National Treasury, on a quarterly basis, the balance of travel taxes pertaining to the Commission on Higher Education (CHED) and the National Commission for Culture and the Arts (NCCA).

The agency's registered office is 6th and 7th floors, Tower 1, Double Dragon Plaza, Double Dragon Meridian Park, Macapagal Avenue corner EDSA Extension, 1302 Bay Area, Pasay City, Philippines.

The agency's Financial Statements were approved and authorized for issue by the Board of Directors on August 25, 2020.

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

2.1 Statement of Compliance

The financial statements of the Authority were prepared in compliance with the International Public Sector Accounting Standards (IPSAS) prescribed by the Commission on Audit through COA Resolution No. 2020-001 dated January 9, 2020.

2.2 Basis of Preparation of Financial Statements

The financial statements of the Authority were prepared on 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.

2.3 Functional and Presentation Currency

The financial statements are presented in Philippine Peso (P) which is also the Authority's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements are prepared using the accrual basis in accordance with the IPSASs.

3.2 Combination

Combined Entities

The financial statements reflect the assets, liabilities, net assets/equity, revenue, expenses and cash flows of the Authority and all its controlled entities.

Controlled Entities

The controlled entities are those entities (including special purpose entities) over which the controlling entity has the power to govern their financial and operating policies. The controlled entities are fully consolidated from the date on which control is transferred to the controlling entity. They are de-consolidated from the date that control ceases.

Inter-group transactions, balances and unrealized gains and losses on transactions between members of the group are eliminated in full.

The accounting policies of the controlled entities are consistent with the policies adopted by the controlling entity.

The controlled entities are the following:

1. Balicasag Island Dive Resort
2. Banaue Hotel and Youth Hostel
3. Club Intramuros Golf Course
4. Gardens of Malasag Eco-Tourism Village
5. Zamboanga Golf Course and Beach Park

3.3 Financial Instruments

a. Financial Assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. TIEZA determines the classification of its financial assets at initial recognition.

TIEZA's financial assets classified as loans and receivables include cash and cash equivalents and receivables.

Subsequent Measurement

The measurement of financial assets depends on their classification.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognized in surplus or deficit.

Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when TIEZA has the positive intention and ability to hold it to maturity.

The Authority's policy on various investments held which will mature in five to 25 years from the date of acquisition are classified as financial assets that are held to maturity.

Derecognition

TIEZA derecognizes a financial asset or, where applicable, a part of a financial asset or part of TIEZA of similar financial assets when:

- the contractual rights to the cash flows from the financial asset expired or waived; and

- TIEZA has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in IPSAS 29-Financial Instruments: Recognition and Measurement; and either the entity has:
 - transferred substantially all the risks and rewards of ownership of the financial asset; or
 - neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset

Impairment of Financial Assets

TIEZA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- The probability that debtors will enter bankruptcy or other financial reorganization; and
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

b. Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, or loans and borrowings, as appropriate. TIEZA determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

TIEZA's financial liabilities include trade and other payables, and loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

Offsetting of Financial Instruments

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

3.4 Inventories

Inventories are measured at cost upon initial recognition. After initial recognition, inventories are measured at the lower of cost and net realizable value. Cost is determined using the average cost flow method.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

3.5 Prepayments

Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in surplus or deficit when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

3.6 Investment in Associates

An associate is an entity over which the Authority has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. Any excess of the cost of acquisition over the Authority's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investments and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Authority's share of the fair values of the identifiable net assets of the associate at the date of acquisition, i.e. discount on acquisition is immediately recognized in profit or loss in the period of acquisition.

The results of operations and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried

in the statements of financial position at cost and adjusted thereafter to recognize the Authority's share of the profit or loss and other comprehensive income of the associate. When the Authority's share of losses of an associate exceeds the Authority's interest in that associate, the Authority discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Authority has incurred legal or constructive obligations or made payments on behalf of the associate.

The Authority's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Authority's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Authority discontinues using the equity method from the date the investment ceases to be an associate, or when the investment is classified as held for sale. When the Authority retains interest in the former associate and the retained interest is a financial asset, the Authority measured the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IPSAS 29 Financial Instruments: Recognition and Measurement. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of gain or loss on disposal of the associate. In addition, the Authority accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Authority reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued.

The Authority's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Authority's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investment in associate is derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss

arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in associate and is recognized in profit or loss.

3.7 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties, except land, are measured at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

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

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefit from items of investment properties.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sale.

3.8 Property and Equipment

Recognition

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

The characteristics of PE are as follows:

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

An item of PE is recognized as an asset if:

- a. it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- b. the cost or fair value of the item can be measured reliably; and
- c. the cost is at least P15,000.

Measurement at Recognition

An item recognized as PE is measured at cost.

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

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

Cost includes the following:

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

Measurement after Recognition

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

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

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

Depreciation

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

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

Initial recognition of depreciation

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

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

Depreciation method

The straight line method of depreciation is adopted unless another method is more appropriate for TIEZA operation.

Estimated useful life

TIEZA uses the life span of PE prescribed by COA in determining the specific estimated useful life for each asset based on its experience.

Residual value

TIEZA uses a residual value equivalent to 10 per cent of the cost of the PE.

Impairment

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

Derecognition

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

3.9 Leases

TIEZA as a Lessee

Operating Lease

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of the leased item to TIEZA. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

TIEZA as a Lessor

Operating Lease

Leases in which TIEZA does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for PE are applied to similar assets leased by the entity.

3.10 Provisions

Provisions are recognized when TIEZA 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 or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where TIEZA expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

Contingent Liabilities

TIEZA does not recognize a contingent liability but discloses details of any contingencies in the notes to financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent Assets

TIEZA does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of TIEZA in the notes to financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.11 Change in Accounting Policies and Estimates

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

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

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

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

3.12 Foreign Currency Transactions

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

At each reporting date:

- a. Foreign currency monetary items are translated using the closing rate;

- b. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- c. Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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

3.13 Revenue from Non-exchange Transactions

Recognition and measurement of assets from non-exchange transactions

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

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

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

Recognition of revenue from non-exchange transactions

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

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

Measurement of revenue from non-exchange transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

Measurement of liabilities on initial recognition from non-exchange transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

Taxes

Taxes and the related fines and penalties are recognized when collected or when these are measurable and legally collectible. The related refunds, including those that are measurable and legally collectible, are deducted from the recognized tax revenue.

Fees and fines not related to taxes

TIEZA recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenue is recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Gifts and donations

TIEZA recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which are ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values are ascertained by reference to quoted prices in an active and liquid market.

Transfers

TIEZA recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

Services in-kind

Services in-kind are not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

Transfers from other government entities

Revenue from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to TIEZA and can be measured reliably.

3.14 Revenue from Exchange Transactions

Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of Services

TIEZA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Dividends

Dividends or similar distributions are recognized when TIEZA's right to receive payments is established.

Interest Income

Interest income is recognized as it accrues on the time proportionate basis taking into account the principal amount outstanding and the effective interest rate.

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

3.15 Budget Information

The annual budget is prepared on a cash basis and is published in the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the Note 29 of this report.

3.16 Impairment of Non-Financial Assets

Impairment of cash-generating assets

At each reporting date, TIEZA assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, TIEZA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, TIEZA estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

Impairment of non-cash-generating assets

TIEZA assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, TIEZA estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. TIEZA classifies assets as cash-generating assets when those assets are held with the primary objective of generating a commercial return. Therefore, non-cash-generating assets would be those assets from which TIEZA does not intend (as its primary objective) to realize a commercial return.

3.17 Service Concession Arrangements

TIEZA analyzes all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, TIEZA recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, TIEZA also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

3.18 Employee Benefits

TIEZA employees are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

TIEZA recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

3.19 Income Tax

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

Current Tax

The current tax expense is the amount of tax due which is computed based on the taxable 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.

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

3.20 Measurement Uncertainty

The preparation of financial statements in conformity with IPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the period. Items requiring the use of

significant estimates include the useful life of capital assets, estimated employee benefits, and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

4. CASH AND CASH EQUIVALENTS

	2019	2018
Cash on Hand	91,659,496	55,372,987
Cash in Bank – Local Currency	1,057,657,660	2,229,027,536
Cash in Bank – Foreign Currency	157,332	914,572
	1,149,474,488	2,285,315,095

Cash on Hand includes cash with collecting officers and petty cash fund.

Cash in Bank – Foreign Currency includes dollar savings deposit amounting \$3,107 and \$17,394 as at December 31, 2019 and 2018, respectively, which were translated at bank closing rate of P50.635 and P52.580, respectively.

TIEZA main office and entities maintain combo, current, and savings accounts with the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP).

5. INVESTMENTS

5.1 Current Investments

Investments represents placement in Time Deposits with DBP and LBP for a period of 91 days or more of P14.724 billion and P11.609 billion for CY 2019 and 2018, respectively.

Included in the placement are funds for remittance to Tourism Promotions Board (TPB) representing proceeds from the sale of Hilaga Property and the Commission on Higher Education (CHED) and National Commission for Culture and Arts (NCCA) for their share on collections of travel tax, respectively. This also represents placement of funds allocated for infrastructure projects and equipment outlays. Infrastructure projects include the National Tourism Development Initiatives, Asset-Based/TEZ Support Projects, Historical, Cultural, Religious and Heritage Sites and Prime Tourists Destinations, Eco-Tourism Sites in Depressed Provinces with Strong Tourism Potentials and other committed funds that are subject for implementation.

On March 11, 2020, the amount of P877.560 million was remitted to the TPB. This amount represents the net proceeds from the sale of Hilaga Property

and the corresponding share of TPB from the interest income earned therefrom.

5.2 Non-current Investments

	2019	2018
Investment in Bonds	1,227,241,600	752,241,600
Other Investment and Marketable Securities	10,036,405	10,036,405
	1,237,278,005	762,278,005

Investment in Bonds represents placements in bonds with the Bureau of the Treasury (BTr) and the DBP with interest rates ranging from 3.625 per cent to 4.625 per cent per annum that will mature from five to 25 years from the date of acquisition.

Other Investment and Marketable Securities consists of money invested by TIEZA in the following stocks:

	2019	2018
Rafols Hotel Corporation	43,000,000	43,000,000
Balesin Resort Development Corporation	20,000,000	20,000,000
Argao Development Corporation	19,700,000	19,700,000
Gulf Resorts Club, Inc.	11,250,000	11,250,000
Marbella Club, Inc.	10,000,000	10,000,000
Wack-Wack Golf and Country Club	150,000	150,000
Baguio Country Club	752,000	752,000
Leyte Park Hotel	86,989,838	86,989,838
Duty Free Philippines	8,235,065	8,235,065
Manila Electric Company	865,790	865,790
Philippine Long Distance Telephone Company	33,550	33,550
	200,976,243	200,976,243
Allowance for Probable Losses	(190,939,838)	(190,939,838)
	10,036,405	10,036,405

6. RECEIVABLES

6.1 Loans and Receivables

	2019		2018	
	Current	Non-Current	Current	Non-Current
Accounts Receivable	343,468,350	11,091,531	348,231,386	11,478,251
Allowance for Impairment loss	(40,028,317)	(9,889,357)	(38,661,659)	(10,296,935)
Net Value	303,440,033	1,202,174	309,569,727	1,181,316
Inter-Agency Receivables	0	375,881,059	0	376,838,225
Interest Receivable	253,781,553	0	82,026,348	0
Other Receivables	1,708,939	204,160,891	2,137,483	210,587,267
	558,930,525	581,244,124	393,733,558	588,606,808

Accounts Receivable includes the P15.038 million receivables from former TIEZA entities that have been turned over to the Local Government Units (LGUs). These accounts have been requested for write off with the Commission on Audit (COA). However, it was returned due to the issuance of COA Circular No. 2016-015 and COA Resolution No. 2016-022 both dated December 19, 2016.

Interest Receivable pertains to interest earned from short-term investments but not yet credited by the bank.

Other Receivables consists of the following: Disallowances/Charges, Due from Officers and Employees, Due from Non-Government Organizations/Peoples' Organization, and other receivables due from debtors not falling under any of the specific receivables.

6.2 Inter-Agency Receivables

	2019	2018
Due from LGUs	190,043,782	168,161,949
Due from NGAs	26,209,682	50,469,838
Due from GCs	109,272,932	109,315,938
Due from Subsidiaries/Joint Ventures/Associates/Affiliates	50,354,663	48,890,500
	375,881,059	376,838,225

Due from LGUs and Due from NGAs represent funds transferred to LGUs and NGAs for social infrastructure projects. Upon completion of the infrastructure projects and submission of liquidation documents by concerned LGUs and NGAs, the corresponding expense accounts are recorded in the books of TIEZA.

