



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

INDEPENDENT AUDITOR'S REPORT

THE TOURISM BOARD

Tourism Promotions Board
Legaspi Towers 300
Roxas Boulevard, Manila

Report on the Financial Statements

We have audited the accompanying financial statements of the Tourism Promotions Board (TPB), which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of financial performance, statements of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion

As discussed in Audit Observation No. 1, under Part II of the report, the validity and accuracy of Accounts Payable (AP) year-end account balance of P963.533 million was doubtful due to the inclusion a) CY 2015 erroneous accrual of expenses totalling P273.532 million; b) dormant accounts for two years or more amounting to P243.114 million; and c) the negative balances of P77.489 million.

As discussed in Audit Observation No. 2, cash advances granted to DOT Marketing Representatives/Tourism Attaché amounting to P185.997 million remained unliquidated even if the purpose for which they were granted have been completed contrary to the provisions of Sections 4.6 of COA Circular No. 94-013 dated December 13, 1994, thus, resulting in the overstatement of the receivable and retained earnings and understatement of expenses and other affected accounts by the said amount and may also result in the misuse of funds.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly the financial position of the TPB as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Philippine Public Sector Accounting Standards.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties, and license fees paid or accrued during the taxable year described in Note 13 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management of TPB. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. Because of the significance of the matter described in the Bases for Adverse Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

COMMISSION ON AUDIT


HENEDINA R. OTADOY
Supervising Auditor

June 19, 2017

EXECUTIVE SUMMARY

Introduction

The Tourism Promotions Board (TPB), with legal address at 4th Floor, Legaspi Towers 300, Roxas Boulevard corner Vito Cruz, Manila, is a stock corporation created by virtue of Republic Act (RA) No. 9593, known as the Tourism Act of 2009.

The Implementing Rules and Regulations for this Act were issued on November 10, 2009. Under this Act, the Philippine Convention and Visitors Corporation (PCVC) was reorganized as the Tourism Promotions Board, and the Bureaus for Domestic and International Tourism Promotions and the Office of Tourism Information of the Department of Tourism (DOT) were absorbed into the TPB.

The TPB is attached to the DOT per Section 28 of RA No. 9593 and shall formulate and implement an integrated domestic and international promotions and marketing program for the DOT.

The Governance Commission for Government Owned and Controlled Corporations (GCG) has approved a new Organization Structure and Staffing Pattern (OSSP) for TPB effective June 30, 2014. Accordingly, all positions under the old OSSP of TPB were deemed abolished.

As of December 31, 2016, TPB has a total personnel complement of 145 composed of 82 regular employees and 63 job order personnel.

TPB is governed by a Board of Directors composed of a Chairman, Vice Chairman, and ten members. Its management is headed by a Chief Operating Officer.

Scope of Audit

The audit covered the examination, on a test basis of the accounts, transactions and operations of TPB for CYs 2016 and 2015 in accordance with Philippine Public Sector Standards on Auditing (PPSSA). It was also aimed at expressing an opinion on the fairness of presentation of TPB's financial position, results of operations and cash flows in accordance with PPSSA and at determining TPB's compliance with laws, rules and regulations.

Financial Profile

The Financial Position and the Results of Operation of the TPB for the years ended December 31, 2016 and 2015, are presented in the next page:

Comparative Financial Position

	2016	2015	Increase (Decrease)
Assets	P1,715,933,175	P 1,750,371,884	P (34,438,709)
Liabilities	1,256,341,881	1,462,183,105	(205,841,224)
Net Worth	P 459,591,294	P 288,188,779	P 171,402,515

Results of Operations

	2016	2015	Increase (Decrease)
Income	P49,460,474	P 47,074,220	P 2,386,254
Expenses	931,608,215	1,780,088,797	(848,480,582)
Net (Loss)/Income	P (882,147,741)	P (1,733,014,577)	P 850,866,836

