

**CIVIL AVIATION AUTHORITY OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS**

1. GENERAL INFORMATION

Agency Profile

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

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

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

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

Corporate Objectives

The objectives of CAAP are as follows:

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

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

Organizational Structure

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

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

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

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

CAAP Organizational Structure and Staffing Pattern (CAAP-OSSP)

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

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

Cluster/Area Center	Location	No. of Satellite Airports/Facilities
HEAD OFFICE	Metro Manila	1
CLUSTER 1		
Area I	Laoag	6
Area II	Tuguegarao	6
Area III	Clark	16
CLUSTER 2		
Area IV	Puerto Princesa	4
Area VI	Iloilo	6
Area VII	Bohol-Panglao	5
CLUSTER 3		
Area V	Bicol	7
Area VIII	Tacloban	10
Area XII	Butuan	5
CLUSTER 4		
Area IX	Pagadian	9
Area X	Laguindingan	5
Area XI	Davao	5

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

Forthcoming Service Concession Arrangements

Laguindingan International Airport Project

On October 23, 2024, the Government of the Republic of the Philippines (Grantor), acting through CAAP and DOTr, entered into a Concession Agreement (CA) with Infrastructure A6C Corporation, the Concessionaire and the Special Purpose Company of sole proponent Aboitiz InfraCapital, Inc., for the upgrade, expansion, operation and maintenance of the Laguindingan International Airport.

Salient Features of the CA

1. The concession period is expected to commence on April 25, 2025, and shall end on its 30th anniversary unless otherwise extended, but not to exceed its 50th anniversary, or terminated in accordance with the CA.

2. The Grantor shall turn over to the Concessionaire the existing assets, together with reasonable access through lands under the control of the Grantor. Upon asset turn over, the Concessionaire shall:
 - a. Assume possession, care, custody, and control of the existing assets, and assume all the risks, liabilities, and obligations related to the operation and maintenance of the existing assets;
 - b. Assume all risks relating to the possession and control of the project land and the existing terminal (except as otherwise expressly set out in this Concession Agreement); and
 - c. Employ and assume responsibility as the employer of the transferring employees.
3. Each Concessionaire Performance Security under this CA shall be in the form of an irrevocable standby letter of credit, issued by a universal bank or a commercial bank licensed by the Bangko Sentral ng Pilipinas and reasonably acceptable to Grantor.
4. The Concessionaire shall:
 - a. In respect of first capacity augmentation, deliver a construction performance security equal to two per cent of the total project cost;
 - b. In respect of second capacity augmentation and any further capacity augmentation, deliver a new construction performance security equal to two per cent of the total project cost; and
 - c. In respect of any variation, deliver a new construction performance security equal to two per cent of the cost of undertaking the relevant Works.
5. The amount of the operation performance security shall be maintained in an amount of P100 million from the date of issuance of the operation performance security until the first anniversary of the turn over date following which it will be adjusted in each year to an amount equal to 10 per cent of gross revenue accrued during the previous year.
6. The Concessionaire shall ensure that the warranty security in an amount equal to P250 million Indexed, is at all times in full force and effect during the Warranty Period.
7. The Concessionaire shall deliver to Grantor an executed original of the Warranty Security in an amount equal to the amount by which:
 - a. The handback rectification amount comprising the aggregate of the cost necessary to deliver the handback rectification works exceeds; and
 - b. The amount of the operation performance security.

8. The Concessionaire shall execute employment agreements with each of the existing employees involved in existing terminal operations who accept the offer of employment from the Concessionaire.
9. The ownership and title to all renovations and improvements that the Concessionaire may introduce to the existing assets, augmented capacity, commercial assets, and associated facilities (if any) will be retained by the Concessionaire during the concession period but shall revert to Grantor upon the termination date or the transfer date, whichever is earlier.
10. The Concessionaire shall maintain at its own cost at all times insurance in respect of "all risks" as customarily covered by such insurance policies for physical loss or damage to the project assets.
11. The Concessionaire shall pay the fixed payments with the following schedule:

Contract Year	Amount in Philippine Pesos
1	47 million
2	49 million
3	51 million
4	52 million
5	54 million
6	60 million
7	60 million
8	60 million
9-30	85 million

12. The Parties shall share all gross revenue received from the operation of the Laguindingan Airport by the Concessionaire during the concession period, based on the following sharing mechanism: Fixed Payments plus three per cent of gross revenues.
13. Grantor shall establish a bank account (the "Blocked Account") as a Trust Liability Bank Account (TLBA) in an Authorized Government Depository Bank (AGDB), the operational arrangements for which shall provide that it may only be established and operated as provided in DOF-DBM-COA Permanent Committee (PC) Joint Circular No. 2023-01 (s. 2023) or the Guidelines on Managing Receipts from Public-Private Partnership Projects. The funds from the foregoing sources shall be regularly accumulated in the Blocked Account to ensure that the balance standing to the credit of the Blocked Account shall be at least equivalent to P250 million.