Due from GCs substantially pertains to the amount of P26.410 million set up as receivable from DBP for the case filed by TIEZA against Global-V Builders (CA GR No. 115346). The amount pertains to TIEZA's funds deposited with

DBP which were garnished for the account of Global-V Builders as a result of the judgment rendered by the Construction Industry Arbitrary Commission (CIAC) in favor of Global-V Builders in the collection case filed by the latter against TIEZA. A petition for review of the CIAC decision was filed by TIEZA with the Court of Appeals (CA). Also, this account includes receivable from LBP in the amount of P21.868 million representing the amount paid to Philippine Golf Development and Equipment, Inc. to serve the Notice of Garnishment issued by RTC Muntinlupa City Branch 203. This account also includes the amount of P56.678 million loan balance including interest for the construction of Mactan Cebu International Airport passenger terminal building from 1993 to 2008.

6.3 Other Receivables

	2019		2018	
	Current	Non-Current	Current	Non-Current
Disallowances/Charges	0	181,558,121	0	179,519,510
Due from Officers and Employees	1,708,939	0	2,137,483	0
Due from NGOs/POs	0	21,770,236	0	21,770,236
Other Receivables, net	0	832,534	0	9,297,521
	1,708,939	204,160,891	2,137,483	210,587,267

Disallowances/Charges includes losses amounting to P132 million incurred by TIEZA from placements in Treasury Notes which were the subject of a complaint filed before the Department of Justice against the former General Manager, et al. for violation of the Anti-Graft and Corrupt Practices Act. A case was filed with the Ombudsman, docketed as OMB 90-02018.

Due from NGOs/POs represents financial assistance to Aguman Ding Kapampangan, Inc. and Tubbataha Reefs Natural Park, sponsorship fee payment to Philippine Surfing Federation Inc., and the Authority's garnished account by Philippine National Bank (PNB).

Due from Officers and Employees represents cash advances arising from travel, cashier's shortages, inventory losses/shortages, property accountability, and communication charges.

Other Receivables includes receivables from disbursing officers and employees who are no longer active employees, non-trade receivables from Aklan Electric Cooperative, Cuisine of the Philippines and Gulf Resort, Inc., and other receivables from TIEZA entities, net of impairment loss.

7. INVENTORIES

	2019	2018
Food Supplies Inventory	2,250,348	2,487,667
Other Supplies Inventory	15,489,297	11,739,924
	17,739,645	14,227,591

The *Food Supplies Inventory* account pertains to goods purchased intended for sale at the restaurant operated by the Authority in different entities.

The *Other Supplies Inventory* account represents the total of balances of the Authority's office supplies, accountable forms, drugs and medicines and other supplies inventory.

8. OTHER ASSETS

	2019		2018	
	Current	Non-Current	Current	Non-Current
Prepayments	159,697,626	93,531,640	181,882,055	93,234,238
Deposits	0	53,290,023	0	53,313,995
Other Assets	0	2,160,821	0	2,912,656
	159,697,626	148,982,484	181,882,055	149,460,889

Prepayments include amounts advanced to contractors for infrastructure projects as authorized in RA No. 9184. It also includes rent for a period of 50 years paid to San Isidro-Libertad, San Remigio Comprehensive Reform Beneficiaries Multi-Purpose Cooperative, Inc. (SLS-CARBMCO), a duly registered farmers' cooperative, on a 250-hectare agricultural land located at Samal Island, Davao Del Norte. This land was used for tourism estate development purposes under the Tourism Master Plan as per Administrative Order No. 188. Likewise included in this account is the rent paid to Clark Development Corporation (CDC), a government-owned and controlled corporation, for the lease and development of an area of 20 hectares at Sitio San Martin, Barangay San Vicente, Sacobia, within the Clark Special Economic Zone (CSEZ), for the purpose of constructing and developing a wakeboarding facility and tourism sports complex. Pursuant to the proposal of CDC President and Chief Operating Officer (COO), which was accepted by TIEZA COO, the area was changed/moved to the Sports Training and Recreation Center located in the Clark Freeport Zone near Sacobia River. It also includes Withholding Tax at Source account.

Deposits represents guarantee deposits and advance payments to various lessors and rental deposits made for the use of public utilities. The account includes guarantee deposit collectible from Alpha Insurance & Surety Company, Inc. amounting P10.545 million representing the final award and cost of arbitration (Case of Global Builders Co., Inc. vs. TIEZA-CIAC Case No. 28-0012). However, this was refunded from the Alpha Insurance & Surety Company, Inc. on March 12, 2020 considering that the same amount was garnished by the Court through the Development Bank of the Philippines in view of Decision dated October 3, 2019

rendered by the Supreme Court that affirmed the Amended Decision of the Court of Appeals dated April 6, 2015 and its Resolution dated July 22, 2015 in CA-G.R. SP No. 131024, upholding the Final Award of the Arbitral Tribunal dated July 16, 2013 in CIAC Case 28-2012 in favor of the claimant, Global-V Builder Co. This also includes deposits paid to DD Meridian Park Development Corp., the lessor of the new office of TIEZA amounting to P20.6 million equivalent to the last three months' basic rent for the last year of the lease term. This will answer and stand as security for the proper and due performance of all the Lessee's obligation under the contract and shall be returned without interest, within two months from the date the Lessee has completely and satisfactory vacated and delivered the Leased Premises to the Lessor after the expiration of the Contract.

Other Assets includes unserviceable property, equipment, and inventory for disposal.

9. INVESTMENT IN ASSOCIATE

Investment in Associate represents 20 per cent share of TIEZA's investment in Boracay Island Water Company, Inc. (BIWCI) that are accounted for using the equity method.

	2019	2018
Carrying value, January 1	165,689,956	164,356,901
Share in Net Income	15,436,926	1,333,055
Dividends Received	0	0
	181,126,882	165,689,956

The increase in share in net income for CY 2019 of the Authority was due to the re-opening of the Boracay Island on October 26, 2018.

10. INVESTMENT PROPERTY

This account consists of:

	2019	2018
Investment Property, Land	169,783,545	169,783,545
Investment Property, Building	158,484,490	165,952,502
	328,268,035	335,736,047
<i>Reconciliation of Investment Property</i>		
Beginning balance, at cost	460,206,239	460,206,239
Accumulated Depreciation	(131,938,204)	(124,470,192)
	328,268,035	335,736,047

	2019	2018
Rental Revenue from Investment Property	23,814,830	21,619,625
Direct Operating Expenses arising from Investment Property that generates Rental Revenue	(8,648,047)	(7,010,034)
	15,166,783	14,609,591

This account mainly consists of the cost of TIEZA's real properties that are held for capital appreciation purposes. Also included in this account is the Luneta Boardwalk rented to China Oceanis Pte. Ltd.

11. PROPERTY AND EQUIPMENT

This account consists of:

	Land	Land and Leased Asset Improvements	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Construction in Progress	Total
Carrying Amount, January 1, 2019	3,593,360,109	189,159,293	160,166,427	346,071,561	166,526,882	909,689,210	5,364,973,482
Additions/Acquisitions	0	72,247,777	398,034,203	20,090,658	32,994,581	859,847,756	1,383,214,975
Total	3,593,360,109	261,407,070	558,200,630	366,162,219	199,521,463	1,769,536,966	6,748,188,457
Disposals/Turned-Over to LGUs and NGAs	0	(160,703)	(286,196,224)	(967,204)	(1,371,720)	(634,605,566)	(923,301,417)
Depreciation	0	(31,081,753)	0	(18,286,940)	(35,311,826)	0	(84,680,519)
Impairment Loss	0	0	0	(270,580)	0	0	(270,580)
Reclassifications/ Adjustments	0	224,181	(31,381,335)	(234,995)	393,167	(310,191,417)	(341,190,399)
Carrying Amount, December 31, 2019	3,593,360,109	230,388,795	240,623,071	346,402,500	163,231,084	824,739,983	5,398,745,542
Gross Cost	3,593,360,109	699,742,324	160,166,427	962,544,464	383,338,606	909,689,210	6,708,841,140
Additions	0	72,247,777	398,034,203	20,090,658	32,994,581	859,847,756	1,383,214,975
Disposals – Cost	0	(278,997)	(286,196,224)	(1,939,906)	(4,685,292)	(634,605,566)	(927,705,985)
Reclassifications – Cost	0	0	(31,381,335)	(110,837)	134,796	(310,191,417)	(341,548,793)
Accumulated Depreciation	0	(526,401,050)	0	(633,355,878)	(248,450,771)	0	(1,408,207,699)
Accumulated Impairment	0	(14,921,259)	0	(826,001)	(100,836)	0	(15,848,096)
Loss	0	(14,921,259)	0	(826,001)	(100,836)	0	(15,848,096)
Carrying Amount, December 31, 2019	3,593,360,109	230,388,795	240,623,071	346,402,500	163,231,084	824,739,983	5,398,745,542

	Land	Land and Leased Asset Improvements	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Construction in Progress	Total
Carrying Amount, January 1, 2018	3,593,360,109	206,330,413	13,407,657	341,205,673	133,100,713	966,972,377	5,254,376,942
Additions/Acquisitions	0	1,675,842	0	0	62,912,366	441,529,248	506,117,456
Total	3,593,360,109	208,006,255	13,407,657	341,205,673	196,013,079	1,408,501,625	5,760,494,398
Disposals/Turned-Over to LGUs and NGAs	0	0	0	0	(1,025,394)	(313,907,735)	(314,933,129)
Depreciation	0	(13,649,632)	0	(18,551,541)	(27,494,764)	0	(59,695,937)
Impairment Loss	0	(14,921,259)	0	(555,422)	(100,836)	0	(15,577,517)
Reclassifications/ Adjustments	0	9,723,929	146,758,770	23,972,851	(865,203)	(184,904,680)	(5,314,333)
Carrying Amount, December 31, 2018	3,593,360,109	189,159,293	160,166,427	346,071,561	166,526,882	909,689,210	5,364,973,482
Gross Cost	3,593,360,109	693,286,334	13,407,657	936,428,496	343,051,821	966,972,377	6,546,506,794
Additions	0	1,675,842	0	0	62,912,366	441,529,248	506,117,456
Disposals – Cost	0	0	0	0	(8,485,759)	(313,907,735)	(322,393,494)
Reclassifications – Cost	0	4,780,149	146,758,770	26,115,968	(14,139,823)	(184,904,680)	(21,389,616)
Accumulated Depreciation	0	(495,661,773)	0	(615,917,481)	(216,710,887)	0	(1,328,290,141)
Accumulated Impairment Loss	0	(14,921,259)	0	(555,422)	(100,836)	0	(15,577,517)
Carrying Amount, December 31, 2018	3,593,360,109	189,159,293	160,166,427	346,071,561	166,526,882	909,689,210	5,364,973,482

This account includes cost of property and equipment of the Authority, including the branch offices, for use in current operation as well as properties considered as non-operational. It also represents structures constructed to promote, develop and improve tourism in various regions as part of the mandate of the Authority. Included also are the costs of the completed projects for turn-over, awaiting for the acceptance of the different NGAs or LGUs.

Machinery and Equipment includes Information Technology (IT) Equipment comprising the Authority's Online and On-site Travel Tax Privilege Application and Payment Systems (OOTPAPS) amounting to P38.864 million covering System Design, IT Infrastructure Design, Programming/Development Stage, Integration of Hardware and Software, System Migration, User Acceptance Testing (UAT), Training, System Installation, commissioning and turn-over and Hosting/Co-location.

Construction-in-Progress consists of infrastructure projects implemented by the Authority for various proponents pertaining to land improvement, infrastructure assets and building and other structures. These projects are to be turned over to concerned LGU after completion.

12. SERVICE CONCESSION ASSETS

TIEZA entered into a Joint Venture Agreement (JVA) with the Manila Water Company, Inc. (MWCI) on April 21, 2009. As a result of the agreement, Boracay Island Water Company, Inc. (BIWCI), the Joint Venture Company, was created for the development, financing, design, engineering, construction, upgrade, testing, commissioning, operation, management, and maintenance of the Boracay Waterworks and Sewerage System (BWSS) facilities and drainage facilities. It has an authorized capital stock of P300 million divided into three million shares with a par value of P100.00 each of which TIEZA owns 20 per cent (See Note 9). On December 17, 2009, a Concession Agreement was entered into between TIEZA and BIWCI for a period of 25 years.

