



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA

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

The management of the **Bureau of Customs (BOC)** is responsible for all information and representations contained in the accompanying Statement of Financial Position as of December 31, 2017 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

**ISIDRO S. LAPEÑA, PhD, CSEE**

Head of Agency/ *9*  
Authorized Representative

\_\_\_\_\_  
Date Signed

**MARILOU A. CABIGON**

OIC, Financial Management Office

*2/27/18*  
\_\_\_\_\_  
Date Signed

**CECILE MARIE C. SORIANO**

OIC- Financial Service

*2/27/18*  
\_\_\_\_\_  
Date Signed

**BUREAU OF CUSTOMS**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2017

**ALL FUNDS**

ACCOUNT TITLE	Note	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent	6	7,145,143,598.50	6,754,417,145.12
Receivables	7	6,764,921,030.76	12,354,349,752.32
Inventories	8	343,193,078.36	314,054,142.25
Other Current Assets	9	62,284,636.43	60,159,347.54
<b>Total Current Assets</b>		<u>14,315,542,344.05</u>	<u>19,482,980,387.23</u>
<b>Non Current Assets</b>			
Property, Plant and Equipment	10	2,231,461,259.34	3,578,197,849.53
Other Non-Current Assets	9	2,664,108,568.90	1,133,528,789.22
<b>Total Non-Current Assets</b>		<u>4,895,569,828.24</u>	<u>4,711,726,638.75</u>
<b>TOTAL ASSETS</b>		<u><u>19,211,112,172.29</u></u>	<u><u>24,194,707,025.98</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities Payables	11.1	20,239,570,103.83	3,654,317,397.13
Inter-Agency Payables	11.2	68,430,505.77	41,369,645.28
Intra-Agency Payables	11.3	370,763,883.52	567,418,822.95
Trust Liabilities	11.4	2,694,165,970.93	2,818,146,477.01
Other Payables	11.6	1,347,938.00	20,746,396,500.21
Deferred Credits/Unearned Income	11.5	35,956,926.36	35,956,926.36
<b>Total Current Liabilities</b>		<u>23,410,235,328.41</u>	<u>27,863,605,768.94</u>
<b>Non-Current Liabilities</b>		-	-
<b>Total Non-Current Liabilities</b>		-	-
<b>TOTAL LIABILITIES</b>		<u><u>23,410,235,328.41</u></u>	<u><u>27,863,605,768.94</u></u>
<b>NET ASSETS/EQUITY</b>			
Accumulated Surplus/(Deficit)		(4,199,123,156.12)	(3,668,898,742.96)
Total Net Assets/Equity		<u>(4,199,123,156.12)</u>	<u>(3,668,898,742.96)</u>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>		<u><u>19,211,112,172.29</u></u>	<u><u>24,194,707,025.98</u></u>

**BUREAU OF CUSTOMS**  
**DETAILED STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2017

**ALL FUNDS**

ACCOUNT TITLE	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Cash and Cash Equivalent</b>	<b>7,145,143,598.50</b>	<b>6,754,417,145.12</b>
<b>Cash on Hand</b>	251,208,319.05	256,900,997.23
Cash - Collecting Officer	250,122,319.00	255,105,719.22
Petty Cash	1,086,000.05	1,795,278.01
<b>Cash in Bank - Local Currency</b>	2,469,555,480.04	2,091,477,168.96
Cash in Bank - Local Currency, Current Account	1,982,355,780.04	1,604,277,468.96
Cash in Bank - Local Currency, Savings Account	487,199,700.00	487,199,700.00
<b>Treasury/Agency Cash Accounts</b>	4,424,379,799.41	4,406,038,978.93
Cash - Treasury/Agency Deposit, Special Account	2,107,925,687.31	1,673,867,847.57
Cash - Treasury/Agency Deposit, Trust	2,316,454,112.10	2,732,171,131.36
<b>Receivables</b>	<b>6,764,921,030.76</b>	<b>12,354,349,752.32</b>
<b>Loans and Receivable Accounts</b>	750,000.00	750,000.00
Accounts Receivable	750,000.00	750,000.00
<b>Inter-Agency Receivables</b>	1,795,679,462.82	8,783,259,701.43
Due from National Government Agencies	1,795,679,462.82	8,783,259,701.43
<b>Intra-Agency Receivables</b>	165,641,614.68	526,321,007.63
Due from Central Office	165,641,614.68	165,641,614.68
Due from Operating Units	-	360,679,392.95
<b>Other Receivables</b>	4,802,849,953.26	3,044,019,043.26
Receivables - Disallowances/Charges	1,910,043,224.78	1,915,389,155.78
Due from Officers and Employees	9,999,800.11	10,022,190.11
Other Receivables	2,882,806,928.37	1,118,607,697.37
<b>Inventories</b>	<b>343,193,078.36</b>	<b>314,054,142.25</b>
<b>Inventory Held for Consumption</b>	341,348,143.45	314,006,401.93
Office Supplies Inventory	32,001,084.23	85,638,151.97
Accountable Forms, Plates and Stickers Inventory	304,245,672.06	223,658,911.30
Drugs and Medicines Inventory	2,481,698.57	2,481,698.57
Medical, Dental and Laboratory Supplies Inventory	1,101,978.50	709,930.00
Other Supplies and Materials Inventory	1,517,710.09	1,517,710.09
<b>Semi-Expendable</b>	1,844,934.91	47,740.32
Semi-Expandable Machinery	35,416.32	35,416.32
Semi-Expandable Office Equipment	421,778.38	-
Semi-Expandable Information and Communications Technology Equipment	28,125.00	-
Semi-Expandable Disaster Response and Rescue Equipment	47,500.01	-
Semi-Expandable Furniture and Fixtures	1,256,615.20	12,324.00
Semi-Expandable Books	55,500.00	-
<b>Other Current Assets</b>	<b>62,284,636.43</b>	<b>60,159,347.54</b>
<b>Advances</b>	13,921,058.84	11,022,786.48
Advances for Operating Expenses	2,122,490.75	3,097,109.11
Advances for Payroll	-	725,597.85
Advances to Special Disbursing Officer	10,455,781.11	6,315,109.21
Advances to Officers and Employees	1,342,786.98	884,970.31
<b>Prepayments</b>	47,369,277.59	48,374,789.60
Advances to Contractors	46,964,952.49	45,030,272.38
Prepaid Rent	2,894.94	-
Prepaid Insurance	68,792.66	3,011,879.72
Other Prepayments	332,637.50	332,637.50
<b>Deposits</b>	994,300.00	761,771.46
Guaranty Deposits	994,300.00	761,771.46
<b>Total Current Assets</b>	<b>14,315,542,344.05</b>	<b>19,482,980,387.23</b>