Bohol-Panglao International Airport Project

On December 18, 2024, the Government of the Republic of the Philippines (Grantor), acting through CAAP and DOTr, entered into a Concession Agreement (CA) with Aboitiz InfraCapital Bohol Airport Corporation, the Concessionaire and the Special Purpose Company of sole proponent Aboitiz InfraCapital, Inc., for the upgrade, expansion, operation, and maintenance of the Bohol-Panglao International Airport.

Salient Features of the CA

1. The Concession Period is expected to commence on June 16, 2025 and shall end on its 30th anniversary unless otherwise extended, but not to exceed its 50th anniversary, or terminated in accordance with the CA.
2. The Grantor shall turn over to the Concessionaire the existing assets, together with reasonable access through lands under the control of the Grantor. Upon asset turnover, the Concessionaire shall:
 - a. Assume possession, care, custody, and control of the existing assets, and assume all the risks, liabilities, and obligations related to the operation and maintenance of the existing assets;
 - b. Assume all risks relating to the possession and control of the project land and the existing terminal (except as otherwise expressly set out in this CA); and
 - c. Employ and assume responsibility as the employer of the transferring employees.
3. Each Concessionaire Performance Security under this Concession Agreement shall be in the form of an irrevocable standby letter of credit, issued by a universal bank or a commercial bank which is licensed by the Bangko Sentral ng Pilipinas and reasonably acceptable to Grantor.
4. The Concessionaire shall:
 - a. In respect of the first capacity augmentation, deliver a construction performance security equal to two per cent of the total project cost;
 - b. In respect of second capacity augmentation and any further capacity augmentation, deliver a new construction performance security equal to two per cent of the total project cost; and
 - c. In respect of any variation, deliver a new construction performance security equal to two percent of the cost of undertaking the relevant works.
5. The amount of the operation performance security shall be maintained in an amount of P100 Million from the date of issuance of the operation performance security until the first anniversary of the turn over date following which it will be adjusted in each year to an amount equal to 10 per cent of gross revenue accrued during the previous year.
6. The Concessionaire shall ensure that the warranty security in an amount equal to P250 million Indexed, is at all times in full force and effect during the Warranty Period.

7. The Concessionaire shall deliver to Grantor an executed original of the Warranty Security in an amount equal to the amount by which:
 - a. The handback rectification amount comprising the aggregate of the cost necessary to deliver the handback rectification works exceeds; and
 - b. The amount of the operation performance security.
8. The Concessionaire shall execute employment agreements with each of the existing employees involved in existing terminal operations who accept the offer of employment from the Concessionaire.
9. The ownership and title to all renovations and improvements that the concessionaire may introduce to the existing assets, augmented capacity, commercial assets, and associated facilities (if any) will be retained by the Concessionaire during the concession period but shall revert to Grantor upon the termination date or the transfer date, whichever is earlier.
10. The Concessionaire shall maintain at its own cost at all times insurance in respect of "all risks" as customarily covered by such insurance policies for physical loss or damage to the project assets.
11. The Concessionaire shall pay the fixed payments with the following schedule:

Contract Year	Amount in Philippine Pesos
1-5	15 million
6-10	20 million
11-15	30 million
16-20	50 million
21-25	100 million
26-30	200 million

12. The Parties shall share all gross revenue received from the operation of the Bohol-Panglao International Airport by the Concessionaire during the Concession Period, based on the following sharing mechanism: fixed payments plus three percent of gross revenues.
13. Grantor shall establish a bank account (the "Blocked Account") as a Trust Liability Bank Account (TLBA) in an Authorized Government Depository Bank (AGDB), the operational arrangements for which shall provide that it may only be established and operated as provided in DOF-DBM-COA Permanent Committee (PC) Joint Circular No. 2023-01 (s. 2023) or the Guidelines on Managing Receipts from Public-Private Partnership Projects. The funds from the foregoing sources shall be regularly accumulated in the Blocked Account to ensure that the balance standing to the credit of the Blocked Account shall be at least equivalent to P250 million.

Fiscal Autonomy

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

Exemption from Taxes, Customs, and Tariff Duties

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

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

Principal Office

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

Authorization to Issue the 2024 Financial Statements

The financial statements of CAAP for the years ended December 31, 2024, and 2023 were approved and authorized for issue by the Chairman of the Board of Directors on June 11, 2025, as shown in the Statement of Management's Responsibility for Financial Statements.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

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

Basis of Preparation

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

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

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

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

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

Functional and Presentation Currency

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

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

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

Use of Estimates and Judgments

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

3. NEW AND REVISED ACCOUNTING STANDARD

Adoption of New and Amended PFRS

a. Effective in 2024 that are relevant to CAAP

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which CAAP adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current or Non-current Liabilities with Covenants – The amendments improve the information an entity provides when its right to defer settlement of liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

The amendments clarify that the classification of liabilities as current or non-current is based solely on an entity's right to defer settlement for at least 12 months after the reporting date. The right needs to exist at the reporting date and must have substance.