The following are the salient features of the Concession Agreement of which BIWCI, as concessionaire, shall:

- a. Assume all liabilities of the BWSS as of commencement date and service such liabilities as they fall due. Such liabilities are: principal amount, interest expenses, and guarantee fee of the Japan International Cooperation Agency (JICA) loan. The parties acknowledged that the servicing of such liabilities shall be applied to the Concession Fee.
- b. Pay TIEZA an amount equivalent to five per cent of the monthly gross revenue of the Concessionaire, inclusive of all applicable taxes which are for the account of the Concessionaire. Such payments shall be subject to adjustments based on the gross revenue of the Concessionaire as reflected in the annual audited financial statements.

- c. On each year thereafter, pay to TIEZA an amount equal to the annual operating budget of TIEZA Regulatory Office provided such amount shall not exceed the figures stated in the following schedule:

Year	Maximum Amount
2010	15,000,000
2011	15,000,000
2012	20,000,000

For the year 2013 and beyond, the Concessionaire shall pay TIEZA no more than P20 million, subject to annual Consumer Price Index (CPI) adjustments.

In the event the Concessionaire does not make timely payment of the concession fee, the equivalent of such unpaid amount may be drawable from the performance security posted by MWCI amounting to US \$2.5 million to secure MWCI's and the Concessionaire's performance of their respective obligations under the JVA.

- d. The Concessionaire shall pay TIEZA an incentive fee pegged at P1.00 per tourist, local and foreign, entering the Service Area as validated by the Malay Municipal Tourism Office on the 15th day of the following year.

The following are the details of Service Concession Assets:

	Sewer and Water Supply System - TIEZA	Other Service Concession Assets – BIWCI	Total
Carrying Amount, Beginning	386,671,818	1,644,214,791	2,030,886,609
Depreciation	(17,701,346)	(96,718,517)	(114,419,863)
Reclassifications/Adjustments	0	0	0
Carrying Amount, December 31, 2019	368,970,472	1,547,496,274	1,916,466,746
Gross Cost	877,814,505	1,934,370,342	2,812,184,847
Accumulated Depreciation	(508,844,033)	(386,874,068)	(895,718,101)
Carrying Amount, December 31, 2019	368,970,472	1,547,496,274	1,916,466,746

	Sewer and Water Supply System - TIEZA	Other Service Concession Assets – BIWCI	Total
Carrying Amount, January 1, 2018	406,556,837	1,740,933,308	2,147,490,145
Depreciation	(19,761,184)	(96,718,517)	(116,479,701)
Reclassifications/Adjustments	(123,835)	0	(123,835)
Carrying Amount, December 31, 2018	386,671,818	1,644,214,791	2,030,886,609
Gross Cost	877,814,505	1,934,370,342	2,812,184,847
Accumulated Depreciation	(491,142,687)	(290,155,551)	(781,298,238)
Carrying Amount, December 31, 2018	386,671,818	1,644,214,791	2,030,886,609

The following are the details of Concession Revenue (see Note 15):

	2019	2018
Unearned Service Concession, Beg	1,644,214,791	1,740,933,308
Earned Concession Revenue	(96,718,517)	(96,718,517)
Unearned Service Concession, End	1,547,496,274	1,644,214,791

13. FINANCIAL LIABILITIES

	2019		2018	
	Current	Non-Current	Current	Non-Current
Accounts Payable	211,077,776	0	186,425,840	0
Due to Officers and Employees	30,073,148	0	29,171,052	0
Interest Payable	1,611,589	0	1,934,155	0
	242,762,513	0	217,531,047	0
Loans Payable – Foreign	30,680,205	153,401,024	31,560,823	189,364,942
	273,442,718	153,401,024	249,091,870	189,364,942

Loans Payable – Foreign represents the balance of loan from JICA under Loan Agreement No. PH-P156 dated August 30, 1995. This loan was used to finance the Boracay Environmental Infrastructure Project under the Philippine Tourism Master Plan. It bears interest at a rate of 2.5 per cent per annum on principal allocated for construction and contingencies and 2.1 per cent per annum on principal allocated for consulting services. Repayment of loan is for a period of 20 years starting 2005. It is reported at fair value based on the foreign exchange rate at year-end.

14. INTER-AGENCY PAYABLES

	2019		2018	
	Current	Non-Current	Current	Non-Current
Due to NGAs	1,107,187,971	0	1,040,311,517	0
Due to GCs	877,695,660	0	490,038	856,136,226
Due to LGUs	0	0	2,628,701	0
Due to BIR	13,003,407	0	12,484,587	0
Due to GSIS	5,542,802	0	4,975,062	0
Due to Pag-IBIG	510,728	0	513,284	0
Due to PhilHealth	465,659	0	416,766	0
	2,004,406,227	0	1,061,819,955	856,136,226

Due to National Government Agencies (NGAs) includes the fourth quarter shares on travel tax collections of Commission on Higher Education of 40 per cent and the National Commission for Culture and the Arts of 10 per cent for remittance to the Bureau of the Treasury for the account of these agencies (Note 1). It also includes the amount due for remittance to other NGAs e.g., National Centennial Commission,

National Parks Development Committee, Presidential Management Staff, and Department of Tourism.

Due to Government Corporations (GCs) non-current portion pertains to the net proceeds from sale of Hilaga properties for remittance to the Tourism Promotions Board in compliance with Section 50 of the RA No. 9593, otherwise known as Tourism Act of 2009 (see Note 5).

Due to Bureau of Internal Revenue (BIR) represents the amounts withheld from claims of officers and employees, contractors, and suppliers for remittance to the BIR.

Due to GSIS/Pag-IBIG/PhilHealth represent amounts withheld from the salaries of officers and employees for remittance to the Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF) and Philippine Health Insurance Corporation (PHIC), respectively.

15. DEFERRED CREDITS/UNEARNED INCOME

	2019		2018	
	Current	Non-Current	Current	Non-Current
Deferred Credits	96,718,517	1,450,777,756	96,718,517	1,547,496,273
Unearned Income	7,088,501	19,379,713	11,452,285	18,792,528
	103,807,018	1,470,157,469	108,170,802	1,566,288,801

Deferred Credits are revenues recognized by the Authority, covered by Concession Agreement with Boracay Island Water Company, Inc. (BIWCI) which are amortized for 25 years (see Note 12).

Unearned Income are payments already received from various lessees, as follows:

	2019	2018
China Oceanis PTE, Ltd.	10,537,500	10,537,500
Ekran Berhad	5,202,000	5,418,000
Petron Corporation	2,050,670	2,050,147
Marcosa S. Herzenstiel	853,185	0
Rosalina Luz Labota-Clubhouse	250,000	250,000
Iloilo Convention Center	666,147	666,147
Baguio-Benguet Chamber of Commerce	0	50,000
Boracay Waterworks and Sewerage System	36,211	36,211
TIEZA Entities	6,872,501	11,236,808
	26,468,214	30,244,813

16. PROVISIONS

This account consists of Leave Benefits Payable that represents accrual of money value of earned leave credits of TIEZA Regular Employees amounting to P88,983,251 and P78,723,842 as of December 31, 2019 and 2018, respectively.

17. OTHER PAYABLES

TIEZA has payables not classified as financial liabilities to entities pertaining to employees' contributions to TIEZA Employees Association (TEA), Employees Cooperative of the Philippine Tourism Authority (ECOPT) and TIEZA Employees Welfare Fund (TEWF). This also includes Collective Negotiation Agreement (CNA) incentives and other compensation due to TIEZA employees amounting to P33,730,200 and P34,055,567 for CYs 2019 and 2018, respectively.

18. TRUST LIABILITIES

	2019	2018
Guaranty/Security Deposits Payable	101,756,728	85,637,533
Trust Liabilities	165,065,756	154,338,827
	266,822,484	239,976,360

Guaranty/Security Deposits Payable represents retention fees withheld from various contractors to guarantee performance of the project which are subject to refund upon the completion of the project.

Trust Liabilities represents amounts paid by the BIWCI for the annual operating budget of Boracay Regulatory Office from 2010 to 2019.

19. TAX REVENUE

	2019	2018
Total Travel Tax Collection	7,131,019,890	6,363,727,060
CHED	(2,852,407,956)	(2,545,490,824)
NCCA	(713,101,989)	(636,372,706)
TIEZA	3,565,509,945	3,181,863,530

This account represents travel taxes collected, net of the shares of other government agencies pursuant to Section 72 of RA No. 9593.

20. SERVICE AND BUSINESS INCOME

	2019	2018
<i>Service Income</i>		
Registration Fees	3,799,769	1,528,734
<i>Business Income</i>		
Interest Income	625,609,153	259,844,249
Service Concession Revenue	170,448,815	161,481,019
Rent Income	56,291,991	49,652,989
Sales Revenue	49,263,018	47,806,180
Other Business Income	45,374,820	40,023,995
Income from Hostels	25,767,198	26,448,514
Share in Profit of Associates	15,436,926	1,333,055
Fines and Penalties	4,603,704	2,175,366
	992,795,625	588,765,367
	996,595,394	590,294,101

TIEZA is the lessor under non-cancellable operating lease agreement with China Oceanis Pte. Ltd. and Premier Islands Management Corporation. These leases have terms of 25 years, with renewal options, and include annual escalation rate of 10 per cent and five per cent, respectively.

The future minimum lease receivable under these non-cancellable operating leases are as follows as of December 31:

	2019	2018
Within one year	31,858,705	31,813,290
After one year but not more than five years	130,945,697	141,896,806
More than five years	51,811,018	72,718,614

The total rental from these operating leases amounted to P32.471 million and P27.723 million in 2019 and 2018, respectively.

Share in Profit of Associates represents 20 per cent share of TIEZA's investment in Boracay Island Water Company, Inc. (BIWCI) that are accounted for using the equity method (see Note 9).

21. PERSONNEL SERVICES**21.1 Personnel Services**

	2019	2018
Salaries and Wages	225,727,818	203,049,600
Other Compensation	129,907,010	115,926,273
Personnel Benefits Contributions	64,356,385	58,336,674
Other Personnel Benefits	27,685,126	21,615,652
	447,676,339	398,928,199

21.2 Other Compensation

	2019	2018
Other Bonuses and Allowances	77,141,178	68,502,756
Year End Bonus	19,066,309	16,986,046
Personnel Economic Relief Allowance (PERA)	11,632,572	11,375,511
Overtime and Night Pay	7,841,450	6,288,133
Productivity Incentive Allowance	3,280,820	2,361,845
Representation Allowance	3,259,625	3,123,253
Clothing/Uniform Allowance	2,932,794	2,799,000
Cash Gift	2,459,500	2,371,000
Transportation Allowance	1,434,762	1,411,729
Honoraria	534,000	387,000
Longevity Pay	324,000	320,000
	129,907,010	115,926,273

21.3 Personnel Benefits Contributions

	2019	2018
Provident/Welfare Fund	33,710,185	30,481,928
Retirement and Life Insurance Premiums	27,016,457	24,385,232
PhilHealth Contributions	2,466,543	2,332,714
Employees Compensation Insurance Premiums	582,900	569,200
Pag-IBIG Contributions	580,300	567,600
	64,356,385	58,336,674

21.4 Other Personnel Benefits

	2019	2018
Terminal Leave Benefits	27,267,607	21,252,186
Other Personnel Benefits	417,519	363,466
	27,685,126	21,615,652

22. MAINTENANCE AND OTHER OPERATING EXPENSES

22.1 This account consists of:

	2019	2018
Professional Services	191,533,746	154,614,178
Taxes, Insurance Premiums and Other Fees	134,255,735	60,114,378
Training Expenses	57,159,158	55,334,434
Supplies and Materials Expenses	46,504,022	46,370,744
Travelling Expenses	35,309,601	25,497,754
General Services	32,650,526	30,714,061
Utility Expenses	20,708,337	24,549,761
Repairs and Maintenance	8,643,388	6,887,729
Communication Expenses	8,136,847	6,836,380
Confidential, Intelligence and Extraordinary Expenses	212,932	321,480
Demolition Expense	60,879	0
Other Maintenance and Operating Expenses	157,454,269	146,860,824
	692,629,440	558,101,723

22.2 Professional Services

	2019	2018
Other Professional Services	112,478,545	82,158,254
Consultancy Services	51,730,555	47,509,181
Auditing Services	26,213,646	23,870,243
Legal Services	1,111,000	1,076,500
	191,533,746	154,614,178

22.3 Taxes, Insurance Premiums and Other Fees

	2019	2018
Taxes, Duties and Licenses	130,978,364	56,623,199
Insurance Expenses	2,078,296	2,185,144
Fidelity Bond Premiums	1,199,075	1,306,035
	134,255,735	60,114,378

22.4 Training Expenses

Training Expenses comprises mainly of the cost of in-house trainings. This includes the continuous implementation of training programs for the conduct of leadership and management essential programs, personal leadership, customer service excellence workshop, strategic planning and business development, and gender and development (GAD) analysis to enhance technical competencies and continuous professional education of employees.