ACCOUNT TITLE	2017	2016
<b>Non Current Assets</b>		
<b>Property, Plant and Equipment</b>	<b>2,231,461,259.34</b>	<b>3,578,197,849.53</b>
<b>Land</b>	-	721,482.80
Land	-	721,482.80
<b>Buildings and Other Structures</b>	237,397,696.94	216,370,786.80
Buildings	273,522,854.85	252,334,437.55
Accumulated Depreciation - Buildings	(49,134,404.63)	(49,001,806.31)
Net Value - Buildings	224,388,450.22	203,332,631.24
Other Structures	13,144,970.92	13,144,970.92
Accumulated Depreciation - Other Structures	(135,724.20)	(106,815.36)
Net Value - Other Structures	13,009,246.72	13,038,155.56
<b>Machinery and Equipment</b>	1,141,731,677.14	2,509,153,056.43
Machinery	251,657,650.00	78,193,800.00
Office Equipment	119,990,526.30	76,169,952.98
Accumulated Depreciation - Office Equipment	(51,067,855.51)	(50,053,589.26)
Net Value - Office Equipment	68,922,670.79	26,116,363.72
Information and Communication Technology Equipment	669,580,797.80	666,247,925.98
Accumulated Depreciation-Information and Communication Technology Equip	(292,369,927.35)	(259,303,881.73)
Net Value-Information and Communication Technology Equipment	377,210,870.45	406,944,044.25
Communication Equipment	6,941,200.95	6,979,480.95
Accumulated Depreciation - Communication Equipment	(1,076,810.40)	(985,450.92)
Net Value - Communication Equipment	5,864,390.55	5,994,030.03
Disaster Response and Rescue Equipment	2,662,328.44	2,662,328.44
Accumulated Depreciation-Disaster Response and Rescue Equipment	(1,227,980.73)	(1,111,264.15)
Net Value - Disaster Response and Rescue Equipment	1,434,347.71	1,551,064.29
Military, Police and Security Equipment	11,957,755.21	8,866,475.21
Accumulated Depreciation - Military, Police and Security Equipment	(427,538.70)	(427,538.70)
Net Value - Military, Police and Security Equipment	11,530,216.51	8,438,936.51
Medical Equipment	3,725.00	3,725.00
Accumulated Depreciation - Medical Equipment	(2,123.26)	(2,123.26)
Net Value - Medical Equipment	1,601.74	1,601.74
Technical and Scientific Equipment	45,292,667.98	45,292,667.98
Accumulated Depreciation - Technical and Scientific Equipment	(18,267,002.43)	(18,267,002.43)
Net Value - Technical and Scientific Equipment	27,025,665.55	27,025,665.55
Other Machinery and Equipment	7,954,527,446.93	1,955,499,411.63
Accumulated Depreciation - Other Machinery and Equipment	(7,556,443,183.09)	(611,861.29)
Net Value - Other Machinery and Equipment	398,084,263.84	1,954,887,550.34
<b>Transportation Equipment</b>	26,689,187.95	27,607,794.08
Motor Vehicles	42,785,704.12	42,785,704.12
Accumulated Depreciation - Motor Vehicles	(16,096,516.17)	(15,177,910.04)
Net Value - Motor Vehicles	26,689,187.95	27,607,794.08
<b>Furniture, Fixtures and Books</b>	159,437,758.33	158,139,790.44
Furniture and Fixtures	375,406,356.89	372,536,516.08
Accumulated Depreciation - Furniture and Fixtures	(218,585,428.91)	(217,013,555.99)
Net Value - Furniture and Fixtures	156,820,927.98	155,522,960.09
Books	2,616,830.35	2,616,830.35
<b>Other Property, Plant and Equipment</b>	78,950.00	78,950.00
Other Property, Plant and Equipment	78,950.00	78,950.00
<b>Construction in Progress</b>	666,125,988.98	666,125,988.98
Construction in Progress - Infrastructure Assets	29,882,341.26	29,882,341.26
Construction in Progress - Buildings and Other Structures	636,243,647.72	636,243,647.72
<b>Other Non-Current Assets</b>	<b>2,664,108,568.90</b>	<b>1,133,528,789.22</b>
<b>Other Assets</b>	2,664,108,568.90	1,133,528,789.22
Confiscated Property/Assets	236,103,234.50	-
Other Assets	2,428,005,334.40	1,133,528,789.22
<b>Total Non-Current Assets</b>	<b>4,895,569,828.24</b>	<b>4,711,726,638.75</b>
<b>TOTAL ASSETS</b>	<b>19,211,112,172.29</b>	<b>24,194,707,025.98</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
<b>Financial Liabilities Payables</b>	<b>20,239,570,103.83</b>	<b>3,654,317,397.13</b>
Accounts Payable	5,411,191,195.13	1,855,214,957.73
Due to Officers and Employees	592,813,784.14	484,075,229.97
Awards and Rewards Payable	1,315,027,209.43	1,315,027,209.43

ACCOUNT TITLE	<u>2017</u>	<u>2016</u>
Tax Refunds Payable	12,920,537,915.13	
<b>Inter-Agency Payables</b>	<b><u>68,430,505.77</u></b>	<b><u>41,369,645.28</u></b>
Due to BIR	62,692,902.89	57,942,817.28
Due to GSIS	5,155,547.61	(12,857,891.31)
Due to Pag-IBIG	(4,281,477.63)	(7,034,974.53)
Due to PhilHealth	1,300,061.94	841,934.49
Due to NGAs	3,938,001.30	3,981,436.30
Due to GOCCs	(374,821.83)	(1,503,968.44)
Due to LGUs	291.49	291.49
<b>Intra-Agency Payables</b>	<b><u>370,763,883.52</u></b>	<b><u>567,418,822.95</u></b>
Due to Central Office	158,130,750.03	355,562,932.74
Due to Operating Units	212,633,133.49	211,855,890.21
<b>Trust Liabilities</b>	<b><u>2,694,165,970.93</u></b>	<b><u>2,818,146,477.01</u></b>
Trust Liabilities	2,637,834,763.87	2,782,493,853.73
Guaranty/Security Deposits Payable	56,331,207.06	35,652,623.28
<b>Other Payables</b>	<b><u>1,347,938.00</u></b>	<b><u>20,746,396,500.21</u></b>
Other Payables	1,347,938.00	20,746,396,500.21
<b>Deferred Credits/Unearned Income</b>	<b><u>35,956,926.36</u></b>	<b><u>35,956,926.36</u></b>
Other Deferred Credits	35,956,926.36	35,956,926.36
<b>Total Current Liabilities</b>	<b><u>23,410,235,328.41</u></b>	<b><u>27,863,605,768.94</u></b>
<b>Non-Current Liabilities</b>	<u>-</u>	<u>-</u>
<b>Total Non-Current Liabilities</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>23,410,235,328.41</u></b>	<b><u>27,863,605,768.94</u></b>
<b>NET ASSETS/EQUITY</b>		
<b>Equity</b>		
<b>Government Equity</b>	<b><u>(4,199,123,156.12)</u></b>	<b><u>(3,668,898,742.96)</u></b>
Accumulated Surplus/(Deficit)	(4,199,123,156.12)	(3,668,898,742.96)
<b>NET ASSETS/EQUITY</b>	<b><u>(4,199,123,156.12)</u></b>	<b><u>(3,668,898,742.96)</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>	<b><u>19,211,112,172.29</u></b>	<b><u>24,194,707,025.98</u></b>

**Bureau of Customs**  
**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE**  
**For the Year Ended December 31, 2017**

**ALL FUNDS**

ACCOUNT TITLE	Note	<u>2017</u>	<u>2016</u>
<b>Revenue</b>			
Revenue	12	465,181,414,525.26	400,136,175,930.82
Service and Business Income	13	2,344,664,009.83	2,324,520,689.20
Total Revenue		<u>467,526,078,535.09</u>	<u>402,460,696,620.02</u>
<b>Less: Current Operating Expenses</b>			
Personnel Services	14	1,369,184,717.17	1,424,034,320.49
Maintenance and Other Operating Expenses	15	3,574,415,459.52	1,340,277,253.21
Financial Expenses		-	42,779.17
Non-Cash Expenses	16	265,865,234.05	42,180,227.32
Total Current Operating Expenses		<u>5,209,465,410.74</u>	<u>2,806,534,580.19</u>
<b>Surplus (Deficit) from Current Operations</b>		<u>462,316,613,124.35</u>	<u>399,654,162,039.83</u>
Net Financial Assistance/Subsidy	17	9,212,375,086.26	2,357,473,888.29
Sale of Asset	18	273,682,858.21	655,571,856.90
Gains	18	7,096.96	
<b>Surplus (Deficit) for the Period</b>		<u><b>471,802,678,165.78</b></u>	<u><b>402,667,207,785.02</b></u>