Only covenants with which an entity must comply on or before the reporting date affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or non-current at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become payable within 12 months after the reporting date.

The amendments also clarify that the transfer of an entity's own equity instruments is regarded as a settlement of a liability, in certain circumstances. If a liability has any equity conversion options, they generally affect its classification as current or noncurrent (e.g. if the conversion option is bifurcated as an embedded derivative from the host debt), unless these conversion options are recognized as equity under PAS 32, *Financial Instruments: Presentation*.

b. Effective in 2024 that are not relevant to CAAP

- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback – The amendments pertain to the addition of subsequent measurement requirements for sale and leaseback transactions. It requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows:
 - On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.
 - After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognized.

Seller-lessees are required to assess and potentially restate sale-and-leaseback transactions entered into since the implementation of PFRS 16 in 2019.

- Amendments to PAS 7 and PFRS 7, Supplier Finance Arrangements – The amendments require an entity (the buyer) to disclose qualitative and quantitative information about its supplier finance arrangements, such as terms and conditions – including, for example, the extended payment terms and security or guarantees provided.

Amongst other characteristics, PAS 7 explains that a supplier finance arrangement provides the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

c. New and amended PFRS issued but not yet effective

The new and amended PFRS which are not yet effective for the year ended December 31, 2024, and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PFRS 17, Insurance Contracts – The main changes resulting from the Amendments to PFRS 17 are:
 - Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after 1 January 2023 and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.
 - Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
- Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
- Several small amendments regarding minor application issues.
- Amendments to PAS 21, Lack of Exchangeability – The amendments apply when one currency cannot be exchanged into another. This may occur, for example, because of government-imposed controls on capital imports and exports, or a limitation on the volume of foreign currency transactions that can be undertaken at an official exchange rate. The amendments clarify when a currency is considered exchangeable into another currency, and how an entity estimates a spot rate for currencies that lack exchangeability. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.

Effective for annual periods on or after January 1, 2026:

- Amendments to PFRS 9 and PFRS 7, Amendments to the Classification and Measurement of Financial Instruments – Clarifies financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for a new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

They also provide guidelines to assess the contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features.

Additionally, these amendments introduce new disclosure requirements and update others.

Effective for annual periods on or after January 1, 2027:

- PFRS 18 replaces PAS 1, Presentation and Disclosure in Financial Statements – The changes, which mostly affect income statement, include the requirement to classify income and expenses into three new categories – operating, investing, and financing – and present subtotals for operating profits or loss and profit or loss before financing and income taxes.

Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g., employee compensations), by function (e.g., cost of sales), or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

Deferred effectivity

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

Financial Assets

Initial Recognition

Financial assets are recognized in CAAP's financial statements when CAAP becomes a party to the contractual provisions of the instrument. Financial assets are recognized

initially at fair value. Transaction costs are included in the initial measurement of CAAP's financial assets, except for investments classified at fair value through profit or loss (FVTPL).

Classification and Subsequent Measurement

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

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

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

Derecognition of financial assets

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

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

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

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

Inventories

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

Prepayments and Other Current Assets

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

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

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

Property and Equipment

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

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

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

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

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

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

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

Impairment of Non-financial Assets

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

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

Derecognition of Non-financial Assets

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

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

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

Financial Liabilities

Initial recognition

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

Classification and Subsequent Measurement

Financial liabilities are classified as either financial liabilities at FVTPL or Other financial liabilities.

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term;
or
- On initial recognition, it is part of a portfolio of identified financial instruments that CAAP manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with CAAP's documented risk management or investment strategy, and information about CAAP is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and PAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

Other financial liabilities

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

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

Offsetting financial instruments

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

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

Derecognition of financial liabilities

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

Deferred Credits/Unearned Revenue/Income

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

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

Equity instruments

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

Retained earnings

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

Provisions and Contingencies

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

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

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control

with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Revenue Recognition

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

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

Rendering of Services

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

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

Interest Revenue

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

Rental Revenue

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

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income

can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Leases

CAAP as Lessee

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

CAAP as Lessor

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

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

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

Employee Benefits

Short-term benefits

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

Terminal leave benefits

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

Income Tax

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

Current tax

The current tax expense is based on net profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. Due to the utilization of Net Operating Loss Carry Over from previous years, the current tax liability was calculated using the Minimum Corporate Income Tax at the rate of 1.5 per cent of the Gross Income pursuant to Bureau of Internal Revenue (BIR) RMC 26-2024.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which CAAP expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