This account also includes expenses for Staff Development Program that were incurred for various activities e.g., sports fest, National Women's Month celebration, TIEZA anniversary (mid-year employees' assembly), National Nutrition Month and the like.

22.5 Supplies and Materials Expenses

	2019	2018
Accountable Forms Expenses	20,996,094	21,208,596
Office Supplies Expenses	12,260,593	12,179,222
Other Supplies and Materials	6,984,712	6,134,732
Fuel, Oil and Lubricants Expenses	6,122,168	6,477,666
Drugs and Medicines Expenses	140,455	351,093
Non-Accountable Forms Expenses	0	19,435
	46,504,022	46,370,744

22.6 Travelling Expenses

	2019	2018
Traveling Expenses-Local	33,141,886	25,020,521
Traveling Expenses-Foreign	2,167,715	477,233
	35,309,601	25,497,754

22.7 General Services

	2019	2018
Security Services	29,835,673	28,342,135
Janitorial Services	2,814,853	2,371,926
	32,650,526	30,714,061

22.8 Utility Expenses

	2019	2018
Electricity Expenses	16,019,450	20,695,557
Water Expenses	3,344,228	2,650,813
Gas/Heating Expenses	1,344,659	1,203,391
	20,708,337	24,549,761

22.9 Repairs and Maintenance

	2019	2018
Transportation Equipment	2,909,479	2,655,409
Machinery and Equipment	2,351,588	1,909,464
Buildings and Other Structures	1,745,839	2,052,071
Land Improvements	1,559,110	227,733
Furniture and Fixtures	77,372	43,052
	8,643,388	6,887,729

22.10 Communication Expenses

	2019	2018
Telephone Expenses	4,358,963	3,228,924
Internet Subscription Expenses	2,840,362	2,817,110
Postage and Courier Services	912,882	770,006
Cable, Satellite, Telegraph and Radio Expenses	24,640	20,340
	8,136,847	6,836,380

22.11 Other Maintenance and Operating Expenses

	2019	2018
Rent/Lease Expenses	97,390,131	96,841,556
Other Maintenance and Operating Expenses	27,006,799	21,582,625
Advertising Expenses	20,920,617	18,042,753
Representation Expenses	6,929,982	5,332,596
Printing and Publication Expenses	3,587,000	1,500,000
Transportation and Delivery	541,907	2,160,924
Membership Dues and Contributions to Organizations	442,355	417,454
Directors and Committee Members'	384,000	453,000
Subscription Expenses	251,478	328,812
Donations	0	201,104
	157,454,269	146,860,824

Rent/Lease Expenses includes expenses for the lease of a privately-owned building to house the new office of TIEZA. TIEZA Board, per Resolution No. IV-C-1-31-01-13, authorized TIEZA Chief Operating Officer to undertake the necessary procedures for the lease of a privately-owned real estate to meet the requirements of the Authority for a new office space. A Contract of Lease was then entered into by TIEZA and DD – Meridian Park Development Corp., for the lease of 6th and 7th Floors of Tower 1, Double Dragon Plaza located at EDSA corner Macapagal Avenue, Pasay City for a period of five years from March 1, 2018 to February 28, 2023.

TIEZA is the lessee under non-cancellable operating lease agreement with DD – Meridian Park Development Corp. The lease has a term of five years, with renewal options, and include annual escalation rate of five per cent starting on the third year of the lease term.

The future minimum lease payments under this non-cancellable operating lease as of December 31 are as follows:

	2019	2018
Within one year	77,107,923	74,023,146
After one year but not more than five years	180,255,772	257,363,694
	257,363,695	331,386,840

Advertising Expenses includes promotional and marketing expenses paid for the promotion of various entities and projects of TIEZA as well as sponsorships to tourism-related activities.

Other Maintenance and Operating Expenses pertains to other miscellaneous operating expenses. This also includes payments made to DD Meridian Park Development Corp. for the Common Usage Service Area (CUSA) as indicated in the Lease Agreement dated October 24, 2017.

23. FINANCIAL EXPENSES

This account consists of:

	2019	2018
Interest Expenses	4,956,308	5,716,355
Guarantee Fees	1,922,134	2,214,397
Bank Charges	215,949	249,982
Other Financial Charges	319,661	498,943
	7,414,052	8,679,677

24. DIRECT COSTS

This pertains to the amount of inventory used by all TIEZA Entities for their operations as follows:

	2019	2018
Beginning Inventory	2,487,667	1,807,303
Add: Purchases	20,159,295	20,503,565
Goods Available for Sale	22,646,962	22,310,868
Less: Ending Inventory	2,250,348	2,487,667
	20,396,614	19,823,201

25. NON-CASH EXPENSES

	2019	2018
Depreciation:		
Service Concession Assets	114,419,863	116,479,702
Machinery and Equipment	35,311,827	27,494,764
Land and Leased Assets Improvements	31,081,753	13,649,632
Buildings and Other Structures	18,286,940	18,551,540
Investment Property	7,468,012	7,468,012
	206,568,395	183,643,650
Impairment Loss:		
Loans and Receivables	11,388,543	10,188,213
Building and Other Structures	270,579	555,422
Land and Leased Assets Improvements	0	14,921,260
Machinery and Equipment	0	100,836
	11,659,122	25,765,731
	218,227,517	209,409,381

26. NON-OPERATING INCOME, GAINS OR LOSSES**26.1 Non-Operating Income/Gains**

	2019	2018
Gain on Foreign Exchange	17,965,192	3,364,977
Miscellaneous Income	2,014,172	4,173,928
	19,979,364	7,538,905

26.2 Non-Operating Losses

	2019	2018
Loss on Foreign Exchange	13,819,123	22,578,861
Loss on Sale of Assets	1,281,998	750,810
Loss of Assets	1,127,907	372,825
	16,229,028	23,702,496

27. FINANCIAL ASSISTANCE

Financial Assistance represents completed and turned over social infrastructure projects as well as aids/donations to various proponents in the pursuit of TIEZA's objective to develop, manage and supervise tourism infrastructure projects in the country accounted as follows:

	2019	2018
Financial Assistance to LGUs	676,018,390	310,067,840
Financial Assistance to NGAs	42,853,010	202,723,774
Financial Assistance to GCs	41,000	0
	718,912,400	512,791,614

28. RECONCILIATION FROM NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2019	2018
Net Surplus	2,456,222,510	2,046,897,112
Adjustments to reconcile Net Surplus to Net Cash from Operating Activities:		
Losses	9,903,705	23,702,496
Gains	(11,639,869)	(3,364,977)
Non-Cash Expenses	218,227,517	209,409,381
Share in Profit of Associate	(15,436,926)	(1,333,055)
Donations	0	201,104
Prior years expenses disbursed this year	(213,214)	(576,500)
Prior years income received this year	4,614,469	5,482,469
Turned over projects by contracts	299,865,842	283,002,476
Decrease/(Increase) in Current Assets:		
Receivables	(165,196,967)	(119,204,998)
Inventories	(3,512,054)	(1,441,895)
Other Current Assets	(1,686,838)	2,968,596
Decrease/(Increase) in Non-Current Assets:		
Receivables	7,362,683	20,272,269
Other Non-Current Assets	478,405	21,328,573
Increase/(Decrease) in Current Liabilities:		
Financial Liabilities	9,211,698	27,889,256
Inter-Agency Payables	942,586,273	69,535,073
Deferred Credits	(4,363,784)	5,018,378
Provisions	10,259,409	10,454,929
Other Payables	(325,367)	12,964,407
Increase/(Decrease) in Non-Current Liabilities:		
Inter-Agency Payables	(856,136,226)	14,735,666
(Forward)		

	2019	2018
Trust Liabilities	26,846,124	25,859,241
Deferred Credits	(96,131,332)	(96,934,517)
Net Cash Provided by Operating Activities	2,830,936,058	2,556,865,484

29. RECONCILIATION OF STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS WITH THE STATEMENT OF FINANCIAL PERFORMANCE

	Income	Personnel Services	MOOE	Financial Expenses	Capital Outlay
Per Statement of Comparison of Budget and Actual Amounts	4,325,853,727	447,279,528	523,798,766	7,780,373	2,391,715,278
Entity Differences:					
Balicasag Island Dive Resort (BIDR)			(10,081)		
Banaue Hotel & Youth Hostel (BHYH)			(8,127)	(28,452)	
Gardens of Malasag (GMETV)			18,146		
Zamboanga Golf Course & Beach Park (ZGCBP)			(3,024)		
Cebu Field Office (CFO) – should be Main (TTU-Cebu)			(3,224)		
Cebu Field Office (CFO), Argao, Kang-Irag, Maomawan, Moaliboal)			5,580,896		
TIEZA Regulatory Office		(10,021,446)	(5,401,279)		
Taxes withheld on interest income of Operating Entities	3,840				
Prepaid Input Tax	1,712,548		(3,178,181)		
Direct Cost	20,396,614				
Basis Differences:					
Income not considered budgetary items:					
Non-cash income	112,155,443				
Adjustment for interest due to JICA Loan	(1,934,155)				
TIEZA Regulatory Office' expense offset to Due to Other Funds	(19,459,240)				
Franchise fee adjustment for CY 2017	20,028				
Taxes withheld on interest income	125,117,542		125,117,542		
Gain on FOREX Adjustment	17,975,499				
MOOE charged to Capital Outlay			51,060,061		
Other Accounting Adjustments:					
Different charging of account within MOOE			(1,591,208)		
2019 semi-expendable adjusted; budget from Infra - 2011			(1,634,942)		
Other Machineries and Equipment charged to Office Supplies (Forward)			(275,000)		

	Income	Personnel Services	MOOE	Financial Expenses	Capital Outlay
Income Tax Expense (1st- 3rd Quarter CY 2019)			(1,305,204)		
Timing Differences:					
Prior year's budget		572	12,758,744		
Terminal Leave Benefits obligated in the previous years, paid this year		(10,089,964)			
Employees leave credits earned obligated in the accounting book		21,142,649			
Loyalty Incentive to employee's fund committed but not obligated in the accounting book		(635,000)			
Collection of income from previous year (Ekran Berhad)	192,857				
Forfeiture of Collection of 2 months advance rent income from previous year (Baguio Benguet)	50,000				
Prior year's (Oct.-Dec. 2018) guarantee fee, remitted to the Bureau of the Treasury only this year				(1,949,459)	
Accrued (Aug. 21 – Dec. 31 2019) interest expense on JICA Loan				1,611,590	
Prior year's adjustment in accounting record			157,383		
Prior year's budget recorded in accounting this year only			(892,125)		
Prepayments charged to current appropriations			(806,545)		
Consumed expense and deferred charges charged to prior period			5,358,126		
Unconsumed expenses charged to current appropriations			(1,031,265)		
Undelivered common-used supplies from DBM charged on current appropriations			(385,299)		
Unobligated expenses charged to current year's appropriations			(14,694,720)		
Expenses not considered as budgetary items:					
Capital Expenditures					(2,391,715,278)
Per Statement of Financial Performance	4,582,084,703	447,676,339	692,629,440	7,414,052	0

30. EQUITY

Share Capital

TIEZA has an authorized capital of P250 million fully subscribed by the National Government pursuant to RA No. 9593. Only P10.850 million of the subscribed shares have been paid as of year-end.