Budget and Actual Expenditures

	Corporate Operating Budget (in PhP)		Actual (in PhP)	
	2016	2015	2016	2015
Personal Services	101,479,000	39,831,000	49,680,210	44,200,195
Maintenance and Operating Expenses	1,793,505,000	1,297,907,000	876,397,325	1,730,930,702
Capital Expenditures	16,568,000	15,000,000	2,192,846	16,777,570
Total	1,911,552,000	1,352,738,000	928,270,381	1,791,908,467

Independent Auditor's Report on the Financial Statements

The Auditor rendered an adverse opinion on the fairness of the presentation of the financial statements of the TPB for the years 2016 and 2015.

SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

1. The validity and accuracy of Accounts Payable (AP) year-end account balance of P963.533 million was doubtful due to the inclusion a) CY 2015 erroneous accrual of expenses totalling P273.532 million; b) dormant accounts for two years or more amounting to P243.114 million; and c) the negative balances of P77.489 million.

We recommended that Management submit pertinent documents supporting the payables to the audit team for review and require the Accounting Division to:

- a. Verify first the supporting documents before recording the payables, determine the nature of the accounts, identify the causes of the abnormal balance of the account and implement the necessary adjusting journal entries; and
 - b. Revert accounts payable outstanding for two years or more to the CROU as prescribed under Executive Order No. 108 dated June 10, 1999 and implemented by DBM-COA Joint Circular No. 99-6 dated November 13, 1999, if there is no valid claim
2. Cash advances granted to DOT Marketing Representatives/Tourism Attaché amounting to P185.997 million remained unliquidated even if the purpose for which they were granted have been completed contrary to the provisions of Section 4.6 of COA Circular No. 94-013 dated December 13, 1994, thus, resulting in the overstatement of the receivable and retained earnings and understatement of expenses and other affected accounts by the said amount and may also result in the misuse of funds.

We recommended that Management:

- a. Comply with the provisions of Section 4.6 of COA Circular No. 94-013 dated December 13, 1994 on the rules and regulations on the grant, utilization, and liquidation of Fund Transfers;
- b. Demand from the MR/TAs liquidation of overdue accounts. Require the Accountable Officers to prepare the Report of Checks Issued (RCI) and the Report of Disbursements (RD) and submit the reports together with the supporting vouchers and documents to the Accountant within five days after the end of each month;
- c. Require the Accountant to verify the said reports, provide accounting entries, record and submit the duplicate copies of the Reports with all the original vouchers and supporting documents duly approved by the Head of the Agency to COA, within 10 days after receipt of the reports from the Accountable Officers; and
- d. Require the MR/TAs to return any unused balance of the trust funds upon completion of the projects. In case Management intends to utilize the unused balance of the trust funds for other related projects, require the approval from proper authorities.

Summary of Unsettled Audit Suspensions, Charges and Disallowances

As of December 31, 2016, disallowances amounted to P7,850,858.75.

Status of Implementation of Prior Year's Audit Recommendations

Of the 18 prior year's recommendations embodied in last year's Management Letter, eight were fully implemented, nine were partially implemented and one was not implemented. Details are presented in Part III of the Report.

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

The management of TOURISM PROMOTIONS BOARD (TPB) is responsible for all information and representations contained in the accompanying Statement of Financial position as at December 31, 2016 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.


JOSELITO V. GREGORIO
Manager, Finance Department

2.22.17
Date Signed



CESAR D. MONTANO
Chief Operating Officer


3 APRIL 2017
Date Signed

June 30, 2016

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

The Management of TOURISM PROMOTIONS BOARD (TPB) is responsible for the preparation and fair presentation of the financial statements as of December 31, 2015 in accordance with generally accepted and state accounting principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.