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

Foreign Currency Transactions and Translation

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

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

Events after Reporting Date

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

Changes in Accounting Policies and Estimates

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgments

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

Assessment of impairment of non-financial assets

CAAP determines whether there are indicators of impairment of CAAP's property and equipment. Indicators of impairment include a significant change in usage and a decline in the asset's fair value on underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future

cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires CAAP to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on CAAP's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

Impairment of financial assets

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

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

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

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

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

Estimates

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

Estimating Useful Lives of Property and Equipment

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

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

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

6. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2024	2023
Current Account - Peso	6,143,943,567	4,827,245,654
Time Deposit - Dollar	2,900,299,153	0
Savings Account - Dollar and Peso	2,010,443,804	406,517,927
Cash on Hand (Collecting officers / Petty Cash)	26,338,481	21,196,110
	11,081,025,005	5,254,959,691

Time Deposits – Dollar pertains to 90-day term deposits in authorized government depository banks at a 2.6 per cent interest rate.

7. FINANCIAL ASSETS

This account pertains to placements of Treasury Bills amounting to P3.446 billion in 2024 and P3.467 billion in 2023, with interest rates ranging from 5.79 per cent to 6.10 per cent and a maturity period ranging from 181 days to 350 days. The treasury bills earned interest amounting to P159.111 million in 2024 and P122.220 million in 2023.

8. OTHER INVESTMENTS

This account consists of the following:

	2024	2023
Current		
Investment in Time Deposits – Foreign Currency	5,538,418,266	3,656,637,547
Investment in Time Deposits – Local Currency	161,084,906	443,712,956
Non-Current		
Other Investments	0	489,614,461
	5,699,503,172	4,589,964,964

Investment in Time Deposits - Local and Foreign Currency is measured at amortized cost. The amounts were deposited in authorized government depository banks with an interest rate of 2.60 per cent to 2.62 per cent and will mature between 91 to 185 days.

Other Investments refers to investments that were managed by the United Coconut Planters Life Assurance Corporation, otherwise known as COCOLIFE. The investment was terminated in 2024.

9. RECEIVABLES

This account consists of the following:

	2024	2023 (As Restated)
Loans and Receivables		
Accounts Receivable	5,629,699,765	5,652,544,048
Interests Receivable	74,073,438	30,641,593
	5,703,773,203	5,683,185,641
Allowance for Impairment	(1,834,575,446)	(1,657,657,907)
	3,869,197,757	4,025,527,734
Lease Receivables		
Operating Lease Receivable	390,626,772	323,719,425
Allowance for Impairment	(50,879,038)	(42,167,461)
	339,747,734	281,551,964
Inter-Agency Receivables		
National Government Agencies (NGAs)	64,300,219	68,856,526
Local Government Units (LGUs)	4,930,170	4,930,170
	69,230,389	73,786,696
Allowance for Impairment	(35,113,897)	(34,905,670)
	34,116,492	38,881,026
Other Receivables		
Receivables-Disallowances/Charges	167,911,596	168,307,354
Due from Officers and Employees	524,407	662,825
Others	47,627,757	70,547,404
	216,063,760	239,517,583
Allowance for Impairment	(43,194,928)	(9,376,734)
	172,868,832	230,140,849
	4,415,930,815	4,576,101,573

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

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

A reconciliation of the allowance for impairment on Accounts Receivable at the beginning and end of 2024 and 2023 is shown below.

	2024	2023 (As Restated)
Beginning Balance	1,657,657,907	1,600,266,515
Impairment loss during the year	176,917,539	57,391,392
	1,834,575,446	1,657,657,907

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

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

A reconciliation of the allowance for impairment on Operating Lease Receivables at the beginning and end of 2024 and 2023 is shown below.

	2024	2023 (As Restated)
Beginning Balance	42,167,461	11,722,185
Impairment loss during the year	8,711,577	30,445,276
	50,879,038	42,167,461

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

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

A reconciliation of the allowance for impairment on inter-agency receivables at the beginning and end of 2024 and 2023 is shown below.

	2024	2023 (As Restated)
Beginning Balance	34,905,670	24,130,009
Impairment loss during the year	208,227	10,775,661
	35,113,897	34,905,670

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

Due from officers and employees pertains to receivable from active personnel of CAAP.

Others pertains to receivables not falling under any other specific receivables account. This includes unliquidated cash advances of CAAP employees/disbursing officers who are separated, retired, resigned, or deceased. The balance also includes the unexpended portion of a fund transfer to the Federal Aviation Administration of the United States of America relative to a 2016 engagement where the latter provided CAAP with Safety Specialists and a Subject Matter Expert with backgrounds in airworthiness, operations, and/or other expertise, as appropriate.

A reconciliation of the allowance for impairment on other receivables at the beginning and end of 2024 and 2023 is shown below.