Accumulated Surplus Adjustments

Adjustments in Accumulated Surplus in 2019 are as follows:

Previous years recording of expense	325,504
Reversal of more than two (2) years payable	9,257,150
Adjustment on PhilHealth Remittance	7,195
Previous years recording of income	4,655,182
Adjustment on recording of Property & Equipment	(190,451)
COA Notice of Finality of Decision No. 2019-245 dated July 2, 2019	2,339,958
COA Notice of Finality of Decision No. 2019-237 dated June 11, 2019	(3,691,577)
Previous years Interest Income from the placement of time deposit from the sale of HILAGA Properties	8,406,613
Decrease in Allowance for Impairment Loss – Accounts Receivable	669,390
Dormant Payable for two (2) years or more	31,490,000
	<hr/> 53,268,964 <hr/>

Adjustments in Accumulated Surplus in 2018 are as follows:

Previous years recording of depreciation	4,810,874
Turned – over inventories of BIWCI	(3,477,311)
Guaranty deposit to Vega Manila per JEV#2018-04-4425	35,367
Reversal of more than two (2) years payable	489,335
Refund of Coreloss charge of BWSS	338,738
Recording of Accountable Forms	(46,325)
Entities previous years expense and Allowance for Impairment Loss – Accounts Receivable	(1,823,450)
Previous years recording of Income	5,482,198
Drop from the unserviceable equipment on Boracay previous year 2015	(272,663)
Closing of previous years obligation to National Treasury for the Candijay Mangrove Rehabilitation Project	2,000,000
Previous years recording of Expenses	(107,625)
	<hr/> 7,429,138 <hr/>

31. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Authority has transactions with its controlled entities and with certain directors, officers, and related interests (DOSRI).

Name of Controlled Entity	Equity Interest	
	2019	2018
1. Balicasag Island Dive Resort	100%	100%
2. Banaue Hotel & Youth Hostel	100%	100%
3. Club Intramuros Golf Course	100%	100%
4. Garden of Malasag Eco-Tourism Village	100%	100%
5. Zamboanga Complex	100%	100%

31.1 Key Management Personnel

The key management personnel of TIEZA are the Chief Operating Officer, the members of the governing body, and the members of the senior management group. The governing body is composed of eleven members as provided under Section 55 of RA No. 9593 (Note 1). The senior management group consists of the Assistant Chief Operating Officers of the following sectors: Administrative and Finance, Architectural and Engineering Services, Asset Management, and Tourism Enterprise Zone.

31.2 Key Management Personnel Compensation

The aggregate remuneration of members of the governing body and the number of members determined on a fulltime equivalent basis receiving remuneration within this category are:

	2019
Salaries and Wages	26,084,549
Other Compensation	10,043,816
Personnel Benefit Contributions	7,213,812
Other Personnel Benefits	35,000
	43,377,177

32. CIVIL CASES

32.1 Republic of the Philippines vs. Estate of Ferdinand E. Marcos and Philippine Tourism Authority (PTA) (Civil Case No. SB-10-CVL-0001)

On December 20, 1978, a Contract of Lease was entered into by and between former President Ferdinand E. Marcos (as lessor) and then PTA (as lessee) covering several parcels of land located in Paoay, Ilocos Norte. The lease was for P1.00 a year for 25 years with a stipulation that *all the improvements thereon shall accrue to the lessor upon the expiration of the lease*. The improvements standing on the lots consist of the Maharlika

building, the old motor pool, swimming pool and guest house, the Malacañang Ti Amianan, a tennis court, and a golf course.

On March 3, 2010, the Republic of the Philippines, represented by the Presidential Commission on Good Government (PCGG), filed a Petition for Declaration of Nullity of the Lease Agreement for being violative of Sections 8(2) and 13, Article VII of the 1973 Constitution, RA 3019, and the PTA Charter.

On April 21, 2014, the Sandiganbayan declared the subject lease contract as "void ab initio," but held that the ownership and possession of the improvements introduced by PTA on the lots covered by said lease agreement belong to the State, represented by PTA (now TIEZA). Estate of Marcos appealed the Decision to the Supreme Court.

32.2 Estate of Ferdinand Marcos vs. PTA, et al. PTA/PCGG vs. Estate

A complaint for unlawful detainer was filed by the plaintiff against the defendants for their ejectment from several parcels of land situated in Suba, Paoay, Ilocos Norte which are being managed by PTA as leased to it by the late President Ferdinand Marcos who claimed ownership over these parcels of land. PTA filed its comment/opposition to respondent's motion for reconsideration and is still pending with the Court of Appeals (CA).

On September 26, 2013, the CA rendered a Decision which granted the Appeal of the Petitioners and dismissed the complaint for lack of jurisdiction. In a Resolution dated May 20, 2014, the CA denied the Motion for Reconsideration of the Estate of Ferdinand Marcos. The respondent filed a Motion for Extension of Time to file Petition for Review dated June 10, 2014.

32.3 Ferdinand Marcos vs. PTA, PCGG and Grand Ilocandia Resort and Development, Inc. (GIRDI)

The land allegedly owned by the late President Ferdinand E. Marcos was leased to PTA on December 20, 1978 for one peso annual rent for a term of 25 years. PTA then subleased the Paoay Sports Complex to Polar Peak for a term of 10 years renewable for another 10 years. Polar Peak extended the said lease to Grand Ilocandia Resort and Development, Inc. On February 7, 2005, Marcos Jr., as special co-administrator of the plaintiff, made a formal demand to remit the lease rentals thereof to the plaintiff considering that the Lease Agreement has expired. This case is in relation to Civil Case No. SB-10-CVL-001 (Petition for Declaration of Nullity of the Lease Agreement), which was filed by the Republic of the Philippines, represented by PCGG, before the Sandiganbayan.

The Republic of the Philippines, PCGG and PTA filed their consolidated comment on December 15, 2014 pursuant to the Resolution issued by the SC dated November 24, 2014.

The Estate of Ferdinand E. Marcos filed a Consolidated Reply dated July 6, 2015.

32.4 Tacloban City Government vs. Leyte Park Hotel, Inc. (represented by its owners PTA, Province of Leyte, and APT) and Unimasters Conglomeration, Inc. (UCI) Court of Tax Appeals (CTA) OC No. 012)

An Action for "Collection of Unpaid Real Estate Taxes" by the Tacloban City Government against the Philippine Tourism Authority, the Privatization and Management Office (PMO) (formerly APT) and the Province of Leyte. The subject property is the Leyte Park Hotel co-owned by the PTA, the PMO and the Province of Leyte but leased to UCI, a private corporation.

In a Decision dated November 15, 2011, the Honorable Court (Special First Division) held UCI liable for the payment of realty taxes in the amount of P22.827 million applying the "beneficial use" principle. Under this principle, the beneficial user of a government-owned property which is also a taxable entity shall be held liable for the payment of real property taxes.

Consequently, petitioner filed a Motion for Reconsideration (MR) which was denied by the Honorable Court for lack of merit. This prompted UCI to elevate the matter to the CTA En Banc. TIEZA then filed a Comment to the Petition for Review filed by UCI. The case is still pending with the Supreme Court (SC).

32.5 UCI vs. Tacloban City Government, PMO, PTA and Province of Leyte (CTA EB Case No.901 endorsed to SC with GR No. 214195)

Having been held by the CTA Special First Division as the party liable for the payment of realty taxes on the subject property, petitioner UCI filed a petition for review before the CTA - En Banc. TIEZA already filed its Memorandum. Case is still pending resolution.

However, albeit its pendency, the Tacloban City Government issued a Final Notice of Publication and Auction Sale and scheduled the subject property for sale on February 8, 2013. PMO filed a Motion for Suspension of Collection of Real Property Tax and Cancellation of Warrants of Levy. TIEZA adopted said motion and also filed a Motion for Early Resolution.

On February 7, 2013, the CTA - En Banc issued a Resolution granting the Motion for Suspension of Collection of Real Property Tax and Cancellation of Warrants of Levy with Urgent Application for Ex-Parte Issuance of Temporary Restraining Order (TRO)/Writ of Preliminary Injunction.

CTA (En Banc) rendered a Decision dated August 22, 2014 in favor of TIEZA. UCI was held liable to pay real estate taxes on the property amounting to P22.827 million for the years 1995 to 2004. UCI appealed the Decision to the SC.

TIEZA (formerly PTA) filed a comment to the petition for review filed by UCI pursuant to Resolution issued by SC on February 25, 2015. The case is still pending with the SC.

32.6 UCI vs. PMO, the Province of Leyte and PTA (Civil Case No. 06-781 elevated to the SC with CA GR No. CV-104905)

On September 15, 1994, the owners of the Leyte Park Hotel entered into a Contract of Lease with UCI for the lease of the Leyte Park Hotel for P300,000 per month. Under Section 2 of the Contract of Lease, the lease shall be for a period of 12 years commencing from the date of execution of the Contract of Lease and renewable for another 12 years at the option of the lessee. UCI signified its intent to renew the contract for another 12 years. However, the same was considered terminated by the Lessor under Section 13 (Events of Default) of the contract due to UCIs' default in the payment of rentals.

Consequently, UCI filed an action for Specific Performance asking the Regional Trial Court (RTC) to declare the Contract of Lease renewed for another 12 years. The former also prayed that a TRO be issued enjoining defendants, or any person deriving power and authority from them, to cease and desist from taking over the leased premises as a consequence of the termination and cancellation of the Contract of Lease.

On August 6, 2010, the RTC denied UCI's application for a Writ of Preliminary Injunction. UCI filed a Motion for Reconsideration which was likewise denied by the Court. The case was transferred to Branch 132 of the RTC of Makati.

The RTC rendered a Decision dated October 14, 2014 in favor of PMO, the Province of Leyte and TIEZA. UCI filed a Partial Motion for Reconsideration. PMO and TIEZA also filed their respective MRs on the portions of the Decision not favorable to them.

On April 21, 2015, RTC issued an order denying the MRs filed by TIEZA, UCI and PMO. The case was elevated to the SC, and the Court of Appeals (CA) issued a notice requiring TIEZA to file an Appellant's brief.

On May 11, 2016, TIEZA (formerly PTA) filed a comment/opposition pursuant to the Order of the CA.

On May 28, 2019, the Court of Appeals (CA) Manila 5th Division rendered a decision which granted the appeals of the UCI, PMO and TIEZA, in part. The assailed Decision and Order, dated October 14, 2014 and April 21, 2015, respectively, of the RTC of Makati City are affirmed but modified.

On August 1, 2019, the Defendant-Appellant PMO filed a Motion for Reconsideration of the decision dated May 28, 2019.

32.7 UCI vs. Honorable Elpidio R. Calis, PMO, the Province of Leyte and PTA (CA-G.R. SP No. 119417)

In view of the denial of its petition for Writ of Preliminary Injunction in Civil Case No. 06-781 (Branch 133), UCI elevated the matter to the CA through a Petition for Certiorari. On November 7, 2013, the CA dismissed the petition for lack of merit and affirmed the RTC's Decision. A Motion for

Reconsideration was filed. On April 2, 2014, the CA affirmed its November 7, 2013 Decision dismissing UCI's petition for lack of merit. No further appeal was made by UCI.

An Entry of Judgment was issued by the Court of Appeals, the decision dated December 7, 2013 was declared final and executory as of April 20, 2014 and was recorded in the Book of Entries of Judgment.

32.8 Philippine Tourism Authority (PTA) vs. Henry Benlingon

Defendant Henry Benlingon built a small hut within PTA's property located in Banaue Hotel, Banaue, Ifugao. As a result of the encroachment, PTA was prevented from constructing a perimeter fence in its property as the same would directly traverse through the hut built by defendant. Thus, PTA instituted this action against defendant to recover possession of its property and to recover damages in the amount of P300,000.

The case is on the Pre-trial stage.

In an Order dated August 2, 2012, RTC granted the Motion for Issuance of a Status Quo Order filed by PTA. On October 7, 2013, PTA filed a Motion for the parties to attend the verification survey. The DENR CAR has approved the verification survey for the Banaue Hotel. However, Henry Benlingon filed a Petition for the Cancellation of the Survey Plan (Henry Benlingon vs. Engr. Ervin A. Boado) dated June 4, 2018. The OSG filed a Motion to Reset the May 23, 2019.

32.9 Jabez Pacific Inc. vs. Torio and PTA

In instituting this action, plaintiff Jabez Pacific Inc. alleged, among others, that PTA's properties covered by Transfer Certificates of Title (TCTs) No. T-18491, T-18492 and T-18493, all located in Talisay, Batangas, were fraudulently obtained and are prejudicial to plaintiff's title over a property covered by TCT No. T-97746 located in Laurel, Batangas. Plaintiff prays for the cancellation of PTA's title over the properties (covered by TCTs 18491 to 93) for the quieting of plaintiff's title TCT No. T-97746 and the removal of any cloud that may exist therefrom. Plaintiff further prays that PTA surrender to them possession of the subject properties plus the payment of damages.

Defendant PTA alleged that it has the older title and more significantly, there was no fraudulent nor fictitious encroachment as claimed by the plaintiff because the property in dispute is part and parcel of PTA's property covered by TCT No. T-18493.