**Bureau of Customs**  
**DETAILED STATEMENT OF FINANCIAL PERFORMANCE**  
**For the Year Ended December 31, 2017**

**ALL FUNDS**

ACCOUNT TITLE	<u>2017</u>	<u>2016</u>
<b>Revenue</b>		
<b>Tax Revenue</b>		
<b>Tax Revenue-Goods and Services</b>		
Import Duties	59,576,254,261.87	58,544,179,060.34
Excise Tax	61,172,856,039.25	50,414,191,272.07
Business Tax	343,940,779,990.44	290,833,082,149.36
<b>Total Tax Revenue-Goods and Services</b>	<u>464,689,890,291.56</u>	<u>399,791,452,481.77</u>
<b>Tax Revenue-Others</b>		
Documentary Stamp Tax	449,642,182.25	289,512,078.55
<b>Tax Revenue-Fines and Penalties</b>		
Tax Revenue - Fines and Penalties - Taxes on Goods and Services	41,882,051.45	55,211,370.50
<b>Total Tax Revenue</b>	<u>465,181,414,525.26</u>	<u>400,136,175,930.82</u>
<b>Service and Business Income</b>		
<b>Service Income</b>		
Permit Fees	55,997,510.00	51,116,850.00
Registration Fees	2,815,600.00	12,489,610.00
Clearance and Certification Fees	6,825,500.00	7,749,980.00
Legal Fees	950,100.00	
Inspection Fees	35,160.00	40,005.00
Verification and Authentication Fees	3,240,860.00	
Processing Fees	678,086,174.00	640,755,858.00
Other Service Income	1,489,747,877.23	1,434,004,827.85
<b>Total Service Income</b>	<u>2,237,698,781.23</u>	<u>2,146,157,130.85</u>
<b>Business Income</b>		
Rent/Lease Income	3,584,923.43	4,159,543.83
Income from Printing and Publication	5,000.00	
Sales Revenue	28,322,760.00	54,787,695.00
Cost of Sales	<u>(15,001,941.71)</u>	<u>(25,782,954.55)</u>
Net Sales	<u>13,320,818.29</u>	<u>29,004,740.45</u>
Interest Income	28,504.82	
Fines and Penalties-Business Income	30,073,509.25	15,644,948.44
Other Business Income	59,952,472.81	129,554,325.63
<b>Total Business Income</b>	<u>106,965,228.60</u>	<u>178,363,558.35</u>
<b>Total Service and Business Income</b>	<u>2,344,664,009.83</u>	<u>2,324,520,689.20</u>
<b>Total Revenue</b>	<u>467,526,078,535.09</u>	<u>402,460,696,620.02</u>
<b>Current Operating Expenses</b>		
<b>Personnel Services</b>		
<b>Salaries and Wages</b>		
Salaries and Wages-Regular	783,436,238.15	877,731,145.73
Salaries and Wages-Casual/Contractual	2,672,638.48	2,241,712.04
<b>Total Salaries and Wages</b>	<u>786,108,876.63</u>	<u>879,972,857.77</u>
<b>Other Compensation</b>		
Personal Economic Relief Allowance (PERA)	72,305,603.00	85,837,717.27
Representation Allowance (RA)	5,820,544.50	12,638,705.51
Transportation Allowance (TA)	5,530,044.50	6,793,109.07
Clothing/Uniform Allowance	11,105,000.00	15,235,000.00
Subsistence Allowance	7,076,747.91	5,910,710.00
Laundry Allowance	11,763.64	8,088.71
Quarters Allowance	-	8,251,000.00
Productivity Incentive Allowance	-	539,000.00
Honoraria	128,849.81	15,337.29
Hazard Pay	140,990.76	82,482.90
Overtime and Night Pay	2,062,986.35	17,584,056.36
Year End Bonus	66,988,420.00	78,736,316.89

ACCOUNT TITLE	2017	2016
Cash Gift	14,972,250.00	26,432,114.00
Other Bonuses and Allowances	81,230,716.45	94,692,000.00
<b>Total Other Compensation</b>	<b>267,373,916.92</b>	<b>352,755,638.00</b>
<b>Personnel Benefit Contributions</b>		
Retirement and Life Insurance Premiums	91,472,026.74	46,078,967.99
Pag-IBIG Contributions	3,515,185.18	1,589,249.04
PhilHealth Contributions	7,211,220.46	3,951,003.25
Employees Compensation Insurance Premiums	3,450,825.51	1,645,109.16
<b>Total Personnel Benefit Contributions</b>	<b>105,649,257.89</b>	<b>53,264,329.44</b>
<b>Other Personnel Benefits</b>		
Retirement Gratuity	31,441,641.44	
Terminal Leave Benefits	173,704,684.60	133,114,019.67
Other Personnel Benefits	4,906,339.69	4,927,475.61
<b>Total Other Personnel Benefits</b>	<b>210,052,665.73</b>	<b>138,041,495.28</b>
<b>Total Personnel Services</b>	<b>1,369,184,717.17</b>	<b>1,424,034,320.49</b>
<b>Maintenance and Other Operating Expenses</b>		
<b>Traveling Expenses</b>		
Traveling Expenses-Local	22,902,412.29	17,517,580.61
Traveling Expenses-Foreign	13,232,211.28	7,626,862.93
<b>Total Traveling Expenses</b>	<b>36,134,623.57</b>	<b>25,144,443.54</b>
<b>Training and Scholarship Expenses</b>		
Training Expenses	18,182,193.39	11,215,665.07
<b>Total Training and Scholarship Expenses</b>	<b>18,182,193.39</b>	<b>11,215,665.07</b>
<b>Supplies and Materials Expenses</b>		
Office Supplies Expenses	164,002,251.67	124,855,220.68
Accountable Forms Expenses	3,960.00	7,534,440.00
Non-Accountable Forms Expenses	-	1,325.00
Drugs and Medicines Expenses	-	35,144.45
Medical, Dental and Laboratory Supplies Expenses	-	4,008,950.00
Fuel, Oil and Lubricants Expenses	5,383,056.09	5,124,395.71
Semi-Expendable Machinery and Equipment Expenses	13,295.00	
Other Supplies and Materials Expenses	1,338,866.33	1,304,616.75
<b>Total Supplies and Materials Expenses</b>	<b>170,741,429.09</b>	<b>142,864,092.59</b>
<b>Utility Expenses</b>		
Water Expenses	22,582,722.92	24,436,349.62
Electricity Expenses	67,101,885.62	63,060,815.34
<b>Total Utility Expenses</b>	<b>89,684,608.54</b>	<b>87,497,164.96</b>
<b>Communication Expenses</b>		
Postage and Courier Services	3,168,617.17	3,265,129.86
Telephone Expenses	10,192,794.08	11,803,971.77
Internet Subscription Expenses	10,621,193.17	26,415,937.80
Cable, Satellite, Telegraph and Radio Expenses	17,105.00	12,520.01
<b>Total Communication Expenses</b>	<b>23,999,709.42</b>	<b>41,497,559.44</b>
<b>Confidential, Intelligence and Extraordinary Expenses</b>		
Confidential Expenses	29,250,000.00	9,750,000.00
Extraordinary and Miscellaneous Expenses	12,657,785.99	14,077,821.05
<b>Total Confidential, Intelligence and Extraordinary Expenses</b>	<b>41,907,785.99</b>	<b>23,827,821.05</b>
<b>Professional Services</b>		
Legal Services	3,650.00	6,224.00
Auditing Services	-	16,904.80
Consultancy Services	160,000.00	70,000.00
Other Professional Services	288,197,126.65	205,372,368.45
<b>Total Professional Services</b>	<b>288,360,776.65</b>	<b>205,465,497.25</b>
<b>General Services</b>		
Environment/Sanitary Services	2,000.00	30,000.00
Janitorial Services	47,331,847.31	36,618,151.32
Security Services	572,332.42	3,684,497.57
Other General Services	17,114,951.05	5,664,156.60
<b>Total General Services</b>	<b>65,021,130.78</b>	<b>45,996,805.49</b>