	2024	2023
Beginning Balance	9,376,734	9,207,320
Impairment loss during the year	33,818,194	169,414
	43,194,928	9,376,734

10. INVENTORIES

This account consists of the following:

	2024	2023 (As Restated)
Inventories held for consumption		
Fuel, Oil and Lubricants	40,068,101	37,930,483
Accountable Forms, Plates and Stickers	23,122,157	21,630,953
Office Supplies	14,330,465	19,277,719
Construction Materials	2,464,097	847,112
Housekeeping/Cleaning Supplies	1,988,046	1,880,807
Electrical Supplies and Materials Inventory	1,086,325	914,652
Medical, Dental & Lab. Supplies Inventory	1,009,808	455,803
Drugs & Medicines Inventory	341,530	560,757
Other Supplies and Materials Inventory	58,379,724	54,746,944
	142,790,253	138,245,230
Allowance for Impairment	(15,490,122)	(15,490,122)
	127,300,131	122,755,108
<hr/>		
Semi-Expendable Office Equipment	2,952,402	2,723,312
Semi-Expendable Information and Communication Technology Equipment	2,748,223	2,424,005
Semi-Expendable Communication Equipment	860,200	917,139
Semi-Expendable Electrical Equipment	571,351	754,539
Semi-Expendable Construction and Heavy Equipment	309,828	286,048
Semi-Expendable Disaster Response and Rescue Equipment	227,011	346,404
Semi-Expendable Airport Equipment	150,799	78,348
Semi-Expendable Medical Equipment	127,854	127,853
Semi-Expendable Other Machinery and Equipment	4,210,284	7,732,490
	12,157,952	15,390,138
<hr/>		
Semi-Expandable Furniture and Fixtures	4,251,946	2,941,166
	143,710,029	141,086,412

11. OTHER CURRENT ASSETS

This account consists of the following:

	2024	2023 (As Restated)
Prepayments	430,680,383	634,542,933
Advances	20,819,022	3,202,757
	451,499,405	637,745,690

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

	2024	2023 (As Restated)
Input Tax	403,463,952	270,147,814
Advances to Contractors	13,724,591	8,929,114
Prepaid Insurance	12,122,986	28,052,199
Creditable Input Tax	0	150,295,650
Withholding Tax at Source	0	123,414,444
Other Prepayments	1,368,854	53,703,712
	430,680,383	634,542,933

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

Advances to Contractors pertains to advances for mobilization funds of contractors. The increase was due to the implementation of new projects with a 15 per cent advance payment requirement.

Prepaid Insurance pertains to the amount paid to the Government Service Insurance System (GSIS) for the insurance of CAAP properties. The decrease was due to the amortization of prepayments.

Creditable Input Tax pertains to the excess of input VAT over output VAT. In 2024, the balance was adjusted to reflect available creditable input tax of CAAP.

Withholding Tax at Source is the amount of creditable withholding tax deducted by CAAP's clients from their payment of rental or other services, which shall be deducted against future income taxes payable by CAAP. The amount was fully utilized to satisfy the tax obligations of CAAP in CY 2024.

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

11.2 Breakdown of *Advances* account is as follows:

	2024	2023 (As Restated)
Advances to Special Disbursing Officer	11,217,051	1,141,776
Advances to Officers and Employees	8,416,862	990,482
Advances for Payroll	1,185,109	1,070,499
	20,819,022	3,202,757

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

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

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

12. PROPERTY AND EQUIPMENT

This account consists of the following:

	Land	Land Improvements and Infrastructure Assets	Buildings and Other Structures	Construction in Progress	Service Concession Assets	Furniture and Equipment	TOTAL
December 31, 2023							
Cost	35,952,041,234	35,513,330,236	8,034,465,072	3,823,816,100	7,213,846,182	7,109,598,338	97,647,097,162
Accumulated Depreciation	0	(25,222,035,248)	(2,886,112,493)	0	(3,385,967,150)	(4,728,686,168)	(36,222,801,059)
Net Carrying Amount as of December 31, 2023 as Restated	35,952,041,234	10,291,294,988	5,148,352,579	3,823,816,100	3,827,879,032	2,380,912,170	61,424,296,103
Cost							
At January 1, 2024	35,952,041,234	35,513,330,236	8,034,465,072	3,823,816,100	7,213,846,182	7,109,598,338	97,647,097,162
Additions/Acquisition	772,200	25,527,304	88,913,673	64,823,796	30,519,919	309,585,835	520,142,727
Derecognition of Donated Asset	0	0	0	0	0	(8,170,000)	(8,170,000)
Adjustments/Disposal/Derecognition of Unserviceable PPE	0	0	0	380,990,832	0	(29,642,201)	351,348,631
At December 31, 2024	35,952,813,434	35,538,857,540	8,123,378,745	4,269,630,728	7,244,366,101	7,381,371,972	98,510,418,520
Accumulated Depreciation							
At January 1, 2024	0	25,222,035,248	2,886,112,493	0	3,385,967,150	4,728,686,168	36,222,801,059
Depreciation Expense	0	1,196,414,365	253,484,081	0	496,262,248	403,965,533	2,350,126,227
Derecognition of Donated Asset	0	0	0	0	0	(6,157,286)	(6,157,286)
Adjustments/Disposal/Derecognition of Unserviceable PPE	0	0	0	0	0	(27,918,045)	(27,918,045)
At December 31, 2024	0	26,418,449,613	3,139,596,574	0	3,882,229,398	5,098,576,370	38,538,851,955
At December 31, 2024	35,952,813,434	35,538,857,540	8,123,378,745	4,269,630,728	7,244,366,101	7,381,371,972	98,510,418,520
Accumulated Depreciation	0	(26,418,449,613)	(3,139,596,574)	0	(3,882,229,398)	(5,098,576,370)	(38,538,851,955)
Net Carrying Amount as of December 31, 2024	35,952,813,434	9,120,407,927	4,983,782,171	4,269,630,728	3,362,136,703	2,282,795,602	59,971,566,565