TIEZA has already started with the presentation of its evidence with Atty. Teodoro M. Hernandez as its first witness, subject to the cross-examination by Jabez Pacific Inc. in the next scheduled date of hearing.

On July 4, 2013, Atty. Hernandez filed his Judicial Affidavit. Atty. Hernandez completed his direct testimony and was subjected to partial cross-examination.

PTA received a copy of the plaintiff's formal offer of evidence dated February 15, 2014. On March 5, 2014, PTA filed its Comment/Opposition to the plaintiff's formal offer of exhibits. The formal offer of evidence by the PTA was filed on June 23, 2014.

32.10 Department of Agrarian Reform, Landbank of the Philippines vs. PTA

This is a preliminary determination of just compensation of land covered by TCT-No. T-18491 located in Talisay, Batangas and registered in the name of PTA. Said land was covered by the Comprehensive Agrarian Reform Program (CARP) pursuant to RA 6657.

The parties have been ordered to submit their respective position papers. Position papers were already submitted by TIEZA.

On July 26, 2017, TIEZA filed a Notice of Appeal with an Appeal Memorandum.

32.11 Heirs of Lumayag et al., vs. PTA

The plaintiff sold their properties to Argao Resort Development Incorporated sometime in 1980 for P0.80 per square meter, or P8,000 per hectare, and that there are certain conditions that must be complied with. One of the conditions was, if the buyer will no longer continue to use the said premises, the seller can re-acquire its ownership by means of repurchasing the said property in the same price stated in the Deed of Sale. In 1994, it was sequestered and transferred to PTA. The plaintiff tried to repurchase the property but PTA refused. The Plaintiff filed a complaint against PTA. A hearing will be held on January 17, 2018 for the said complaint.

The defendant filed a Motion to Dismiss on February 20, 2018. The plaintiffs filed their opposition to the Motion to Dismiss dated March 9, 2018. The defendant filed a Manifestation/Reply on November 19, 2018.

32.12 Rosalinda Yingling vs. Nicolas Quisaot vs. TIEZA

On May 27, 2005, plaintiff Yingling entered into a Contract of Lease with defendant Quisaot involving Lot No. 2509 located in Basdiot, Moalboal, Cebu. After the execution of the contract, plaintiff allegedly received information that the subject property is not actually owned by defendant Quisaot but by defendant TIEZA having acquired the same by virtue of a Deed of Absolute Sale (dated August 31, 1983) executed between Tri-Island Corporation Holdings, Inc. and the then PTA. On February 7, 2012, plaintiff executed another Contract of Lease involving the same property, this time, with TIEZA.

On March 8, 2012, plaintiff Yingling filed an action for Interpleader against defendants Quisaot and TIEZA asking relief from the Honorable Court as to whom she should pay her rentals on the land covered by Lot No. 2509.

TIEZA filed a Position Paper on the answer with affirmative defenses of Quisaot upon order of the Court. Affirmative defenses of Quisaot is pending resolution by the Court.

32.13 Catherine Magtajas Mercado and Suzete Magtajas Daba vs. PTA

Plaintiffs Magtajas instituted this action against PTA for the nullification and/or annulment of the Deed of Donation of Real Property they executed in favor of PTA. The property subject of the donation covers five hectares of land located in Barrio Indahag, Cagayan De Oro where a convention center is now being constructed.

The case was submitted to the RTC and the judgment favors the plaintiffs. A notice of Appeal was filed by PTA (now TIEZA) on June 8, 2016.

An Entry of Judgment was issued by the CA, Cagayan De Oro City dated September 6, 2018, the Decision dated April 6, 2018 (which granted the motion to withdraw appeal and declared the case closed and terminated) was declared final and executory.

32.14 PTA vs. Roberto B. Inumerable Construction (RBI), et al.

Claim for damages (liquidated, moral, exemplary and cost of litigation) filed by PTA (now TIEZA) against RBI Construction for its failure to complete two projects (Repair of perimeter fence at Argao Beach Club, Argao, Cebu and Construction of Talisay Landing Shrine, Talisay City, Cebu) on time which resulted to its termination.

The consolidated cases – TIEZA vs. Commonwealth (CC No. 11-125802) and PTA vs. RBI (Civil Case No. 09-122630), as well as the third party complaint filed by Commonwealth Insurance against RBI Construction (CC No. 11-125802) were referred to the Philippine Mediation Center.

TIEZA has started with the presentation of its evidence sometime in 2012 with Atty. Guiller B. Asido as its first witness. The cross-examination by Commonwealth Insurance was held in abeyance due to the consolidation of the case with PTA vs. RBI (CC No. 09-122630).

In an Order dated July 17, 2013, the Motion for Consolidation was granted. In an Order of the RTC dated September 22, 2014, the case was set for Judicial Dispute Resolution on October 22, 2014.

32.15 TIEZA vs. Robert Dean Barbers and IA Bosque

The TIEZA instituted money claims against respondents Barbers and IA Bosque to recover the cost of demolition and other related expenses in the amount of P0.796 million that TIEZA incurred in connection with the

demolition of the constructed sports complex in Intramuros, Manila plus moral and exemplary damages in the amount of P100,000.

The case is undergoing the requisite Judicial Dispute Resolution (JDR) before the RTC, Manila.

On June 20, 2018, defendant Barbers filed a Manifestation with Motion praying for the dismissal of the complaint. TIEZA filed an opposition dated June 29, 2018. Engr. Nestor M. Domalanta filed his Judicial Affidavit.

32.16 TIEZA vs. Global-V Builders, Co. (CA GR No. 115346) originating from Global-V Builders, Co. vs. PTA (CIAC Case No. 26-2009)

TIEZA filed a Petition for Review with the Court of Appeals for judgment rendered by CIAC in favor of Global-V. The subject of the case is based on the memorandum of agreement entered into by PTA (now TIEZA) and Global-V Builders Co. whereby Global-V shall undertake the execution, completion and remedying the defects of the Boracay Environmental Infrastructure Project-Drainage Component in Aklan. TIEZA then issued a Notice to Proceed and paid 80 per cent of the value of construction materials purchased by claimant. The final phase of the project would have been the construction of the drainage pumping station and its related works but the original site was not acquired during the implementation of the projects, so TIEZA suspended the project.

When COA inspected the site, there were no construction materials on the site 15 months after the suspension of the project. TIEZA wrote Global-V a letter demanding the refund with interest of 12 per cent per annum. Global-V submitted a reply stating that the materials were entrusted to the supplier, otherwise these would be damaged. It wrote to TIEZA's Chief Operating Officer to resume completion of the project and demanded payment for the unpaid bills. TIEZA unilaterally terminated the MOA. Global-V considered the termination as illegal, improper, prejudicial to the government and done with abuse of authority.

Decision was rendered in favor of TIEZA. Respondent filed a Motion for Reconsideration before the Court of Appeals. TIEZA filed its Comment/Opposition to the Motion for Reconsideration filed by respondent.

An Entry of Judgment was issued by the Supreme Court, Manila (Third Division), the Resolution dated July 12, 2017 which denied the Petition for Review on Certiorari filed by TIEZA was declared final and executory as of January 24, 2018 and was recorded in the Book of Entries of Judgments.

- 32.17 PTA vs. Marcosa Sabandal Barili, Cebu**
PTA vs. Marcosa Sabandal Herzentiel
PTA vs. Mauricio Gabunilas represented by Estrella G. Taladro
PTA vs. Dominador Pocong represented by Veronico Pocong
PTA vs. Felipe Gabunilas represented by Manuel Gabunilas
PTA vs. Hrs. of Flavia Abrenica rep. by Concordia Isola
PTA vs. Martin Abrenica
PTA vs. Bonifacio Tapales
PTA vs. Marcosa Herzenstiel
PTA vs. Bonifacio Gabunillas
PTA vs. Espino and Abenido

These are actions for cancellation of title filed by the PTA against defendants. PTA bought several parcels of land from Tri-Island Corporate Holdings, Inc. which bought them from the defendants. Defendants were able to secure titles over the parcels of land by virtue of the Decision of Branch 60, RTC, Cebu which relied on (cancelled) tax declaration presented by the defendants. The above cases are still pending with the RTC.

32.18 Cebu Bible Baptist Church (CBBC) vs. Lucy Franco-Garcia and Philippine Tourism Authority (PTA), Plaintiff-in-Intervention

This is an action for Annulment of Sales Contract and Reconveyance. As against defendant Lucy Franco-Garcia, CBBC claims that it is the owner of the subject parcel of land, Lot No. 16107, and that the title procured by defendant therefor, particularly OCT No. 0-1378 of the Office of the Registry of Deeds in Cebu City, is void ab initio. CBBC never sold the subject parcel of land to defendant. Her alleged predecessor-in-interest, Alfonso Talita, is not and has never been the owner thereof; thus, defendant did not acquire any interest or right over the subject parcel of land.

As against PTA, CBBC claims that, notwithstanding its sale of the subject parcel of land to PTA, the latter did not acquire the ownership thereof and that sale did not materialize. CBBC theorizes that the alleged failure of PTA to pay in full the consideration of said sale of the subject parcel of land ipso jure cancels the sale and reverts the ownership thereof to CBBC.

As against defendant, Lucy Franco-Garcia, PTA adopted the claims and defenses of CBBC. However, as against CBBC, PTA contends that non-payment of the consideration, assuming it is true, does not cancel said sale and accordingly does not revert the ownership thereof to CBBC. Pre-trial conference was held on March 15, 2018.

As of December 31, 2018, a hearing for Judicial Dispute Resolution (JDR) was set on February 8, 2019 but was rescheduled on June 7, 2019. The RTC Branch 23, Cebu City issued an Order dated September 3, 2019 which stated that the conducted JDR failed and the entire records of the case is remanded to the Office of the Clerk of Court for re-raffling.

32.19 PTA vs. Pedro Tapales et al.

By virtue of Proclamation No. 1667-A issued by then President Marcos, Lot No. 2574 of Cadastral Survey of Cebu located in Basdiot, Moalboal was declared a Tourism Zone. Hereinafter, the said parcel of land was acquired from Tri-Island Corporation Holdings, Inc. in 1981 by PTA and subsequently placed under its control.

Defendant, on the other hand, alleged that they are the legal and rightful owner of the said land, having inherited the land decades ago from a certain Angel Abrenica.

As of year-end, defendants continue to occupy the lot and have constructed semi-permanent structures and fences and cut down fruit bearing trees. The lower court issued the decision in favor of TIEZA, but the case is still pending with the SC.

32.20 PTA vs. Virgilio Abrenica

TIEZA is the owner of several parcels of land located in Basdiot, Moalboal, Cebu as evidenced by the Deed of Absolute Sale executed by Tri-Island Corporation Holdings, Inc. on August 31, 1983.

As early as 1982 up to present, TIEZA, by virtue of its ownership, has continuously assigned several personnel in Moalboal to oversee and supervise the property. But without the knowledge of TIEZA Management and the officers and personnel of Cebu Field Office, a member of the Abrenica family stealthily trespassed on Lot No. 2261 which is the property of TIEZA. An employee reported the matter to the Moalboal Police Station for an official police blotter. Then, the said police blotter was forwarded to the Office of the Corporate Legal Counsel of TIEZA for proper legal action.

TIEZA filed a Motion to Dismiss the Defendant-Appellant Appeal for failure to file a Memorandum of Argument.

MTC issued an Order dated November 13, 2018 which sets the cross-examination of witness Patricia Cusio on March 12, 2019.

On June 4, 2019, the Court issued an Order which waived the right of the defendants to cross-examine the second/last witness for the plaintiff. The hearing is reset to September 3, 2019.

32.21 PTA vs. Salvacion G. Sacapano, et al.

PTA entered into a contract with PHESCO, Incorporated to undertake the construction of sanitation and sewage water supply and solid waste disposal system in Boracay, Malay, Aklan. Allegedly, the only remaining work to be done is the laying of pipes across the property of the defendant (Sacapano), plaintiff (PTA) and PHESCO since they cannot comply with their respective undertaking in the contract unless PTA will be granted a permission to appropriate for public purpose the lot which is in the name of spouses Emilio

and Sesona Sollano. Defendants are the heirs of spouses Emilio Garcia and Sesona Sollano, who are claiming to own another lot more particularly Lot No. 3698 and bounded on the north by the Tabon River. The technical description contained in TCT No. T-2614-46 does not tally with the technical description from the Bureau of Lands concerning Lot No. 3562. The technical description provided by the Bureau of Lands for Lot No. 3562 is slightly smaller, allowing the defendant Sacapano to occupy or claim a portion of Lot No. 3562. The title and proof of ownership of the defendants to the properties are obscure or doubtful so that PTA cannot, with accuracy or certainty, specify who among the defendants are the real owners.