ACCOUNT TITLE	2017	2016
<b>Repairs and Maintenance</b>		
Repairs and Maintenance-Buildings and Other Structures	391,039,199.29	340,385,394.79
Repairs and Maintenance-Machinery and Equipment	291,709,783.52	353,373,642.91
Repairs and Maintenance-Transportation Equipment	1,589,059.47	13,259,581.57
Repairs and Maintenance-Furniture and Fixtures	80,752.00	584,319.55
<b>Total Repairs and Maintenance</b>	<b>684,418,794.28</b>	<b>707,602,938.82</b>
<b>Taxes, Insurance Premiums and Other Fees</b>		
Taxes, Duties and Licenses	379,367.05	54,177.94
Fidelity Bond Premiums	2,145,689.90	2,072,690.25
Insurance Expenses	4,198,962.21	4,558,652.90
<b>Total Taxes, Insurance Premiums and Other Fees</b>	<b>6,724,019.16</b>	<b>6,685,521.09</b>
<b>Labor and Wages</b>		
<b>Other Maintenance and Operating Expenses</b>		
Advertising Expenses	1,564,082.40	849,458.69
Printing and Publication Expenses	851,593.98	741,925.52
Representation Expenses	2,315,378.28	3,428,940.75
Transportation and Delivery Expenses	157,108.31	268,282.60
Rent/Lease Expenses	55,321,266.23	9,413,202.73
Membership Dues and Contributions to Organizations	16,646.62	33,600.00
Subscription Expenses	68,786,149.59	459,039.83
Other Maintenance and Operating Expenses	2,020,228,163.24	27,285,293.79
<b>Total Other Maintenance and Other Operating Expenses</b>	<b>2,149,240,388.65</b>	<b>42,479,743.91</b>
<b>Total Maintenance and Other Operating Expenses</b>	<b>3,574,415,459.52</b>	<b>1,340,277,253.21</b>
<b>Financial Expenses</b>		
<b>Financial Expenses</b>		
Bank Charges	-	42,779.17
<b>Total Financial Expenses</b>	<b>0.00</b>	<b>42,779.17</b>
<b>Non-Cash Expenses</b>		
<b>Depreciation</b>		
Depreciation-Buildings and Other Structures	161,507.16	161,507.16
Depreciation-Machinery and Equipment	263,213,247.84	39,249,818.20
Depreciation-Transportation Equipment	918,606.13	1,101,216.84
Depreciation-Furniture, Fixtures and Books	1,571,872.92	1,667,685.12
<b>Total Depreciation</b>	<b>265,865,234.05</b>	<b>42,180,227.32</b>
<b>Total Non-Cash Expenses</b>	<b>265,865,234.05</b>	<b>42,180,227.32</b>
<b>Current Operating Expenses</b>	<b>5,209,465,410.74</b>	<b>2,806,534,580.19</b>
<b>Surplus (Deficit) from Current Operations</b>	<b>462,316,613,124.35</b>	<b>399,654,162,039.83</b>
<b>Financial Assistance/Subsidy</b>		
<b>Financial Assistance/Subsidy from NGAs, LGUs,GOCCs</b>		
Subsidy from National Government	9,212,375,086.26	2,357,473,888.29
<b>Total Financial Assistance/Subsidy from NGAs, LGUs, GCOOCs</b>	<b>9,212,375,086.26</b>	<b>2,357,473,888.29</b>
<b>Less: Financial Assistance/Subsidy to NGAs, LGUs,GOCCs,NGOs/Pos</b>		
<b>Net Financial Assistance/Subsidy</b>	<b>9,212,375,086.26</b>	<b>2,357,473,888.29</b>
<b>Other Non-Operating Income</b>		
<b>Sale of Assets</b>		
Sale of Garnished/Confiscated/Abandoned/Seized Goods and Propert	273,682,858.21	655,571,856.90
<b>Total Sale of Assets</b>	<b>273,682,858.21</b>	<b>655,571,856.90</b>
<b>Gains and Reversal</b>		
Other Gains	7,096.96	-
<b>Total Gains</b>	<b>7,096.96</b>	<b>-</b>
<b>Total Other Non-Operating Income</b>	<b>273,689,955.17</b>	<b>655,571,856.90</b>
<b>Losses</b>		
<b>Total Losses</b>	-	-
<b>Surplus (Deficit) for the Period</b>	<b>471,802,678,165.78</b>	<b>402,667,207,785.02</b>

**Bureau of Customs**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2017**

**ALL FUNDS**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
<b>Cash Inflows</b>		
<b>Receipt of Notice of Cash Allocation</b>	7,971,955,202.50	5,254,455,313.30
Receipt of Notice of Cash Allocation	5,133,894,984.70	2,967,528,195.00
Receipt of NCA for Trust and Other Receipts	2,613,243,778.16	2,082,417,114.00
Constructive Receipt of NCA for TRA	224,816,439.64	204,510,004.30
<b>Collection of Income/Revenues</b>	467,824,704,132.52	407,358,236,888.57
Collection of tax revenue	465,181,414,525.26	404,916,695,345.82
Collection of service and business income	2,331,333,734.05	2,386,825,062.75
Collection of other income	302,005,618.21	54,716,480.00
Receipt of prior years' income	9,950,255.00	
<b>Receipt of Intra-Agency Fund Transfers</b>	1,656,751,475.04	733,034,799.08
Receipt of funds from CO/Bureaus/ROs/OUs for implementation of programs/projects	1,195,016,750.12	71,021,407.39
Receipt of funds for other intra-agency transactions	461,734,724.92	662,013,391.69
<b>Receipt of Trust Liabilities</b>	510,347,350.44	819,011,006.52
Receipt of bail bonds	261,861,292.26	215,382,443.36
Collection of other trust receipts	248,486,058.18	603,628,563.16
<b>Other Receipts</b>	35,666,363.51	56,296.50
Receipt of refund of cash advances	4,249,890.54	54,321.00
Other miscellaneous receipts	31,416,472.97	1,975.50
<b>Adjustments</b>	455,472,741,580.71	400,791,516,752.59
Restoration of cash for cancelled/lost/stale checks/ADA	-	17,440,776.10
Remittance to BTR (Debit to Cash- Treasury/Agency Deposit accounts)	454,572,745,090.70	400,297,911,920.93
Reversal of unused NCA for Special Account and Trust	-	16,164,055.56
Other adjustments - inflow	899,996,490.01	460,000,000.00
<b>Total Cash Inflows</b>	<b>933,472,166,104.72</b>	<b>814,956,311,056.56</b>
<b>Cash Outflows</b>		
<b>Remittance to National Treasury</b>	467,973,195,607.18	400,531,643,699.93
Remittance of current year's income/revenue	467,811,007,551.52	399,423,932,560.04
Remittance of prior year's income/revenue	9,966,425.00	233,731,779.00
Remittance of trust receipts	148,191,940.62	873,979,360.89
Remittance of refunds, overpayments and disallowances and other receipts	4,029,690.04	
<b>Payment of operating expenses</b>	1,735,235,596.85	1,446,621,742.64
Payment of personnel services	894,742,698.68	765,497,003.50
Payment of maintenance and other operating expenses	650,822,493.86	395,273,490.30
Liquidation of cash advances granted during the year	188,531,107.45	284,197,433.13
Replenishment of Petty Cash	1,139,296.86	1,653,815.71
<b>Purchase of Inventories</b>	5,482,745.34	3,177,616.02
Purchase of inventories for distribution	1,743,236.84	
Purchase of inventories for consumption	3,739,508.50	3,177,616.02
<b>Grant of Cash Advances (Unliquidated During the Year)</b>	4,975,817.99	82,762,811.01
Advances for operating expenses	111,200.00	3,102,466.60
Advances for Payroll	-	77,946,945.72
Advances for special purpose/time-bound undertaking	4,416,694.62	276,022.72
Advances to officers and employees	447,923.37	1,437,375.97
<b>Prepayments</b>	882,048,498.42	75,044,497.76
Advances to Procurement Service	82,278,381.86	67,748,148.85
Advances to Other NGAs/LGUs/GOCCs for purchase of goods and services as authorized by	797,693,177.00	
Advances to Contractors (for Repairs and Maintenance of PPE - not capitalized)	1,917,300.18	2,739,875.39
Prepaid Rent	2,894.94	
Prepaid Insurance	156,744.44	4,556,473.52