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

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

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

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

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

Caticlan Airport Development Project under Service Concession Arrangement

On 22 June 2009, the Government of the Republic of the Philippines, the Grantor, acting through the Department of Transportation and Communications (now Department of Transportation) and CAAP, the “Grantor”, entered into a Service Concession Agreement (SCA) with Caticlan International Airport and Development Corporation, now TransAire Development Holdings Corporation (TADHC), the “Operator”, to rehabilitate and operate the Caticlan Airport.

Under the terms of the SCA, the Operator will finance the cost to construct and rehabilitate the Caticlan Airport and in return, it can charge the users a terminal fee based on the provisions of the SCA. The concession period is for twenty-five (25) years, and may be renewed or extended for another twenty-five (25) years.

The Grantor is responsible for:

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

The Operator is responsible for:

1. Preparing the Drawing and Design of the Rehabilitation Plan.
2. Constructing, supplying, completing, and commissioning the Caticlan Airport.

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

The following is the list of assets transferred to TADHC from CAAP and recorded under Service Concession Assets as of December 31, 2024:

	Provided by CAAP	Provided by TADHC	Total
<u>2023</u>			
<u>Cost</u>			
Balance, January 1, 2023	306,151,060	6,907,695,122	7,213,846,182
Additions	0	0	0
Balance, December 31, 2023, as restated	306,151,060	6,907,695,122	7,213,846,182
<u>Accumulated Depreciation</u>			
Balance, January 1, 2023	171,425,949	2,710,725,747	2,882,151,696
Depreciation	1,973,620	501,841,834	503,815,454
Balance, December 31, 2023	173,399,569	3,212,567,581	3,385,967,150
Carrying Amount, December 31, 2023	132,751,491	3,695,127,541	3,827,879,032
<u>2024</u>			
<u>Cost</u>			
Balance, January 1, 2024	306,151,060	6,907,695,122	7,213,846,182
Additions	0	30,519,919	30,519,919
Balance, December 31, 2024	306,151,060	6,938,215,041	7,244,366,101
<u>Accumulated Depreciation</u>			
Balance, January 1, 2024	173,399,569	3,212,567,581	3,385,967,150
Additions	1,961,961	494,300,287	496,262,248
Balance, December 31, 2024	175,361,530	3,706,867,868	3,882,229,398
Carrying Amount, December 31, 2024	130,789,530	3,231,347,173	3,362,136,703

Furniture and Equipment account includes air navigational equipment installed in different airports operated by CAAP. K9 dogs donated to private individuals were derecognized from the account.

Pursuant to the COA Circular No. 2020-006, CAAP started implementing the one-time cleansing of Property, Plant, and Equipment (PPE) accounts to address the recurring issue of discrepancies in PPE account balances.

13. INTANGIBLE ASSETS

	2024	2023 (As Restated)
Computer Software	10,870,570	10,870,570
Accumulated Amortization	(10,870,570)	(9,303,396)
	0	1,567,174

Intangible assets pertains to Instrument Flight Rule (IFR) Procedure Design Software utilized by CAAP for its operations.

14. DEFERRED TAX ASSET

Deferred Tax Asset pertains to deductible temporary differences recoverable in future periods. Details are as follows:

	2024	2023
Deferred Service Concession Revenue	819,812,874	997,068,413
Leave Benefits Payable	290,361,490	251,869,072
Losses and Impairments	65,497,335	0
Other Unearned Revenues	13,567,730	0
Net Operating Loss Carry Over (NOLCO)	0	783,027,320
Unrealized Forex Loss	0	20,226,089
	1,189,239,429	2,052,190,894

The decrease is due to the utilization of the NOLCO in accordance with relevant tax laws.

15. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2024	2023 (As Restated)
Guaranty Deposits	11,170,275	11,170,275
Other Assets, net	3,449,992	3,449,992
Deposit on Letters of Credit	0	18,332,140
	14,620,267	32,952,407

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

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

	2024	2023
Deferred Charges/Losses	3,449,992	3,449,992
Other Assets	2,208,086,862	2,167,477,213
	2,211,536,854	2,170,927,205
Allowance for Impairment	(2,208,086,862)	(2,167,477,213)
	3,449,992	3,449,992

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

16. FINANCIAL LIABILITIES

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

17. INTER-AGENCY PAYABLES

This account consists of the following:

	2024	2023 (As Restated)
Due to National Government Agencies (NGAs)	2,936,959,479	2,876,638,424
Due to Treasurer of the Philippines	457,775,700	0
Income Tax Payable	414,090,571	0
Due to Bureau of Internal Revenue (BIR)	174,032,110	92,843,828
Value Added Tax (VAT) Payable	67,950,051	72,871,860
Due to Government Service Insurance System (GSIS)	58,198,586	69,944,130
Due to Philippine Health Insurance Corporation (PhilHealth)	20,375,747	13,635,755
Due to Home Development Mutual Fund (Pag-IBIG)	6,535,327	5,340,513
Due to Social Security System (SSS)	190,848	367,721
Due to Government-Owned or Controlled Corporations (GOCCs)	33,246	32,476
Due to Local Government Units (LGUs)	15,652	15,652
	4,136,157,317	3,131,690,359

Due to NGAs consists of the following:

	2024	2023
Funds from Department of Transportation (DOTr) for downloaded infrastructure projects	2,877,997,890	2,810,759,573
Prior years' ATO account balances for undocumented/ unsupported transactions transferred to CAAP books	50,472,589	50,472,589
Funds received by ATO from DOT for asphalt paving of runway shoulder at Kalibo Airport transferred to CAAP books with supporting documents	5,000,000	5,000,000
Funds from DOTr for land titling expense for the Laguindingan Airport Development Project	2,779,947	2,706,231
Amount garnished by the National Labor Relations Commission (NLRC) and Security Fee for reconciliation	709,053	709,053
Payable to National Printing Office (NPO) for the printing and delivery of Accountable Forms	0	6,990,978
	2,936,959,479	2,876,638,424

Funds from DOTr refers to fund transfers made by DOTr to CAAP for the implementation of downloaded infrastructure projects. While the non-moving accounts are fund transfers carried over from ATO accounts subject to reconciliation with the concerned NGAs.

The balance in *Due to Treasurer of the Philippines* refers to collections from airline operators for the share of the National Action Committee on Anti-Hijacking and Anti-Terrorism (NACAHT) on the Aviation Security fee. It also includes the balance due to national treasury relative to grants in excess of what is allowable by law recoverable from airline operators amounting to P52.875 million relative to the implementation of Republic Act No. 11494, also known as the Bayanihan to Recover as One Act, for the purpose of helping operators in the airline industry severely impacted by the COVID-19 pandemic.

Income Tax Payable pertains to the amount of income tax still payable to the BIR after deducting available tax credits from the total tax due.

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

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

Due to GSIS, PhilHealth and Pag-IBIG accounts represent premiums and loan amortization deductions from the employees' salaries for remittance to the concerned offices.

Due to SSS pertains to the amount withheld for SSS personal share voluntary contribution of a regular employee and a job order of Area Centers VI and X.

Due to GOCCs pertains to payables of Area Center V to other collection agencies such as government banks for loans of personnel.

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

18. PROVISIONS

This account consists of the following:

	2024		2023 (As Restated)	
	Current	Non-Current	Current	Non-Current
Leave Benefits Payable	60,716,540	1,100,729,421	26,832,623	984,112,993

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

19. TRUST LIABILITIES

This account consists of the following:

	2024	2023 (As Restated)
Guaranty/Security Deposits Payable	65,900,376	66,437,879
Trust Liabilities - Disallowances/Charges	13,374,573	30,769,493
Trust Liabilities	10,509,364	6,453,632
Customers' Deposits Payable	8,597,134	6,073,562
	98,381,447	109,734,566

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

Trust Liabilities-Disallowances/Charges refers to the settlement of disallowances/charges pending the finality of the decision of the Commission on Audit (COA). The decrease was due to the issuance of the COA Notice of Settlement of Suspension/Disallowance/Charge (NSSDC), which resulted in the refund of collected amounts from disallowances.

Trust Liabilities account pertains to the voluntary deposit of American Airlines in the amount of \$20,000 to secure payment of their dues to CAAP in case of their

delinquency. It also includes funds from Trans Aire Development Holdings Corporation (TADHC) for the procurement of land relative to the Caticlan Airport Development Project, amounting to P4.648 million.

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

20. DEFERRED CREDITS

This account consists of the following:

	2024	2023 (As Restated)
Deferred Revenue from Grants and Donations	7,975,155,497	8,478,593,346
Deferred Service Concession Revenue	3,279,251,498	3,835,360,551
Output Tax	245,665,197	212,615,605
Other Unearned Revenue	296,002,575	241,731,653
Other Deferred Credits	2,069,715	1,262,528
	11,798,144,482	12,769,563,683

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

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

Output Tax pertains to the VAT included in the selling price of goods and services. The remaining balance pertains to a portion of VAT on uncollected receivables.

