

period is recognized as expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

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

For simplicity and to avoid proportionate computation, depreciation is recognized 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 recognized in the succeeding month.

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for the Corporation's operation.

iii. Estimated useful life

The Corporation uses the following estimated useful lives for PE:

Item of PE	Estimated useful life
IT equipment	5 years
Furniture and fixtures	10 years
Office equipment	5 years
Transportation Equipment	7 years
Other PE	5 to 10 years

iv. Residual value

The Corporation uses residual value equivalent to at least five per cent of the cost of the PE.

e. Impairment and derecognition

At each reporting date, the cost of PE is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in statement of income. If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not more than the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in statement of income.

The Corporation shall derecognize an item of PE on disposal or when no future economic benefits are expected from its use or disposal.

PDGCC shall recognize the gain or loss on the derecognition of an item of PE in statement of income when the item is derecognized and shall not classify such gains as revenue. For a straightforward disposal of an item of PE for cash, the date of disposal is usually the date when the risks and rewards of ownership of the asset have passed. The gain or loss arising from the derecognition of an item of PE shall be the difference between the net disposal proceeds, if any, and the carrying amount of the item.

f. Land and other common areas

Pursuant to Philippine Interpretations Committee Question and Answer No. 2016-03, with the subject accounting for common areas (including land) that were constructed before the creation of the Condominium Corporation and the accounting treatment for subsequent cost related to common areas incurred by the Condominium Corporation, which became effective on January 1, 2018 and has retrospective application, land and other common areas should not be recognized in the financial statements.

3.5 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. As a lessor, PDGCC recognizes all lease receipts as income in the statement of income in the period in which these are earned.

3.6 Provisions and Contingencies

Provisions are recognized when PDGCC has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

When the effect of the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money. The risks specific to the liability should be reflected either in the discount rate or in the estimation of the amounts required to settle the obligation, but not both. When the effect of the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money. The risks specific to the liability should be reflected either in the discount rate or in the estimation of the amounts required to settle the obligation, but not both.

In cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the PDGCC that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the PDGCC can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

3.7 Equity

Equity is the residual interest in the assets of an entity after deducting all its liabilities. Equity includes investment by the owners of the entity, plus additions to those investments earned through profitable operations and retained for use in the entity's operations, minus reductions to owners' investments because of unprofitable operations.

Government equity represents ownership of the members, the BTr, OP and the IA, in the net assets of the PDGCC and Retained earnings represent all current and prior period results of operations as reported in the statements of income.

3.8 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of PDGCC when those inflows result in increase in equity, other than increases relating to contributions from equity participants. In addition, revenue is measured at the fair value of the consideration received or receivable. The fair value of the consideration received, or receivable is after deducting the amount of any trade discounts, prompt settlement discounts and volume rebates allowed by the PDGCC. The fair value also takes into account the time value of money.

3.9 Expense Recognition

Expenses are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably:

- a. on the basis of a direct association between the expense incurred and the earning of specific items of income;
- b. on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- c. immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statements of financial position as an asset.

3.10 Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between PDGCC and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include individuals representing the agency-members of the PDGCC who own unit/s in the Project and, as an appurtenance, have voting power and control over the PDGCC.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

3.11 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about PDGCC's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3.12 Employee Benefits

The compensation granted to the employees of the Corporation for their services rendered which include basic salaries, including step increments, allowances, benefits, and incentives are all based on the Compensation and Position Classification System (CPCS) pursuant to Executive Order No. (E.O.) 150, series of 2021 entitled "Approving the Compensation and Position Classification System (CPCS) and Index of Occupational Services, Position Titles, and Job Grades for GOCCs (IOS-G) Framework, Repealing Executive Order No. 203 (S. 2016), and for Other Purposes" and its CPCS Implementing Guidelines No. 2021-01 issued by GCG. The Board of Directors approved the prospective implementation of the CPCS starting January 1, 2022, through Board Resolution No. 03, series of 2022. The employees of the Corporation are members of the Social Security System (SSS), which provides retirement insurance coverage. The Corporation recognizes the undiscounted amount of short-term employee benefits, as expense.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The PDGCC's financial statements prepared in accordance with PFRS for SEs requires Management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

4.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the PDGCC's accounting policies, Management has made judgment, apart from those involving estimation, which have significant effect on the amounts recognized in the financial statements in relation to the recognition of provisions and contingencies where judgment is exercised by Management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and contingencies are presented in Note 3.6.