	<u>2017</u>	<u>2016</u>
<b>Payment of Deposits</b>	9,707,530.63	-
Payment of guaranty deposits	9,707,530.63	
<b>Payment of Prior Year's Accounts Payable</b>	169,872,906.07	362,429,581.72
Payment of prior year's Accounts Payable	169,872,906.07	362,429,581.72
<b>Remittance of Personnel Benefit Contributions and Mandatory Deductions</b>	465,397,636.39	536,938,301.23
Remittance of taxes withheld covered by TRA	224,816,439.64	204,510,004.30
Remittance of taxes withheld not covered by TRA	1,180,649.05	2,146,390.64
Remittance of GSIS/Pag-IBIG/PhilHealth	166,074,014.61	241,880,459.09
Remittance of other personnel benefits contributions and mandatory deductions	24,328,477.44	21,700,813.81
Remittance of Other Payables	48,998,055.65	66,700,633.39
<b>Release of intra-agency fund transfers</b>	1,655,612,178.18	731,958,879.18
Release of funds to Bureaus/ROs/OUTs for implementation of programs/projects	1,195,016,750.12	70,635,375.45
Release of funds for other intra-agency transactions	460,595,428.06	661,323,503.73
<b>Payment from Trust Liabilities/Fund Transfers</b>	2,908,702,608.81	2,187,008,073.71
Payment for the implementation of other trust receipts/trust funds	2,908,702,608.81	2,044,954,203.79
Refund of bail bonds	-	142,053,869.92
<b>Other Disbursements</b>	75,439,666.05	118,629,239.67
Refund of Excess Working Fund	1,663,956.84	16,570,474.01
Other miscellaneous disbursements	73,775,709.21	102,058,765.66
<b>Adjustments</b>	456,963,674,427.43	407,140,490,608.05
Reversal of unused NCA	1,942,061,803.55	578,709,442.59
Closing of Cash - Treasury/Agency Deposit Regular and Special Account (by Other NGAs)	454,021,239,235.72	
Other adjustments - outflow	1,000,373,388.16	406,561,781,165.46
<b>Total Cash Outflows</b>	<b><u>932,849,345,219.34</u></b>	<b><u>813,216,705,050.92</u></b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>622,820,885.38</u></b>	<b><u>1,739,606,005.64</u></b>
<b>Cash Flows from Investing Activities</b>		
<b>Cash Outflows</b>		
<b>Purchase/Construction of Property, Plant and Equipment</b>	232,094,432.00	186,310,405.82
Construction of buildings and other structures	5,554,296.05	
Purchase of machinery and equipment	223,670,295.14	184,751,918.47
Purchase of furniture, fixtures and books	2,869,840.81	1,558,487.35
<b>Total Cash Outflows</b>	<b><u>232,094,432.00</u></b>	<b><u>186,310,405.82</u></b>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b><u>(232,094,432.00)</u></b>	<b><u>(186,310,405.82)</u></b>
<b>Increase(Decrease) in Cash and Cash Equivalents</b>	<b><u>390,726,453.38</u></b>	<b><u>1,553,295,599.82</u></b>
<b>Effects of Exchange Rate Changes on Cash and Cash Equivalents</b>	-	-
<b>Cash and Cash Equivalents, January 1,</b>	<b><u>6,754,417,145.12</u></b>	<b><u>5,201,121,545.30</u></b>
<b>Cash and Cash Equivalents, December 31</b>	<b><u>7,145,143,598.50</u></b>	<b><u>6,754,417,145.12</u></b>

**BUREAU OF CUSTOMS**  
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 (in thousand of pesos)

Particulars	Note	Budgeted Amount		Actual Amount	Difference Final vs Actual
		Original	Final		

**RECEIPTS**

Tax Revenues		467,896	468,848	952
Fines and Penalties		577	74	-503
Warehousing Fees/Supervision Fee		75	52	-23
Sale of Confiscated Goods		715	274	-442
Customs Documentary Stamps Tax		387	450	63
Transshipment Fees		272	847	575
Other Fees and Charges		1,734	755	-979
Other Business Income		466	11	-456
CSF Collection		431	485	54
SGL Collection		50	91	41
Total Receipts		472,605	471,887	-718

**PAYMENTS**

Cash Refund			2,611	
TCC utilized			6,806	
Advance Duties utilized			4,158	
Total Payments			13,576	

**NET RECEIPTS**

458,311

**Certified Correct**



Cecile Marie C. Soriano  
 OIC-Financial Service  
 RCMG

**Certified Correct**



Emilio L. Jacinto  
 Chief, Revenue Accounting  
 FS-RCMG

**BUREAU OF CUSTOMS  
STATEMENT OF CHANGES IN NET ASSETS  
ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Accumulated Surplus/ (Deficit)	
	<u>2017</u>	<u>2016</u>
<b>Balance at January 1</b>	<b>(20,541,171,993.92)</b>	<b>5,958,743,962.38</b>
<b>Add/Deduct:</b>		
Prior Period Adjustments/Unrecorded Income and Expenses		(31,073,305,369.01)
Other Adjustments		(11,479,067,492.93)
<b>Restated Balances (See Pre-Closing Trial Balance)</b>	<b>(20,541,171,993.92)</b>	<b>(36,593,628,899.56)</b>
<b>Add/Deduct:</b>		
<b>Changes in Net Assets/Equity for Calendar Year</b>		
Adjustment of Net Revenue recognized directly in Net Assets/Equity		
Closing of Cash - Treasury/Agency Deposit - Regular	(454,021,246,855.72)	(386,917,169,526.76)
Closing of Cash - Tax Remittance Advice (BIR, BOC and BTr NG only)	(1,439,382,472.26)	
Surplus/(Deficit) for the Period	471,802,678,165.78	402,969,626,432.40
<b>Total Recognized Revenue and Expenses for the Period</b>	<b>16,342,048,837.80</b>	<b>16,052,456,905.64</b>
<b>Balance at December 31</b>	<b>(4,199,123,156.12)</b>	<b>(20,541,171,993.92)</b>

**Bureau of Customs**  
**Notes to [Consolidated] Financial Statements**  
**As of December 31, 2017**

**1. General Information/Agency Profile**

The [consolidated] financial statements of Bureau of Customs were authorized for issue on \_\_\_\_\_ as shown in the Statement of Management Responsibility for Financial Statements signed by Isidro S. Lapeña, PhD, CSEE, Commissioner, Bureau of Customs.

Bureau of Customs (BOC) is an agency established on July 14, 1902 upon the passage of Act No. 430. It was reorganized on July 1, 1947 by virtue of Executive Order (EO) No. 94 and Republic Act (RA) No. 51. It also underwent re-organization when the Ministry of Finance, now Department of Finance was reorganized under EO No. 127 dated January 30, 1987.

The BOC operates primarily by means of the supervision of import and export operations, starting from the discharge of imported goods, storage, documentation, examination and appraisal, collections of duties and taxes, cargo movement, and export of products. Its service, also in part, meets the demands of airline passengers. The primary clients as well as beneficiaries are the importers, exporters and brokers who, through their day to day transactions with the Bureau have to pay the corresponding duties and taxes levied on their cargoes and spend time and effort to have such cargoes cleared from Customs custody. The BOC provides them with assistance in bringing their goods in and out of the country.

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

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

The [consolidated] financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

**3. Summary of Significant Accounting Policies**

**3.1 Basis of accounting**

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

**3.2 Cash and cash equivalents**

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

Petty Cash Fund (PCF) account is maintained under the Imprest System. All replenishments are directly charged to the expense account. The PCF is used for emergency purchases and not to purchase regular inventory items for stock.

### 3.3 Inventories

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

### 3.4 Property, Plant and Equipment

#### *Recognition*

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

The characteristics of PPE are as follows:

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

An item of PPE is recognized as an asset if:

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

#### *Measurement at Recognition*

An item recognized as property, plant, and equipment is measured at cost.

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

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

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- 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 property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Bureau of Customs 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 plant and equipment 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 property, plant, and equipment 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 PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

### *Depreciation Method*

The straight line method of depreciation shall be adopted unless another method is more appropriate for agency operation.