JOSELITO V. GREGORIO
Manager, Finance Department


DOMINGO RAMON C. ENERIO III
Chief Operating Officer

TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2016 and 2015
(in Philippine Peso)

	Notes	2016	2015
ASSETS			
Current Assets			
Cash and Cash Equivalents	3.2, 4	1,136,090,726	585,237,624
Receivables	3.3, 5	310,145,972	966,465,100
Inventories	3.4, 6	6,919,499	7,864,700
Prepayments	7	159,368	20,016
Deposits	8	2,981,962	3,370,282
Total Current Assets		1,456,297,527	1,562,957,722
Non Current Assets			
Investments	3.6, 9	123,600	123,600
Property, Plant and Equipment	3.7, 10	40,139,323	42,171,413
Other Assets	11	219,372,725	145,119,149
Total Non Current Assets		259,635,648	187,414,162
TOTAL ASSETS		1,715,933,175	1,750,371,884
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities	12	972,461,302	1,226,931,714
Inter-Agency Payables	13	217,792,443	100,805,478
Trust Liabilities	14	36,332,419	31,082,678
Other Payables	15	29,755,717	103,363,235
Total Liabilities		1,256,341,881	1,462,183,105
Net Assets /Equity			
Accumulated Surplus/(Deficit)		459,591,294	288,188,779
Total Net Assets/Equity		459,591,294	288,188,779
TOTAL LIABILITIES AND EQUITY		1,715,933,175	1,750,371,884

The notes on pages 9 to 19 form part of these financial statements

TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL PERFORMANCE
For the years ended December 31, 2016 and 2015
(in Philippine Peso)

	Notes	2016	2015
Revenue			
Service and Business Income	16	49,460,474	47,074,220
Total Revenue		49,460,474	47,074,220
Less: Current Operating Expenditures			
Personnel Services	17	49,680,210	44,200,195
Maintenance and Other Operating Expenses	18	876,397,325	1,730,930,702
Financial Expenses	19	1,305,743	883,723
Non-Cash Expenses	20	4,224,937	4,074,177
Total Current Operating Expenditures		931,608,215	1,780,088,797
Surplus/Deficit From Current Operations		(882,147,741)	(1,733,014,577)
Assistance and Subsidy	21	1,052,013,099	1,007,717,701
Non-Operating Income	22	4,124,890	1,531,501
Total		1,056,137,989	1,009,249,202
Surplus/(Deficit) for the Period		173,990,248	(723,765,375)

The notes on pages 9 to 19 form part of these financial statements

TOURISM PROMOTIONS BOARD
STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2016 and 2015
(in Philippine Peso)

Notes	2016	2015
RETAINED EARNINGS		
Balance at the Beginning of the Year	288,188,778	1,011,954,154
Net Income (Loss)	173,990,248	(723,765,375)
Prior Years Adjustments	(2,587,732)	
Balance at the End of the Year	459,591,294	288,188,779

The notes on pages 9 to 19 form part of these financial statements

TOURISM PROMOTIONS BOARD
STATEMENTS OF CASH FLOWS
(ALL FUNDS)
For the years ended December 31, 2016 and 2015
(in Philippine Peso)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Subsidy Income from National Government		500,000,000	125,000,000
Subsidy Income from Other National Government Agencies		552,013,098	271,001,702
Service Income - Participation Fees		25,581,894	28,585,102
Interest Income		7,499,309	7,062,095
Collection of Receivables		792,999,592	1,319,238
Advances from Other Government Agencies		282,076,040	22,912,184
Refund from cash advances of officers and employees		168,373,071	7,620,152
Employees mandatory contributions and withholding taxes and creditors withholding taxes		36,120,741	25,841,404
Miscellaneous Receipts		63,593,712	152,602,516
Adjustments		10,664	0
Total cash inflows		2,428,268,121	641,944,393
Cash outflows			
Personal services		49,425,586	46,156,048
Maintenance and other operating expenses		908,938,818	768,248,092
Payment of Obligations		439,852,159	536,465,158
Payment of Inter-Agency Payables		197,553,288	26,228,915
Advances to officers and employees		(6,493,060)	211,598,296
Due from National Government Agency		285,356,030	0
Guaranty Deposits		450,000	1,952,165
Prepaid Expenses		139,352	(43,105)
Total cash outflows		1,875,222,173	1,590,605,569
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		553,045,948	(948,661,176)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase/acquisition of property, plant and equipment		(2,192,846)	(6,107,175)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(2,192,846)	(6,107,175)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		550,853,102	(954,768,351)
CASH AND CASH EQUIVALENTS, JANUARY 1		585,237,624	1,540,005,975
CASH AND CASH EQUIVALENTS, DECEMBER 31		1,136,090,726	585,237,624