On July 27, 2000, the PTA wrote a letter to Mr. Victor Garcia, allegedly the administrator of the heirs of Emilio Garcia and Sesona Sollano, of their intention to lay 300mm steel pipes across defendant's property and offered to pay in the amount of P78,320 for the affected 712 square meters, but the PTA did not receive any response up to the filing of the complaint.

Judge Virgillio Panaman issued a partial decision in favor of PTA, now TIEZA. The court ruled that the process of eminent domain has been completed. Thereafter, the case was sent to archives pending for final decision under Civil Case No. 96-M.

On November 9, 2016, an Order was issued by RTC, Branch 7 Kalibo, Aklan, which approved the release of the provisional deposit.

As of to date, the case is pending before the RTC.

32.22 Gotesco Properties, Inc. (GPI) vs. TIEZA (formerly PTA)

A MOA dated November 5, 2009 was executed for the purchase of the Kang-Irag Golf Course by GPI from the PTA. The said agreement specifically states that GPI shall acquire the said property from PTA. The addendum explicitly states that GPI shall acquire the said property according to its fair market value or current zonal value as determined by the BIR, whichever is higher. The aforementioned MOA and addendum have neither been revoked, rescinded, cancelled or withdrawn by the BOD of TIEZA nor a reply been issued on the letter of GPI. GPI reiterated their position in a letter dated December 1, 2014. TIEZA did not act on the matter and refused to act on the demand of GPI for the sale of the said property.

In an Order of the RTC dated April 25, 2018, the Judicial Dispute Resolution (JDR) proceedings conducted failed, the case was set for Pre-Trial Conference on June 1, 2018 and directed the parties to file the judicial affidavits of their witnesses.

In a Pre-trial Conference Order dated June 1, 2018, the hearing for the initial presentation of the plaintiff's evidence was set on August 6, 2018.

The plaintiff filed its Formal Offer of Evidence dated October 1, 2019. The plaintiff filed an Opposition to Demurrer of Evidence of the defendant dated December 10, 2019.

32.23 TIEZA vs. Negros Cultural Foundation, Inc. and Guillermo Ma. A. Gaston (Civil Case No. 1203-C)

This case involves an action for unlawful detainer with prayer for Temporary Restraining Order (TRO) and a Writ of Preliminary Mandatory Injunction filed by TIEZA (formerly PTA) against the Negros Cultural Foundation, Inc. (NCFI) and Guillermo Ma. A. Gaston for the recovery of the possession of the Balay Negrense Museum due to the revocation of the donation between TIEZA and Guillermo Ma. A. Gaston.

The parties submitted their respective Position Paper in February 2017. The case is still pending before the MTCC of Silay City.

TIEZA filed an Urgent Motion for Early Resolution dated November 19, 2019

32.24 TIEZA vs. Virginia T. Maribojoc (Civil Case No. 7636)

This case involves an action for unlawful detainer filed by TIEZA (formerly Philippine Tourism Authority (PTA)) against Virginia T. Maribojoc for the recovery of possession of a parcel of land consisting of 33 square meters inside Zamboanga Beach Park due to the expiration of the Facility Rental Contract.

On October 30, 2012, TIEZA entered into a Facility Rental Contract with Virginia T. Maribojoc over a parcel of land inside Zamboanga Beach Park upon which she would install a food stall for a period of two months. Later, the contract expired without any agreement to renew the same. However, Maribojoc adamantly remained in the premises and continued to occupy the same. Further, she constructed a bigger structure on the lot and used the same as residential house without paying any rent. TIEZA sent a Final Notice to pay, demolish the structures built therein, and vacate the area. Despite the Final Notice/Demand, Maribojoc refused to vacate the premises without justifiable cause. Hence, TIEZA filed an unlawful detainer case against her.

However, the Municipal Trial Court (MTC) of Zamboanga City dismissed the unlawful detainer case against defendant Maribojoc for failure to state a cause of action and lack of cause of action. TIEZA and defendant Maribojoc have opposing views and description as to the specific location of the parcel of land subject of the lease. On the other hand, TIEZA contends that there was erroneous designation of the area subject of the Facility Rental Contract due to palpable mistake and alleged that the true intent of the parties is to lease an area inside Zamboanga Golf Course which is actually occupied by the defendant.

On January 19, 2018, RTC Branch 12, Zamboanga City granted TIEZA's Appeal and reversed and set aside the December 8, 2016 Decision of the MTCC, Branch 2, Zamboanga City. Virginia T. Maribojoc filed an Appeal to the Court of Appeals, Cagayan de Oro City.

32.25 Republic of the Philippines vs. Simplicio Babiera, et al., PTA (Cadastral Titling Case No. N-92-1, LRA Cad. Record No. 665)

This case involves several lots as stated below:

Cadastral Lots 2261, 2459, 2463, 2364, 2279, 2262, 8109, 2290, 2516, 2595, 2579, 2725, 2572, 2288, 2507, 2361, 2371, 2368, 2591, 2266, 2269, 2643, 2441, 2617, 2719, 2768, 2593, 2457, 2339, 3579, 2423, 2578, 2514, 2547, 2458, 2723, 2615, 2291, 2367, 2357, 2259, 2440, 8107, 2353, 8110, 2292, 2293, 2727, 8087, 2268 and 2561

Each lot covered by a Cadastral Answer to signify that TIEZA (formerly PTA) is making a claim before the state on the ownership of such lots by virtue of a Deed of Absolute Sale with Tri-Island Corporate Holdings, Inc., the previous owner thereof.

To date, the titling of the lots is in various stages of the court proceeding from direct examination of the witness, cross examination of the witness by the adverse parties, filing of a formal offer of evidence, and awaiting decision from the court.

32.26 PTA vs. Pedro Tapales et al. (Civil Case No. 118)

On March 12, 1998, PTA filed a complaint for Forcible Entry with Preliminary Injunction with Prayer for Temporary Restraining Order and Damages, docketed as Civil Case No. 118 at 12th Municipal Circuit Trial Court (MCTC) of Moalboal-Badian-Alcantara, Moalboal, Cebu against Pedro Tapales, Luis Tapales, Romeo Tapales, and Marcosa Sabandal Herzenstiel.

On April 13, 2007, the MCTC rendered a Decision ordering respondents to (a) vacate the subject property and remove all the improvements introduced therein; (b) pay Petitioner, jointly and severally, the amount of P2,000 as monthly rental from the date of judicial demand, i.e., March 8, 1998, until they have effectively vacated the premises; and (c) pay the costs of suit.

Respondents appealed the case to RTC, however, the RTC dismissed for their failure to file a Memorandum on Appeal. The Motion for Reconsideration was similarly denied in an Order dated April 23, 2008.

On January 11, 2001, the Court of Appeals (CA) rendered the assailed Decision nullifying and setting aside the rulings of both MCTC and RTC, and declared Marcosa Sabandal Herzenstiel as the lawful possessor of the subject property.

On July 25, 2013, the Supreme Court granted the Petition – the January 11, 2011 Decision and April 14, 2011 Resolution of the CA, Cebu City, in CA-GR SP No. 03888 are reversed and set aside. The April 13, 2007 Decision of the MCTC of Moalboal, Cebu in Civil Case No. 118 is reinstated.

On February 26, 2019, 12th MCTC of Moalboal-Badian-Alcantara, Moalboal, Cebu issued a Writ of Demolition.

32.27 PTA vs. Ms. Felisa C. Gonzales, doing business under the name and style of F.C. Gonzales Construction (Civil Case No. 04108862)

On October 21, 2003, PTA filed a complaint against Ms. Feliza C. Gonzales, for Damages docketed as Civil Case No. 04108862 at RTC Branch 11, Manila City.

On March 17, 2008, RTC Branch 11, Manila rendered a decision in favor of PTA ordering the defendant (1) Defendant to pay temperate damages in the amount of P350,000, liquidated damages in the amount of P100,000 and Attorney's fees in the amount of P50,000. (2) Plaintiff to pay defendants its counterclaim of P1,410,341.

On July 29, 2009, Felisa C. Gonzales filed a Petition for Certiorari before the Court of Appeals, Manila docketed as CA-GR SP No. 110094. The Petition for Review filed by the defendant was dismissed by the Court of Appeals (CA).

On February 4, 2011, the CA, Manila 10th Division rendered a Decision which affirmed the May 14, 2010 Order of the RTC, Br. 11, Manila (which denied the Petition for Relief filed by the defendant).

An Entry of Judgment was issued by the Court of Appeals, the decision dated February 14, 2011 was declared final and executory as of March 11, 2011 and the same was entered in the Book of Entries of Judgment.

32.28 Myrna C. Canama et al. vs. Philippine Games & Holidays Corporation (PGHC) et al. (Civil Case No. CEB-13860)

Damian Cadutdut, now deceased and her children, plaintiffs herein, were the owners of five parcel of land located in Malubog, Cebu City known as Lot No. 16038, 16029, 16047, 16022 and 16044 which has an area of 27.429 hectares, are parts and parcels of Kang-Irag Sports Complex.

Defendant PGHC, Plaridel Seno, Anos Fonacier, Paulino Franco and Horacio Franco (now deceased), aided by PTA giving Anos Fonacier and his associates Paulino Franco and Horacio Franco letter of authority to purchase land in Kang-Irag, Cebu in behalf of PTA in lieu of expropriation. Plaintiff alleged that defendant acted with conspiracy and scheme to acquire vast tracts of land in Kang-Irag by means of threat, intimidation, fraud, trickery and misrepresentation, inducement of the vendors to commit mistake and unconscionable conduct, cause the deceased Damiana Cadutdut and Plaintiffs herein to sign a document of Deed of Absolute Sale for the sum of P100,000.

Included in the list of lots to be assigned and turned over to PTA under the Deed of Assignment dated December 29, 1989 are lots 16038 and 16022. However, despite the execution of this document, PGHC failed and refused to turn over the physical possession of the three lots to PTA, Lot 16029, 16047 and 16044, instead, it appropriated the said lots as its own and even sold the three lots to Gilbert Garcia in a fictitious sale. On the other hand, PTA limited

its development in Kang-Irag area to only 18-hole golf course for lack of funds, waived its right over the other lots and did not anymore insist in claiming possession of the said lot from PGHC, as it was found out that the said lots except Lot 16038 and 16022 are located outside the golf course and are not affected by any PTA development in the area. For all practical purposes, these lands which are not needed by PTA had been abandoned by it from 1982-1994.

Plaintiff alleged that since the lot in question had been acquired by threat, intimidation, fraud, trickery, mistake and other unconscionable conduct, the said parcel of land which is no longer to be devoted to the public use by PTA, should be returned to the plaintiffs under the concept of implied trust in Article 1456 of the New Civil Code.

On October 27, 1993, the plaintiff filed its amended complaint. On March 22, 2006, defendant Philippine Tourism Authority (PTA) filed a Motion for Reconsideration to the February 22, 2006 Order of the RTC. The case was set for its initial presentation of evidence for the defendants on February 22, 2006. However, on the date of the scheduled hearing, the counsel was on another scheduled hearing and no other lawyer was available due to the voluminous volume of work and cases being attended. As a result, the RTC has considered the defendant to have waived presentation of its evidence, hence the case was submitted for Decision.

On August 27, 2009, defendant Plaridel Seno filed a Motion to Drop him as defendant alleging that the action is for recovery of possession and ownership of real property, thus, a person who has no possession of a property being claimed and subjected in a reconveyance action is neither an indispensable nor necessary party to that action and the claimant has no cause of action against him. On July 21, 2010, the RTC of Cebu issued an Order denying the Motion of Plaridel Seno to Drop him as defendant. The Court finds him as a necessary party who must be impleaded if a final and complete relief is to be arrived at this case.

On March 13, 2011, the RTC called for a hearing, but counsel of defendants PTA and Plaridel Seno were not able to appear, hence, plaintiff's counsel moved that the PTA and Plaridel Seno presentation of evidence be deemed waived. The Court issued an Order giving the defendants one last chance to present its evidence with a warning that should they fail to do so, they will be deemed to have waived their rights to present its evidence.

On March 13, 2015, the Legal Department of PTA now Tourism Infrastructure and Enterprise Zone Authority (TIEZA) filed a Motion to Withdraw as Counsel manifesting that they are withdrawing from the case and endorsed the said case to the Office of the Solicitor General (OSG) which shall represented TIEZA.