4.2 Key Sources of Estimation Uncertainty

Key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are stated as follows:

4.2.1 Useful lives of property and equipment

The PDGCC estimates the useful lives of PE based on the period over which the assets are expected to be available for use. The estimated useful lives of PE are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial

obsolescence and legal or other limits on the use of the assets. The carrying amounts of PE are analyzed in Note 9.

5. CASH

This account is composed of the following:

	2022	2021
Cash in bank - current account	5,050,373	21,389,710
Cash in bank - saving account	46,579	95,877
Petty cash	6,407	2,722
	5,103,359	21,488,309

6. FINANCIAL ASSETS

This account consists of investment in retail treasury bonds (RTB) and other investment amounting to P500,000 and P23,855,918, respectively, as at December 31, 2022. The RTB was acquired through the secondary market on March 9, 2021, and will mature on March 9, 2024. Other investment is being managed by Bureau of the Treasury (BTr) and is currently invested in Treasury Single Account (TSA) in accordance with Memorandum of Agreement (MOA) between PDGCC and BTr dated July 11, 2022.

7. RECEIVABLES

This account is composed of the following:

	2022	2021
Due from National Government Agencies (NGA)		
Due from Commission on Election (COMELEC)	3,299,074	4,778,583
Due from National Coordinating Office (NCO)	940,198	940,198
Due from Bureau of the Treasury (BTr)	616,702	314,972
Due from Intramuros Administration (IA)	555,498	523,971
Due from Presidential Anti-Corruption Commission	402,975	403,111
Due from National Tax Research Center	189,470	64,986
Due from Procurement Service (PS)	35,664	0
	6,039,581	7,025,821
Due from Government Corporations (GC)		
Due from Land Bank of the Philippines (LBP)	155,212	205,201
Due from Pag-IBIG Fund	150,041	136,791
	305,253	341,992
Other Receivables		
Assessment dues receivables	2,414,828	4,055,725
Other receivables	705,449	604,428
	3,120,277	4,660,153
Due from Officers and Employees	16	16
	9,465,127	12,027,982

Due from NGAs and GCs accounts represent advances made by the Corporation for their electricity/water consumption and assessment dues. It also includes the amount

paid in advance by the Corporation for major expenditures chargeable against and separately billed to occupants.

Other receivables consist of Assessment dues that represents the unpaid pro-rata share from occupants for the operating expenses in maintaining the common areas and receivables from the lessees for their unpaid electricity consumption. It also includes the amount of P84,050 representing the undeposited collections in CYs 2006 and 2007 and overpayment of salary of a terminated employee.

8. INVENTORIES

This account is composed of inventory held for consumption, as follows:

	2022	2021
Office supplies inventory	80,812	56,878
Semi-expendables – ICT equipment	54,971	54,971
Semi-expendables – furniture and fixtures	30,871	30,872
Accountable forms inventory	4,600	4,100
Other supplies and materials inventory	159,889	84,030
	331,143	230,851

9. PROPERTY AND EQUIPMENT

This account is composed of the following:

	IT equipment	Furniture and fixtures	Transportation equipment	Office equipment	Other PE	Total
Cost						
January 1, 2022	0	68,910	207,429	132,098	24,561,712	24,970,449
Additions					6,165,373	6,165,373
Adjustments	0	0		0	(2,290,000)	(2,290,000)
December 31, 2022	0	68,910	207,429	132,398	28,437,085	28,845,822
Accumulated depreciation						
January 1, 2022	0	65,464	44,573	125,778	8,031,174	8,266,989
Depreciation	0	0	28,151	0	2,812,615	2,840,766
Adjustments	0	0	0	0	(1,061,851)	(1,061,851)
December 31, 2022	0	65,464	72,724	125,778	9,781,938	10,045,904
Net book value						
December 31, 2022	0	3,446	134,705	6,620	18,655,147	18,799,918
Cost						
January 1, 2021	194,350	68,910	207,429	156,022	16,478,773	17,105,484
Additions	0	0	0	0	8,692,421	8,692,421
Adjustments	(194,350)	0	0	(23,624)	(609,482)	(827,456)
December 31, 2021	0	68,910	207,429	132,398	24,561,712	24,970,449
Accumulated depreciation						
January 1, 2021	184,633	65,464	16,421	126,596	5,998,731	6,381,845
Depreciation	0	0	28,152	8,159	2,385,534	2,421,845
Adjustments	(184,633)	0	0	(8,977)	(343,091)	(536,701)
December 31, 2021	0	65,464	44,573	125,778	8,031,174	8,266,989
Net book value						
December 31, 2021	0	3,446	162,856	6,620	16,530,538	16,703,460