The notes on pages 9 to 19 form part of these financial statements

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015
(All amounts in Philippine Pesos unless otherwise stated)

1. GENERAL INFORMATION/AGENCY PROFILE

The financial statements of Tourism Promotions Board (TPB) were authorized for issue on April 3, 2017 as shown in the Statement of Management Responsibility for Financial Statements signed by Mr. Cesar D. Montano, the Chief Operating Officer (COO).

The TPB with legal address at Fourth Floor, Legaspi Towers 300, Roxas Boulevard corner Vito Cruz, Manila, is a body corporate attached to the Department of Tourism (DOT) and mandated to be responsible for marketing and promoting the Philippines domestically and internationally as a major global tourism and Meetings, Incentives, Conventions and Exhibitions (MICE) destination.

Republic Act (RA) No. 9593 otherwise known as the Tourism Act of 2009 and its Implementing Rules and Regulations (IRR) provided for the reorganization of the Philippine Convention and Visitors Corporation (PCVC). The Tourism Board under Resolution No.16, series of 2010, confirmed during its June 21, 2010 meeting, the reorganization of the PCVC into the TPB.

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

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

The 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 The financial statements are prepared on an accrual basis in accordance with the PPSAS.
- 3.2 Cash and cash equivalents comprise cash on hand and cash at bank. Dollar collections are translated into the local currency based on the Bangko Sentral ng Pilipinas daily rate.
- 3.3 Receivables that remained outstanding for more than five years and identified to be uncollectible were provided with 100 per cent allowance for bad debts.
- 3.4 Valuation of inventories is at cost based on the moving average method of pricing.
- 3.5 The asset method is used in recording disbursements when expenditures apply to more than one accounting period.
- 3.6 Investments are valued at cost.

3.7 Property and equipment are valued at historical cost and depreciation is computed using the straight-line method over the estimated useful life of depreciable assets with 10 per cent residual value. Depreciation for buildings, office equipment and motor vehicles are based on the estimated life of 30, five and seven years, respectively.

4. CASH AND CASH EQUIVALENTS

	2016	2015
Cash on Hand		
Cash - Collecting Officer	0	77,201
Petty Cash Fund	50,000	50,000
Sub – total	50,000	127,201
Cash in Bank - Local Currency		
Cash in Bank - Current Account	738,428,633	218,019,682
Cash in Bank - Savings Account - PNB	0	1,807,571
Cash in Bank - High Yield Savings Account	319,346,262	316,133,605
Sub – total	1,057,774,895	535,960,858
Cash in Bank - Foreign Currency		
Cash in Bank - Savings Dollar Account, PNB	0	12,259,462
Cash in Bank - Savings Dollar Account	78,265,831	36,890,103
Sub – total	78,265,831	49,149,565
Total Cash and Cash Equivalents	1,136,090,726	585,237,624

5. RECEIVABLES

Details are as follows:

	2016	2015
Loans and Receivable accounts		
Due from Officers and Employees	195,495	105,607
Interest Receivables	761,795	751,559
Sub – total	957,290	857,166
Interest - Agency Receivables		
Due from National Government Agencies	313,462,551	621,296,519
Due from Government Owned/Controlled Corporations	2,133,031	2,133,031
Sub – total	315,595,582	623,429,550
Other Receivables		
Advances to Officers and Employees	3,237,342	351,812,626
Other Receivables	114,752	124,752
Sub – total	3,352,094	351,937,378

	2016	2015
Total Receivables	319,904,966	976,224,094
Less: Allowance for Impairment - Accounts Receivables	(9,758,994)	(9,758,994)
Receivables – Net	310,145,972	966,465,100

This account consists mainly of prior years' annual contributions from other government agencies represented in the Board of Trustees of TPB.