On September 13, 2016, defendant Anos Fonacier died, thus, on February 8, 2017, the heirs of defendant Fonacier through counsel filed a Motion to Substitute defendant. The Court granted the Motion on February 16, 2017.

**32.29 Daisy Ann S. Gabriel vs. TIEZA and Premier Central, Inc. (PCI)
(R-MKT-18-00396)**

On February 16, 2018, plaintiff Daisy Ann S. Gabriel filed a complaint against TIEZA and Premier Central Inc. for Annulment of Contract of Sale of Government Property docketed as Civil Case R-MKT-18-00396 CV at RTC Branch 146 Makati City.

On June 19, 2018, RTC Branch 146 Makati City issued an Order dismissing the complaint, to wit:

During the setting for pre-trial today, only counsel for defendants Premier and TIEZA appeared. Plaintiff's counsel failed to appear despite notice. Upon motion of the counsels for defendants and considering the failure of plaintiff to appear for pre-trial despite notice, let the instant complaint be dismissed.

32.30 Republic of the Philippines and City of San Fernando, Pampanga vs. TIEZA and Premier Central, Inc. (Civil Case 14636)

On March 15, 2018, the Republic of the Philippines and City of San Fernando filed a complaint against TIEZA and Premier Central, Inc. docketed as Civil Case No. 14636 at RTC Branch 42, San Fernando, Pampanga. The relief sought by the plaintiffs in the complaint is for the court to render judgment nullifying contract of sale, enjoining PCI from registering the property and prohibiting TIEZA from further selling the property in violation of law.

The case is still pending at RTC Branch 42 of San Fernando, Pampanga. The last file on Records is the Resolution of RTC dated April 10, 2019 to wit:

PREMISES given, the Court orders the following:

- 1. Anent the Motion for Voluntary Recusal dated December 11, 2018 from Defendant Premier Central, Inc., this is Denied.*
- 2. Anent the manifestation made in open court by counsel for the Republic of the Philippines, no denial ensued from either counsel for Defendant Premier Central, Inc., or counsel from defendant TIEZA, this is per OCA Circular No. 89-2004, sent to Archives.*

The Petitioner Republic of the Philippines through the Office of the Solicitor General (OSG), and the Petitioner City of San Fernando, Pampanga and Respondents TIEZA and PCI submitted a Joint Motion to Approve Compromise Agreement dated January 10, 2020 between the Plaintiff City of San Fernando and the Defendant PCI.

On January 15, 2020, the RTC, Br. 42, City of San Fernando, Pampanga, issued a Judgment which approved the Compromise Agreement and the same is immediately final and executory.

32.31 Heirs of Antonio Castillejos, et al. vs. PTA

Civil Case No. NC-2000-1144 was filed against PTA (now TIEZA) at the Regional Trial Court (RTC) of Naic, Cavite, Branch 15 for the cancellation of Deed of Sale for the land measuring 2,000 square meters located in Sapang, Ternate, Cavite with Tax Declaration No. 1031. Petitioners claimed that the sale made was void due to the invalid mode of determining the just compensation and that no consent from their mother was made.

On October 10, 2014, the RTC rendered a decision in favor of TIEZA and the case was dismissed.

32.32 TIEZA vs. National Water Resources Board (NWRB)

This pertains to the petition for the exclusive right of TIEZA to regulate utilities on Boracay Island and other tourist zones.

On May 23, 2012, a Resolution by the Department of Justice (DOJ) ruled in favor of TIEZA, as the petitioner, stating that TIEZA has the sole and exclusive right to regulate all utilities, including waterworks and sewerage systems, in Boracay and other tourist zones; and Boracay Island Water Company, and other agents and concessionaires of petitioner TIEZA in the tourist zones need not secure Certificate of Public Convenience (CPC's) from respondent NWRB for the operation of waterworks and sewerage systems.

On July 11, 2012, NWRB filed a Motion for Reconsideration which was denied through Order dated August 15, 2012.

On October 8, 2012, NWRB filed an Appeal Memorandum at the Office of the President, assailing the Order of the Secretary of Justice dated August 15, 2012 which affirmed its Resolution dated May 23, 2012. In a decision dated July 14, 2017, the Office of the President dismissed the appeal made by NWRB.

On August 15, 2017, TIEZA received a copy of the Motion for Reconsideration filed by the NWRB. In a Resolution dated September 5, 2018, the Office of the President denied the Motion for Reconsideration of NWRB. A Motion for Extension of Time to File Petition were filed by NWRB on September 14, 2018. Also, a Petition for Review was filed on October 1, 2018.

The petitioner NWRB filed its reply dated May 21, 2019. It prayed that the Decision dated July 14, 2017 of the OP and the OP Resolution dated September 5, 2018 be annulled and set aside.

The petitioner NWRB filed its Memorandum dated November 4, 2019.

32.33 Paterno Belciña vs. PTA et.al.

This pertains to the complaint filed against PTA (now TIEZA) for the Declaration of Nullity of Donation, Recovery of Possession and Ownership with Damages for the land in Dakung Balas, Dalaguete, Cebu.

On July 27, 1980, Paterno Belciña donated to PTA a parcel of land measuring 22,143 square-meter located in Dakung Balas, Dalaguete, Cebu which was accepted by PTA on August 11, 1980 through the then Minister of Tourism, Jose D. Aspiras.

On July 16, 1990, Paterno Belciña filed a complaint (Civil Case No. AV-689) that his consent to the donation was vitiated by intimidation. Donata Belciña, plaintiff-appellant's sister, filed a Motion to Intervene on May 19, 1993, which was granted by the RTC, that the executed Deed of Donation was in violation of her right as a co-owner.

On October 28, 2009, the Regional Trial Court (RTC) of Argao, Cebu, Branch 26 dismissed plaintiff's complaint and intervenor's complaint-in-intervention on the grounds of prescription and insufficiency of evidence, in which the intervenor and plaintiff timely filed a notice of appeal (CA-GR CV No. 03451).

The Court of Appeals, Twentieth (20th) Division, Visayas Station, Cebu City, on October 29, 2014 denied the appeals and affirmed the Decision of the RTC, Argao, Cebu Branch 26 in Civil Case No. AV-689.

TIEZA filed a manifestation and compliance, accordingly.

An Entry of Judgment was issued by the Supreme Court, Manila (First Division), the Resolution dated April 17, 2017 which denied the petition (Petition for Review on Certiorari filed by the Petitioner Belciña) and affirmed the ruling of the Court of Appeals in CA-G.R. CV No. 03451 (which denied the Appeal of Belciña and affirmed the RTC Decision dated October 28, 2009) was declared final and executory as of July 13, 2017 and was recorded in the Book of Entries of Judgment.

32.34 Felicitas A. Benting et al. vs. Board of Directors of TIEZA et al. Civil Case No. 14-819

This case involves a Petition for Mandamus under Rule 65 of the Revised Rules of Court filed by the Petitioners on August 4, 2014 commanding the Respondent Board of Directors of TIEZA to:

- a. Render to Petitioners the difference between the amounts of the separation package provided under TIEZA Board Resolution No. 19-10-10.IV B.2 and the amount of separation benefit actually received by Petitioners;

- b. Re-compute and adjust petitioners' separation benefits based on their last actual monthly salary and render to petitioners the corresponding amount therefor;
- c. Render to petitioners their salary and other compensation within the 120-day period from the time they submitted their intention to be separated from service.

On August 17, 2018, a decision was rendered by the 4th Division of the Court of Appeals which granted the Petition for Certiorari of the petitioners. The Orders dated March 10, 2015 and July 30, 2015 issued by Branch 149 of the RTC of Makati City in Civil Case No. 14-1819 are reversed and set aside. The case was remanded to the court of origin for a resolution on the merits of the case. On April 29, 2019, the petitioners filed a Motion for the Production of Documents.

33. CONTINGENCIES

Spouses Demetrio Labrador, et al. vs. PTA

The spouses Demetrio Labrador and Fructuosa Tabura claimed ownership over Lot No. 00247 (Parcel 1), 00238 (Parcel 2), 00212 (Parcel 4) and 00236 (Parcel 2) located in Cebu which in 1982 the PTA expropriated and bulldozed by virtue of a writ of possession and demolition. Thus, all the crops and plants were destroyed. Parcel 2 was converted into a cemetery whose caretaker is a government employee of the city.

On June 10, 1988, after 6 years, the expropriation case was dismissed; hence, the plaintiff recovered possession of Parcels 1, 3 and 4. Parcel 2 was not recovered until the present time as it is being used as a cemetery. Thus, the spouses filed a complaint against PTA and the City of Cebu.

On June 15, 2010, the Court favored its decision with the Labrador and against the PTA only. It awarded P100,000 each for the destroyed plants of Parcels 1, 3 and 4, another P100,000 for attorney's fee, P4.822 million which is a just compensation from Parcel 2 which was used as a cemetery for almost three decades, and P2.623 million representing the six-year rentals for parcels 1, 3 and 4.

Spouses Labrador filed a petition for money claim before the COA on February 22, 2017. TIEZA filed a Motion to Dismiss the petition for money claim on May 22, 2017.

The COA issued Decision No. 209-237 which granted the Petition for Money Claim of spouses Demetrio Labrador and Fructuosa Tabura.

Other Contingencies

TIEZA is contingently liable for other lawsuits and claims filed by third parties, the outcomes of which are not presently determinable. In the opinion of Management, the eventual liability under these lawsuits, if any, will not have a material effect on the financial statements.

34. EVENTS AFTER THE REPORTING PERIOD

The pandemic brought about by the spread of the COVID-19 virus has severely affected both the local and international economy. Various measures have been taken by the Government not just to contain the spread of the virus but also to address the crisis brought by the pandemic.

In view of this and pursuant to the enactment of Republic Act No. 11469 or the "Bayanihan to Heal as One" Act, TIEZA remitted P12 Billion to the Bureau of Treasury as support to the National Government. TIEZA has also allowed the use of its operating entities, such as the Gardens of Malasag Eco-Tourism Village in Cagayan de Oro and the Banaue Hotel and Youth Hostel in Banaue, as temporary quarantine facilities. The Authority has also decided to lend its sanitizing equipment to its surrounding communities. These may be used in tourism establishments, airports, and seaports, as well as hospitals in nearby tourism areas.

The Authority has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The impact and duration of the COVID-19 pandemic remains unclear at this time, however, decline/decrease in collection of travel tax is expected since travel restrictions have been introduced to worldwide destinations. It is not possible to reliably estimate the severity of these events as well as the impact on the financial position and results of operation the Authority for future periods.

35. SUPPLEMENTARY INFORMATION ON TAXES

In compliance with the requirements set forth by the Bureau of Internal Revenue Regulation No. 15-010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

- a. TIEZA is a Value-added tax (VAT)-registered government-owned or controlled corporation with VAT output tax declaration of P25,355,239 for the year based on the amount reflected in the sales account of P211,293,659 and remitted to BIR P25,355,239 net of tax credits.

- b. The amount of VAT Input Taxes claimed are broken down as follows:

	2019	2018
Balance at the beginning of the year	0	18,208
Current year's purchases		
Goods other than for resale or manufacturing	5,721,303	4,649,597
Services lodged under other accounts	1,767,829	1,764,928
Total	7,489,132	6,432,733
Less: Input tax claimed	7,443,119	6,432,733
Balance at the end of the year	46,013	0

Other taxes and licenses:

	2019	2018
VAT Renewal	1,000	1,500
Other Charges	820,480	49,348
Percentage Withholding Taxes on Interest	125,117,541	51,708,789
LTO Vehicle Registration	44,583	51,860
Water Permit at San Vicente, Palawan	28,512	0
Surveying Services- Titling of 2 lots at Claveria, Cagayan	45,000	0
Real Property Tax	1,703,389	2,657,673
	127,760,505	54,469,170

- c. Amount of taxes paid for the year amounted to:

	2019	2018
Tax on compensation	30,631,834	30,881,453
Withholding taxes (5% VAT, Expanded & Sales/Percentage)	70,312,396	52,754,640
12% VAT	17,555,984	15,768,963
	118,500,214	99,405,056

- d. Overpayment of Corporate Income Taxes

	2019	2018
Balance of CY 2018	(5,940,926)	(5,040,912)
1 st quarter of CY 2019	(1,936,218)	(152,356)
2 nd quarter of 2019	(921,693)	(321,461)
3 rd quarter of 2019	(2,101,902)	(426,197)
	(10,900,739)	(5,940,926)