### *Estimated Useful Life*

The Bureau of Customs uses the Schedule on the Estimated Useful Life of PPE by classification in accordance with COA Circular No. 2003-007 dated December 11, 2003.

The Bureau of Customs uses a residual value equivalent to at least ten percent (10%) of the cost of the PPE.

Effective January 01, 2015, the residual value will be adjusted to at least five percent (5%) of the cost of the PPE. The corresponding depreciation will be adjusted accordingly.



### *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 service amount.

### *Derecognition*

The Bureau of Customs derecognizes items of property, plant and equipment 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.

## **3.5 Provisions**

Provisions are recognized when the Bureau of Customs 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 the Bureau of Customs 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*

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

### *Contingent assets*

The Bureau of Customs 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 the Bureau of Customs~~ in the notes to the 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.

### 3.6 Changes in accounting policies and estimates

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

The Bureau of Customs recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

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

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

### 3.7 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 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 Bureau of Customs 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 recognize 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*

The Bureau of Customs recognizes revenues 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 revenues are 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*

The Bureau of Customs 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 were 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 value are ascertained by reference to quoted prices in an active and liquid market.

#### *Transfers*

The Bureau of Customs 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*

Revenues 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 the Bureau of Customs and can be measured reliably.

## **3.8 Revenue from Exchange transactions**

### *Measurement of Revenue*

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

### *Rendering of Services*

The Bureau of Customs 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.

### *Sale of Goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Bureau of Customs.

### *Interest Income*

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

### *Dividends*

Dividends or similar distributions are recognized when the Bureau of Customs' right to receive payments is established.

### *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.

### *Royalties*

Royalties are recognized as they are earned in accordance with the substance of the relevant agreement.

### **3.9 Budget Information**

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

As a result of the adoption of the cash basis for budgeting purposes, a separate Statement of Comparison of Budget and Actual Amounts is presented showing the basis, timing or entity differences. Explanatory comments are provided in the notes to the annual financial statements; first, the reason for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

### **3.10 Employee benefits**

The employees of Bureau of Customs are member of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The Bureau of Customs 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.

The Bureau of Customs recognizes expenses for accumulating compensated absences when these are paid (commuted or paid as terminal leave benefits). Unused entitlements that has accumulated at the reporting date are not recognized as expense. Non-accumulating compensated absences, like special leave privileges, are not recognized.

## **4. Changes in Accounting Policies**

Bureau of Customs adopted the following new accounting policies:

### **4.1 Financial Statements/Reports Preparation**

The Bureau of Customs has adopted the Supplementary guidelines on the preparation of financial statements and other financial reports prescribed under COA Circular No. 2015-002 dated March 09, 2015.

### **4.2 Revised Chart of Accounts**

On January 01, 2014, the Bureau of Customs adopted the account codes in the Revised Chart of Accounts for National Government Agencies prescribed under COA Circular No. 2013-002 dated January 30, 2013, as amended by COA Circular No. 2014-003 dated April 15, 2014.

## 5. Prior Period Adjustments

The Bureau of Customs has determined that there is a significant effect when the Trust Fund account was separated from the Regular Agency Fund. Trust Fund Accounts were initially recorded as part of the Regular Agency Fund.

As a result, there is a corresponding increase in the Trust Liability account affected in prior year and cumulative effect on opening accumulated surplus/(deficit) in current and prior year.

## 6. Cash and Cash Equivalents

Particulars	As of December 31, 2017 (in thousand pesos)
Cash on hand	251,208.00
Cash in Bank - Local Currency	2,469,556.00
Treasury/Agency Cash Accounts	4,424,380.00
<b>Total Cash and Cash Equivalents</b>	<b>7,145,144.00</b>

## 7. Receivables

### 7.1 Loans and Receivable Accounts

Particulars	As of December 31, 2017 (in thousand pesos)		
	Current	Non-Current	Total
Accounts Receivable	750		750
Allowance for Impairment - Accounts Receivable			
<b>Net Value - Accounts Receivable</b>	<b>750</b>		<b>750</b>

### 7.2 Inter-Agency Receivables

Particulars	As of December 31, 2017 (in thousand pesos)		
	Current	Non-Current	Total
Due from National Government Agencies	1,795,679.00		1,795,679.00
<b>TOTALS</b>	<b>1,795,679.00</b>		<b>1,795,679.00</b>

### 7.3 Intra-Agency Receivables

Particulars	As of December 31, 2017 (in thousand pesos)		
	Current	Non-Current	Total
Due from Central Office	165,642.00		165,642.00
<b>TOTALS</b>	<b>165,642.00</b>		<b>165,642.00</b>

### 7.4 Other Receivables

Particulars	As of December 31, 2017 (in thousand pesos)		
	Current	Non-Current	Total
Receivables - Disallowances/Charges	1,910,043.00		1,910,043.00
Due from Officers and Employees	10,000.00		10,000.00
Other Receivables	2,882,807.00		2,882,807.00
Allowance for Impairment - Other Receivables			
Net Value - Other Receivables	4,802,850.00		4,802,850.00
<b>TOTALS</b>	<b>4,802,850.00</b>		<b>4,802,850.00</b>

### 8. Inventories

Particulars	As of December 31, 2017 (in thousand pesos)
<b>Inventory Held for Consumption</b>	<b>341,348.00</b>
Office Supplies Inventory	32,001.00
Accountable Forms, Plates and Stickers Inventory	304,245.00
Drugs and Medicines Inventory	2,482.00
Medical, Dental and Laboratory Supplies Inventory	1,102.00
Other Supplies and Materials Inventory	1,518.00
<b>Semi Expendable Machinery and Equipment</b>	<b>1,845.00</b>
Semi Expendable Machinery	35.00
Semi-Expandable Office Equipment	422.00
Semi-Expandable ICT Equipment	28.00
Semi-Expandable Disaster Response and Rescue Equipment	47.00
Semi-Expandable Furniture and Fixtures	1,257.00
Semi-Expandable Books	56.00
<b>Total Carrying Amount, December 31, 2017</b>	<b>343,193.00</b>

21,188,417.3

9. Other Assets

9.1 Current and Non-Current Assets

Particulars	As of December 31, 2017 (in thousand pesos)		
	Current	Non-Current	Total
Advances	13,921.00		13,921.00
Prepayments	47,369.00		47,369.00
Deposits	994.00		994.00
Other Assets		2,664,109.00	2,664,109.00
<b>TOTALS</b>	<b>62,284.00</b>	<b>2,664,109.00</b>	<b>2,726,393.00</b>

10. Property, Plant and Equipment

(in thousand pesos)	Land	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Books	Construction in Progress	Other Property, Plant and Equipment	TOTAL
Carrying Amount, January 1, 2017	721	216,371	2,509,153	27,608	158,140	666,126	79	3,578,198
Additions/ Acquisitions	0	21,188	6,222,803	0	2870	0	0	6,246,861
<b>Total</b>	<b>721</b>	<b>237,559</b>	<b>8,731,956</b>	<b>27,608</b>	<b>161,010</b>	<b>666,126</b>	<b>79</b>	<b>9,825,059</b>
Derecognition	-721	0	0	0	0	0	0	-721
Disposals		0	-105	0	0	0	0	-105
Depreciation	0	-161	-7,590,119	-919	-1572	0	0	-7,592,771
Impairment Loss	0	0	0	0	0	0	0	0
<b>Carrying Amount, December 31,</b>	<b>0</b>	<b>237,398</b>	<b>1,141,732</b>	<b>26,689</b>	<b>159,438</b>	<b>666,126</b>	<b>79</b>	<b>2,231,462</b>
<b>Gross Cost</b>	<b>0</b>	<b>286,668</b>	<b>9,062,614</b>	<b>42,786</b>	<b>378,023</b>	<b>666,126</b>	<b>79</b>	<b>10,436,296</b>
Less: Accumulated Depreciation	0	-49,270	-7,920,882	-16,097	-218,585	0	0	-8,204,834
Allowance for Impairment	0	0	0	0	0	0	0	0
<b>Carrying Amount, December 31, 2017</b>	<b>0</b>	<b>237,398</b>	<b>1,141,732</b>	<b>26,689</b>	<b>159,438</b>	<b>666,126</b>	<b>79</b>	<b>2,231,462</b>

\* The P 8,731,956 total depreciation of Machinery and Equipment includes prior year depreciation amounting to P 7,326,906 which was recorded in the Accumulated Surplus/Deficit.