Advances to officers and employees pertain to cash advances granted for official purposes. In CY 2016, TPB reclassified the remittances to Philippine DOT Attaches and DOT Regional Offices from Cash advance to Due from National Government Agencies (NGAs) in compliance with COA Circular No. 94-013, resulting in the significant decrease of Cash Advance balance from 2015 to 2016.

Due from officers and employees refers to receivables from employees' disallowances, personal calls, overpayments of salary and overtime.

Due from national government agencies is composed mainly of fund transfers to DOT Regional and Foreign Offices in compliance to the audit recommendation of taking up the said transfers as Inter-Agency Transferred Funds by TPB as the source agency and as a trust liability by the DOT as implementing agency.

This account also includes receivables from the Department of Foreign Affairs (DFA) and the DOT amounting to P4,200,000 each representing unpaid annual contributions from other government agencies represented in the Board of Trustees of PCVC covering the period 1988 - 2008 at P200,000 per annum as provided for under Section 14.1 of Executive Order (EO) No. 120-A dated July 20, 1978. Receivables from these two agencies were not accrued since 2009. An allowance for bad debts for the amount of P8,400,000.00 was provided because of the uncertainty of collections since funds for these were never appropriated. The Board of Directors approved the writing-off of the receivables from DOT and the DFA but still needs the submission of approved budgets of these two agencies to prove that there were no appropriations provided for the annual contributions, as advised by the COA Resident Auditor. Once the documents required are complied with, the request for write off shall be forwarded to the COA Adjudication and Settlement Board.

Due from government-owned or controlled corporations represent share of the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), formerly the Philippine Tourism Authority (PTA) in the ASTA World Congress/ other miscellaneous receivables

6. INVENTORIES

	2016	2015
Office Supplies Inventory	6,433,803	7,379,004
Other Supplies Inventory	485,696	485,696
Total Inventories	6,919,499	7,864,700

The office supplies inventory is composed of office supplies and promotional materials inventory and Other Supplies Inventory is composed of items costing below P15,000 that were classified as semi-expendable per COA Circular No. 2015-007 dated October 22, 2015.

7. PREPAYMENTS

	2016	2015
Prepaid Insurance	159,368	20,016
Other Prepaid Expenses	0	0
Total Prepayments	159,368	20,016

8. DEPOSITS

This account consists of guaranty deposits made by the agency for gasoline and rentals.

9. INVESTMENTS

This account represents investment amounting to P123,600 in Philippine Long Distance Telephone Co. (PLDT) preferred shares of stocks as subscribers' investment for telephone lines as required by Presidential Decree (PD) No. 217.

10. PROPERTY, PLANT AND EQUIPMENT

This account is composed of the following:

	Buildings and Other Structures	Office Equipment	Furniture and Fixtures	Books	Motor Vehicles	Other Property, Plants and Equipment	Total
At December 31, 2015							
Cost	21,015,641	21,387,071	5,342,087	81,450	17,212,155	1,023,733	66,062,137
Accumulated Depreciation	(8,589,044)	(7,593,160)	(1,139,124)	(69,869)	(6,083,232)	(416,295)	(23,890,724)
Net Book Value	12,426,597	13,793,911	4,202,963	11,581	11,128,923	607,438	42,171,413
Year Ended, December 31, 2015							
Opening Book Value	12,426,597	13,793,911	4,202,963	11,581	11,128,923	607,438	42,171,413
Additions	69,700	1,685,196	144,500	0	0	293,450	2,192,846
Depreciation for the Year	(114,657)	(2,062,137)	(304,895)	(59)	(1,639,319)	(103,869)	(4,224,936)
Closing Net Book Value	12,381,640	13,416,970	4,042,568	11,522	9,489,604	797,019	40,139,323

	Buildings and Other Structures	Office Equipment	Furniture and Fixtures	Books	Motor Vehicles	Other Property, Plants and Equipment	Total
At December 31, 2016							
Cost	21,085,341	23,072,267	5,486,587	81,450	17,212,155	1,317,183	68,254,983
Accumulated Depreciation	(8,703,701)	(9,655,297)	(1,444,019)	(69,928)	(7,722,551)	(520,164)	(28,115,660)
Net Book Value	12,381,640	13,416,970	4,042,568	11,522	9,489,604	797,019	40,139,323

11. OTHER ASSETS

This account consists mainly of the 10 per cent of the funds for promotions and marketing that is set aside as Special Contingency Fund of TPB and is deposited with Land Bank of the Philippines (LBP):

	2016	2015
Software	1,793,275	1,793,275
Restricted Fund – Cash	216,976,806	142,723,230
Other Assets	602,644	602,644
Total Other Assets	219,372,725	145,119,149

Other Assets refer to the advances of overseas officers whose whereabouts can no longer be located.

12. FINANCIAL LIABILITIES

	2016	2015
Accounts Payable	963,533,400	1,218,387,315
Due to Officers and Employees	8,927,902	8,544,399
Total Payable Accounts	972,461,302	1,226,931,714

Accounts Payable represents outstanding unpaid obligations to suppliers and contractors for the implementation of promotional and marketing projects in 2016.

Due to officers and employees represents their unpaid salaries and allowances, terminal leave and separation incentive package of the retired employees.

13. INTER-AGENCY PAYABLES

	2016	2015
Due to BIR	3,630,863	4,426,612
Due to GSIS	414,954	406,416
Due to PAG-IBIG	472,575	536,063

	2016	2015
Due to PHILHEALTH	56,162	27,846
Due to Other National Government Agencies	208,389,258	90,579,910
Due to Other Government Owned or Controlled Corporations (GOCC)	4,828,631	4,828,631
Total Inter-Agency Payables	217,792,443	100,805,478

Due to Other NGAs represent advances received for the implementation of various tourism promotional/marketing projects and advertising campaign program of the DOT and from the TIEZA, formerly the PTA and the Duty Free Philippines Corporation (DFPC) are reported as Due to GOCCs. The increase of P117.809 million from 2015 to 2016 was due to transfer of funds for the Asia-Pacific Economic Cooperation Projects.

14. TRUST LIABILITIES

	2016	2015
Bail Bonds Payable	36,283,338	31,033,597
Tax Refund Payable	49,081	49,081
Total Trust Liabilities	36,332,419	31,082,678

Bail Bonds Payable represents receipts from service providers/suppliers to guarantee their performance to be refunded upon full delivery of service and termination/completion of contract.

Tax Refund Payable refers to over withheld taxes from employees during the year.

15. OTHER PAYABLES

Other Payables consists mainly of unreleased checks amounting to P29,755,717 in 2016 and P103,363,235 in 2015.

16. REVENUE

	2016	2015
Service and Business Income		
Service Income - Participation Fees	25,581,894	27,362,783
Business Income		
Interest Income	6,696,001	6,926,595
Other Business Income	173,500	11,250
Miscellaneous Income	17,009,079	12,773,592
	2016	2015
Total Business Income	23,878,580	19,711,437
Total Service and Business Income	49,460,474	47,074,220

Service income on participation fees were collected from participants to tourism-related seminars and conferences/exhibits.

Business incomes were derived from sale of Best of the Best coffee table books.

Miscellaneous incomes were derived from sale of scrap materials, bid documents, sponsorship and booth rental payments from GOCCs to various projects.