## 11. Financial Liabilities

### 11.1 Payables

Particulars	2017		2016	
	Current	Non-Current	Current	Non-Current
Accounts Payable	5,411,191.00		1,855,215.00	
Due to Officers and Employees	592,814.00		484,075.00	
Awards and Rewards Payable	1,315,027.00		1,315,027.00S	
Tax Refunds Payable	12,920,538.00			
<b>TOTALS</b>	<b>20,239,570.00</b>		<b>3,654,317.00</b>	

### 11.2 Inter-Agency Payables

Particulars	2017	2016
Due to BIR	62,693.00	57,943.00
Due to GSIS	5,156.00	(12,858.00)
Due to Pag-IBIG	(4,281.00)	(7,035.00)
Due to PhilHealth	1,300.00	842.00
Due to NGAs	3,938.00	3,981.00
Due to GOCCs	(375.00)	(1,504.00)
Due to LGUs	0	0
<b>TOTALS</b>	<b>68,431.00</b>	<b>41,369.00</b>

The allegedly unremitted portion of taxes withheld amounting to P32, 423,349.01 is from the cash incentives/rewards under the Attrition Law granted to officers and employees of this Bureau for exceeding the collection target of the calendar year 2006. This Bureau deferred the remittance amounting to P32, 423,349.01 due to the following reasons:

- a. Waiting for the BIR reply to our request for tax exemption (Letter to Atty. James Roldan, Chief, Law Division, BIR dated 23 December 2008);
- b. Due to the Notice of Suspension issued by the Commission on Audit, that despite compliance of all the requirements indicated therein, the suspension still not yet lifted.

### 11.3 Intra-Agency Payables

Particulars	2017	2016
Due to Central Office	158,131.00	355,563.00
Due to Operating Units	212,633.00	211,856.00
<b>TOTALS</b>	<b>370,764.00</b>	<b>567,419.00</b>

#### 11.4 Trust Liabilities

Particulars	2017		2016	
	Current	Non-Current	Current	Non-Current
Trust Liabilities	2,637,835.00		2,782,494.00	
Guaranty/Security Deposits Payable	56,331.00		35,653.00	
<b>TOTALS</b>	<b>2,694,166.00</b>		<b>2,818,147.00</b>	

#### 11.5 Deferred Credits/Unearned Income

Particulars	2017		2016	
	Current	Non-Current	Current	Non-Current
Other Deferred Credits	35,957.00		35,957.00	
<b>TOTALS</b>	<b>35,957.00</b>		<b>35,957.00</b>	

#### 11.6 Other Payables

Particulars	2017		2016	
	Current	Non-Current	Current	Non-Current
Other Payables	1,348.00		20,746,397.00	
<b>TOTALS</b>	<b>1,348.00</b>		<b>20,746,397.00</b>	

#### 12. Tax Revenue

Particulars	2017	2016
<b>Tax Revenue - Goods and Services</b>	<b>464,689,890.00</b>	<b>399,791,452.00</b>
Import Duties	59,576,254.00	58,544,179.00
Excise Tax	61,172,856.00	50,414,191.00
Business Tax	343,940,780.00	290,833,082.00
<b>Tax Revenue – Others</b>	<b>449,642.00</b>	<b>289,512.00</b>
Documentary Stamp Tax	449,642.00	289,512.00
<b>Tax Revenue - Fines and Penalties</b>	<b>41,882.00</b>	<b>55,211.00</b>
Tax Revenue - Fines and Penalties - Taxes on Goods and Services	41,882.00	55,211.00
<b>TOTALS</b>	<b>465,181,414.00</b>	<b>400,136,175.00</b>

### 13. Service and Business Income

Particulars	2017	2016
<b>Service Income</b>	<b>2,237,699.00</b>	<b>2,146,157.00</b>
Permit Fees	55,998.00	51,117.00
Registration Fees	2,816.00	12,489.00
Clearance and Certification Fees	6,825.00	7,750.00
Legal Fees	950.00	0.00
Inspection Fees	35.00	40.00
Verification and Authentication Fees	3,241.00	0
Processing Fees	678,086.00	640,756.00
Other Service Income	1,489,748.00	1,434,005.00
<b>Business Income</b>	<b>106,965.00</b>	<b>178,364.00</b>
Rent/Lease Income	3,585.00	4,160.00
Income from Printing and Publication	5.00	
Sales Revenue	28,323.00	54,788.00
Less: Sales Discounts	0	
Cost of Sales	15,002.00	25,783.00
Net Sales	13,321.00	
Interest Income	29.00	
Fines and Penalties - Business Income	30,073.00	15,645.00
Other Business Income	59,952.00	129,554.00
<b>TOTALS</b>	<b>2,344,664.00</b>	<b>2,324,521.00</b>

### 14. Personnel Services

#### 14.1 Salaries and Wages

Particulars	2017	2016
Salaries and Wages – Regular	783,436.00	877,731.00
Salaries and Wages - Casual/Contractual	2,673.00	2,242.00
<b>Total Salaries and Wages</b>	<b>786,109.00</b>	<b>879,973.00</b>

#### 14.2 Other Compensation

Particulars	2017	2016
Personal Economic Relief Allowance (PERA)	72,306.00	85,838.00
Representation Allowance (RA)	5,820.00	12,639.00
Transportation Allowance (TA)	5,530.00	6,793.00
Clothing/Uniform Allowance	11,105.00	15,235.00
Subsistence Allowance	7,077.00	5,911.00
Laundry Allowance	12.00	8.00
Quarters Allowance		8,251.00
Productivity Incentive Allowance		539.00
Honoraria	129.00	15.00
Hazard Pay	141.00	82.00
Overtime and Night Pay	2,063.00	17,584.00

Year End Bonus	66,988.00	78,736.00
Cash Gift	14,972.00	26,432.00
Other Bonuses and Allowances	81,231.00	94,692.00
<b>Total Other Compensation</b>	<b>267,374.00</b>	<b>352,755.00</b>

#### 14.3 Personnel Benefit Contributions

Particulars	2017	2016
Retirement and Life Insurance Premiums	91,472.00	46,079.00
Pag-IBIG Contributions	3,515.00	1,589.00
PhilHealth Contributions	7,211.00	3,951.00
Employees Compensation Insurance Premiums	3,451.00	1,645.00
<b>Total Personnel Benefit Contributions</b>	<b>105,649.00</b>	<b>53,264.00</b>

#### 14.4 Other Personnel Benefit

Particulars	2017	2016
Retirement Gratuity	31,442.00	
Terminal Leave Benefits	173,705.00	133,114.00
Other Personnel Benefits	4,906.00	4,927.00
<b>Total Other Personnel Benefits</b>	<b>210,053.00</b>	<b>138,041.00</b>

### 15. Maintenance and Other Operating Expenses

#### 15.1 Traveling Expenses

Particulars	2017	'2016
Traveling Expenses – Local	22,903.00	17,517.00
Traveling Expenses – Foreign	13,232.00	7,627.00
<b>Total Traveling Expenses</b>	<b>36,135.00</b>	<b>25,144.00</b>

#### 15.2 Training and Scholarship Expenses

Particulars	2017	2016
Training Expenses	18,182.00	11,216.00
Scholarship Grants/Expenses	0	0
<b>Total Training and Scholarship Expenses</b>	<b>18,182.00</b>	<b>11,216.00</b>

#### 15.3 Supplies and Materials Expenses

Particulars	2017	2016
Office Supplies Expenses	164,002.00	124,855.00
Accountable Forms Expenses	4.00	7,535.00
Non-Accountable Forms Expenses		1.00