17. PERSONNEL SERVICES

	2016	2015
Salaries and Wages		
Salaries & Wages - Regular	26,687,825	23,377,775
Salaries & Wages - Casual	7,059	105,957
Total Salaries and Wages	26,694,884	23,483,732
Other Compensation		
Personnel Economic Relief Allowance	1,724,636	1,464,455
Representation Allowance	1,597,416	1,417,619
Transportation Allowance	928,498	1,003,288
Clothing Allowance	388,413	419,908
Productivity Incentive Allowance	0	217,351
Honoraria	470,446	474,504
Overtime Pay	485,064	316,588
Cash Gift	517,500	292,500
Year End Bonus	4,046,420	1,846,822
Other Bonuses and Allowances	755,500	5,710,306
Total Other Compensation	10,913,893	13,163,341
Personnel Benefit Contributions		
Life & Retirement Insurance Contribution	3,041,616	2,735,720
PAG-IBIG Contributions	0	572,803
PHILHEALTH Contributions	248,227	213,825
ECC Contribution	80,797	76,695
Total Personnel Benefit Contributions	3,370,640	3,599,043
Other Personnel Benefits		
Terminal Leave Benefits	3,813,254	152,761
Separation Pay	359,782	0
Other Personnel - Fringe Benefits	4,496,477	2,749,273
Incentive and Loyalty Award	31,280	1,052,045
Total Other Personnel Benefits	8,700,793	3,954,079
Total Personnel Services	49,680,210	44,200,195

18. MAINTENANCE AND OTHER OPERATING EXPENSES

	2016	2015
Marketing and Promotional Expenses		
Promotional and Marketing Expenses	800,378,692	1,438,915,415
Advertising Expenses	1,780,953	48,238,020
Total Marketing and Promotional Expenses	802,159,645	1,487,153,435
Travelling Expenses		
Travelling Expenses - Local	214,325	222,923
Travelling Expenses - Foreign	312,121	257,189
Total Travelling Expenses	526,446	480,112
Training Expenses		
Training Expenses	3,387,327	3,925,004
Utility Expenses		
Water Expenses	7,729	10,523
Electricity Expenses	1,976,031	2,150,157
Total Utility Expenses	1,983,760	2,160,680
Supplies and Materials Expenses		
Office Supplies Expenses	2,806,365	3,353,321
Fuel, Oil & Lubricants Expenses	793,848	944,735
Maintenance Materials and Supplies Expenses	96,515	563,420
Food Supplies Expenses	0	4,888
Other Supplies Expenses	203,817	159,313
Total Supplies and Material Expenses	3,900,545	5,025,677
Communication Expenses		
Telephone Expenses - Landline	895,061	722,041
Telephone Expenses - Mobile	604,076	1,035,119
Internet Expenses	4,178,673	7,573,346
Cable, Satellite, Telegraph & Radio Exp.	113,917	811,898
Total Communication Expenses	5,791,727	10,142,404
Professional Services		
Auditing Services	124,203	1,890,860
Consultancy Services	1,140,388	477,018
Board Members/Directors Allowances & Other Benefits	342,889	945,480
Other Professional Services	8,919,881	10,934,747
Total Professional Services	10,527,361	14,248,105
General Services		
Janitorial Services	2,361,379	2,903,821
Security Services	3,464,397	3,857,238
Total General Services	5,825,776	6,761,059