Drugs and Medicines Expenses		35.00
Medical, Dental and Laboratory Supplies Expenses		4,009.00
Fuel, Oil and Lubricants Expenses	5,383.00	5,124.00
Semi Expendable Machinery and Equipment Expenses	13.00	0
Other Supplies and Materials Expenses	1,339.00	1,305.00
<b>Total Supplies and Materials Expenses</b>	<b>170,741.00</b>	<b>142,864.00</b>

#### 15.4 Utility Expenses

Particulars	2017	2016
Water Expenses	22,583.00	24,436.00
Electricity Expenses	67,102.00	63,061.00
<b>Total Utility Expenses</b>	<b>89,685.00</b>	<b>87,497.00</b>

#### 15.5 Communication Expenses

Particulars	2017	2016
Postage and Courier Services	3,169.00	3,265.00
Telephone Expenses	10,193.00	11,804.00
Internet Subscription Expenses	10,621.00	26,416.00
Cable, Satellite, Telegraph and Radio Expenses	17.00	13.00
<b>Total Communication Expenses</b>	<b>24,000.00</b>	<b>41,498.00</b>

#### 15.6 Confidential, Intelligence and Extraordinary Expenses

Particulars	2017	2016
Confidential Expenses	29,250.00	9,750.00
Extraordinary and Miscellaneous Expenses	12,658.00	14,078.00
<b>Total Confidential, Intelligence and Extraordinary Expenses</b>	<b>41,908.00</b>	<b>23,828.00</b>

#### 15.7 Professional Services

Particulars	2017	2016
Legal Services	4.00	6.00
Auditing Services		17.00
Consultancy Services	160.00	70.00
Other Professional Services	288,197.00	205,372.00
<b>Total Professional Services</b>	<b>288,361.00</b>	<b>205,465.00</b>

#### 15.8 General Services

Particulars	2017	'2016
Environment/Sanitary Services	2.00	30.00
Janitorial Services	47,332.00	36,618.00
Security Services	572.00	3,684.00

Other General Services	17,115.00	5,664.00
<b>Total General Services</b>	<b>65,021.00</b>	<b>45,996.00</b>

### 15.9 Repairs and Maintenance

Particulars	2017	2016
Repairs and Maintenance - Buildings and Other Structures	391,039.00	340,385.00
Repairs and Maintenance - Machinery and Equipment	291,710.00	353,374.00
Repairs and Maintenance - Transportation Equipment	1,589.00	13,260.00
Repairs and Maintenance - Furniture and Fixtures	81.00	584.00
<b>Total Repairs and Maintenance</b>	<b>684,419.00</b>	<b>707,603.00</b>

### 15.10 Taxes, Insurance Premiums and Other Fees

Particulars	2017	2016
Taxes, Duties and Licenses	379.00	54.00
Fidelity Bond Premiums	2,146.00	2,073.00
Insurance Expenses	4,199.00	4,559.00
<b>Total Taxes, Insurance Premiums and Other Fees</b>	<b>6,724.00</b>	<b>6,686.00</b>

### 15.11 Other Maintenance and Operating Expenses

Particulars	2017	2016
Advertising Expenses	1,564.00	849.00
Printing and Publication Expenses	852.00	742.00
Representation Expenses	2,315.00	3,429.00
Transportation and Delivery Expenses	157.00	268.00
Rent/Lease Expenses	55,321.00	9,413.00
Membership Dues and Contributions to Organizations	17.00	34.00
Subscription Expenses	68,786.00	459.00
Other Maintenance and Operating Expenses	2,020,228.00	27,285.00
<b>Total Other Maintenance and Operating Expenses</b>	<b>2,149,240.00</b>	<b>42,479.00</b>

### 16. Financial Expenses

Particulars	2017	2016
Bank Charges	0	43.00
<b>Total Financial Expenses</b>	<b>0</b>	<b>43.00</b>

### 17. Non-Cash Expenses

#### 17.1 Depreciation

Particulars	2017	2016
Depreciation - Buildings and Other Structures	161.00	162.00
Depreciation - Machinery and Equipment	263,213.00	39,250.00
Depreciation - Transportation Equipment	919.00	1,101.00
Depreciation - Furniture, Fixtures and Books	1,572.00	1,668.00
<b>Total Depreciation</b>	<b>265,865.00</b>	<b>42,181.00</b>

#### 18. Net Financial Assistance/Subsidy

##### Financial Assistance/Subsidy from NGAs, LGUs, GOCCs

Particulars	2017	2016
Subsidy from National Government	9,212,375.00	2,357,474.00
<b>Total Financial Assistance/Subsidy from NGAs, LGUs, GOCCs</b>	<b>9,212,375.00</b>	<b>2,357,474.00</b>

##### Less: Financial Assistance/Subsidy from NGAs, LGUs, GOCCs

Particulars	2017	2016
Subsidy to NGAs	0	0
Subsidies - Others	0	0
<b>Total Financial Assistance/Subsidy from NGAs, LGUs, GOCC</b>	<b>0</b>	<b>0</b>

<b>Net Financial Assistance/Subsidy</b>	<b>9,212,375.00</b>	<b>2,357,474.00</b>
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#### 19. Non-Operating Income, Gain or Losses

##### 19.1 Non-Operating Income/Gain

Particulars	2017	2016
Sale of Garnished/Confiscated/Abandoned/Seized Goods and Properties	273,683.00	655,572.00
Other Gains	7.00	0
<b>Total Non-Operating Income/Gain</b>	<b>273,690.00</b>	<b>655,572.00</b>

## 20. Statement of Comparison of Budget and Actual Amount

### Receipts

The Bureau's deviation from its BESF target of P467.896 Billion for the year 2017 may be attributed to the following factors with negative revenue impact: 1) Lower volume of Crude Oil Imports; 2) Higher ratio of non-dutiable non-oil total imports; 3) Lower TEF collection; 4) Tax credit Utilization and Cash Refund and 5) 49% Non-Vatable Importation.

### Payments

The Original Budgeted amount refers to the authorized appropriations of the Bureau as reflected in the GAA while the Final Budgeted amount pertains to Appropriations FY 2017 and SARO releases FY 2017. The Actual Amount on Comparable Basis refers to the current year disbursements based on the Statement of Appropriations, Allotments, Obligations and Disbursements and Balances. The difference between the Final Budgeted Amount and Actual disbursements represents the unobligated and unpaid obligations for the current year.



## STATEMENT OF CHANGES IN NET ASSETS/EQUITY FY 2016 ALL FUNDS

Below is the comparison between the breakdown of total recognized revenue and expenses for the period CY 2016 as transmitted by the Accounting Division on May 22, 2017 and the 2016 BOC Consolidated Annual Audit Report.

<b>PARTICULARS</b>	<b>BOC file</b>	<b>CAAR 2016</b>	<b>DIFFERENCE</b>
Adjustment of Net revenue recognized directly in Net Assets/Equity	(386,917,169,526.76)	(386,261,597,669.86)	655,571,856.90
Surplus(Deficit) for the period	402,667,207,785.02	402,011,635,928.12	655,571,856.90
<b>Total Recognized Revenue and Expenses for the Period</b>	<b>15,750,038,258.26</b>	<b>15,750,038,258.26</b>	<b>0</b>

The difference of P655,571,856.9 pertains to the Sale of Garnished/Confiscated/Abandoned/Seized Goods and Properties.

The comparative 2016 Statement of Changes In Net Assets/Equity was restated to reflect the prior period adjustments and other adjustments that were recorded in CY 2017. Below are the transactions with material effect.

<b>PARTICULARS</b>	<b>AMOUNT ( in thousand pesos)</b>
Liquidation of Cash Advances(Confidential Fund, Year-end Activity, Travel Expenses) and Fund Transfer	-52,428
RAD (Non Cash Collections - Duties and taxes)	-6,806,441
Depreciation of Mobile X-Ray	-7,326,906
<b>TOTAL</b>	<b>-14,185,775</b>