	2016	2015
Repairs & Maintenance		
Repairs & Maintenance - Office Building	4,369,749	9,555,435
Repairs & Maintenance - Office Equipment	87,560	225,897
Repairs & Maintenance - Furniture and Fixtures	121,440	472,576
Repairs & Maintenance - Land Transport Equipment	968,308	643,972
Total Repairs and Maintenance	5,547,057	10,897,880
Taxes, Duties and Licenses		
Taxes, Duties & Licenses	1,410,787	1,954,937
Fidelity Bond Premium	52,724	100,388
Insurance Expenses	392,238	441,828
Total Taxes, Duties and Licenses	1,855,749	2,497,153
Other Maintenance and Operating Expenses		
Printing and Binding Expenses	2,297,451	7,917,408
Representation Expenses	1,569,381	1,181,131
Transportation and Delivery Expense	71,372	101,292
Rent Expenses	5,061,806	6,747,213
Membership Dues & Contribution to Organizations	1,053,543	1,212,462
Subscription Expenses	445,747	718,052
Donations	57,315	4,500
Prizes	0	23,586
Cultural and Athletic Expenses	229,934	129,292
Gender and Development Expenses	1,175,627	1,026,348
Contingent and Emergency Expenses	22,841,903	168,287,930
Miscellaneous Expenses	87,853	289,979
Total Other Maintenance and Operating Expenses	34,891,932	187,639,193
Total	876,397,325	1,730,930,702

The adequacy of funds brought by the remittances from the 25 per cent share from the dividend remittances from Philippine Amusement and Gaming Corporation (PAGCOR), airports and seaports for P750 million and the government subsidy of P500 million were used to finance and implement the programs and projects of TPB. Thus, there was an increase in advertising expenses for the cost of promotional materials and the advertising campaign for It's More Fun in the Philippines including promotional and marketing expenses were incurred for various tourism projects.

19. FINANCIAL EXPENSES

	2016	2015
Bank Charges	1,305,743	883,723
Total Financial Expenses	1,305,743	883,723

20. NON-CASH EXPENSES

	2016	2015
Depreciation Expense - Building & Structures	114,657	91,507
Depreciation Expense - Office Equipment	2,062,137	1,972,765
Depreciation Expense - Furniture & Fixtures	304,895	307,370
Depreciation Expense - Books	59	59
Depreciation Expense - Land Transport Eqpt.	1,639,320	1,597,320
Depreciation Expense - Other PPE	103,869	105,156
Total Non-Cash Expenses	4,224,937	4,074,177

21. ASSISTANCE AND SUBSIDY

	2016	2015
Subsidy Income from National Government	500,000,000	323,480,000
Subsidy from Other National Government Agencies	552,013,099	684,237,701
Total Assistance and Subsidy	1,052,013,099	1,007,717,701

The subsidy income is the appropriation provided by the national government to the agency for its promotions and marketing expenses, breakdown as follows:

25% share from the dividends remitted in CY 2015 by PAGCOR, airports and seaports	445,316,000
National government Subsidy remittances from Bureau of Treasury	500,000,000
Subsidy remittances from DFPC thru DOT (include Trust Liability Account (TLA) funds reclass as Budgetary Support))	106,697,099
Total	1,052,013,099

22. NON-OPERATING INCOME

	2016	2015
Gain on Foreign Exchange	4,136,255	1,531,501
Loss on Foreign Exchange	(11,365)	0
Total Non-Operating Income	4,124,890	1,531,501

The *Gain/Loss on Foreign Exchange* account represents the difference between the foreign currency monetary items recorded using spot rates and the foreign currency monetary items converted using the closing rate, breakdown as follows:

The gain on foreign exchange recognized from the transfer of accounts from Philippine National Bank (PNB) to LBP:

Balance of dollar deposits per books (based on prevailing dollar rates at dates of deposit) PNB	12,259,462
Revalued balance at P47.753 to a dollar	12,439,993
Gain on Foreign Exchange - Transfer of dollar account from PNB to LBP	180,531

The gain on foreign exchange as of December 31, 2016 in LBP dollar account is as follows:

Balance of dollar deposits per books, December (based on prevailing dollar rates at dates of deposit) LBP	74,548,952
Adjustments	(2,305)
Total	74,546,647
Revalued at P49.813	78,264,672
Gain/Loss on Foreign Exchange - Valuation as of December 31, 2016	3,718,025
Gain/Loss on Foreign Exchange – Refunds	237,699
Gain/Loss on Foreign Exchange – LBP	3,955,724
Total Gain on Foreign Exchange	4,136,255