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

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

21. DEFERRED TAX LIABILITY

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

	2024	2023
Service Concession Asset, net	840,534,175	995,198,033
Unrealized Forex Gain	37,754,785	0
	878,288,960	995,198,033

22. OTHER PAYABLES

This account consists of the following:

	2024	2023 (As Restated)
Undistributed Collections	273,991,558	1,177,471,952
Due to Officers and Employees	132,474,737	448,485,230
Other Payables	11,916,594	24,060,624
	418,382,889	1,650,017,806

Undistributed Collections pertains to unidentified collections directly deposited to the bank account of CAAP by customers. This account is debited when a payor has provided the necessary information relative to the payment made. During the year, CAAP has identified payments from customers that were previously recorded in this account, resulting in the decrease of the year end balance.

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

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

23. GOVERNMENT EQUITY

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

24. CONTRIBUTED CAPITAL

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

25. DEFICIT

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

26. DIVIDENDS

CAAP remitted dividends to the national treasury amounting to P653.756 million pursuant to RA No. 7656.

27. CUMULATIVE CHANGES IN FAIR VALUE OF INVESTMENTS

Cumulative Changes in Fair Value of Investments pertains to the accumulated unrealized gain on change in fair value of investment with COCOLIFE. The balance was derecognized following the termination of the investment in 2024.

28. DORMANT ACCOUNTS

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

Dormant accounts as of December 31, 2024, are as follows:

Account Title	Amount	Allowance for Impairment	Net Book Value
Assets			
Accounts Receivable	1,677,422,470	1,677,422,470	0
Operating Lease Receivable	38,924,599	38,924,599	0
Due from National Government Agencies	30,005,419	30,005,419	0
Due from LGU	4,930,170	4,930,170	0
Other Assets	2,208,086,862	2,208,086,862	0
Other Receivables	43,194,929	43,194,929	0
	4,002,564,449	4,002,564,449	0
Liabilities			
Due to NGA	55,491,329	0	55,491,329
Undistributed Collections	2,046,837	0	2,046,837
Other Unearned Income	23,322,206	0	23,322,206
	80,860,372	0	80,860,372
	4,083,424,821	4,002,564,449	80,860,372

Dormant accounts as of December 31, 2023, are as follows:

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

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

29. INCOME

This account consists of the following:

	2024	2023 (As Restated)
Business Income	15,431,828,697	10,157,286,610
Gains	304,494,875	0
Service Income	160,089,739	201,220,011
Grants and Donations	11,501,000	1,412,000
Other Non-Operating Income	7,942,651	18,075,986
	15,915,856,962	10,377,994,607

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

This consists of the following:

	2024	2023 (As Restated)
Income from Communication Facilities	11,091,752,916	6,126,099,247
Transportation System Fees	2,288,979,634	2,175,663,728
Landing and Parking Fees	651,337,390	575,445,213
Service Concession Revenue	600,273,731	607,685,406
Interest Income	334,340,626	192,835,695
Rent/Lease Income	195,094,651	166,062,273
Communication Network Fees	39,908,495	31,730,532
Fines and Penalties - Business Income	18,844,676	95,067,962
Other Business Income	211,296,578	186,696,554
	15,431,828,697	10,157,286,610

Income from Communication Facilities pertains to income from the use of communication facilities owned by CAAP. Income is recognized and billed on a semi-monthly basis. The increase in Income from Communication Facilities was mainly the result of implementing the New Schedule of Fees and Charges for Air Navigation Charges effective on 16 November 2023.

Transportation System Fees refers to terminal fees imposed by CAAP on departing passengers, presently pegged at P200, P150, and P100 depending on the airport terminal. These fees are presently termed as Domestic Passengers Service Charges (DPSC) which are already integrated at the Point of Sale of Airline Tickets pursuant to CAAP Memorandum Circular No. 022-17, series of 2017. Income is recognized upon remittance by the Airline Carriers.

Landing and Parking Fees refers to fees charged for the use of the airport facilities and services for landing and parking. Income is recognized upon billing at the end of the month.

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

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

Total interests earned on deposits and investments are as follows:

	2024	2023 (As restated)
Financial Assets	159,111,314	122,219,615
Cash and Cash Equivalents	1,350,144	4,883,065
Other Investments	173,879,168	65,733,015
	334,340,626	192,835,695

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

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

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

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

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

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

	2024	2023 (As Restated)
Vehicular Parking	90,856,225	85,567,264
Weighing Conveyor and Check-in Charges	51,228,747	42,197,232
Aerobridge	41,267,110	35,493,403
Bid Documents	10,323,600	11,154,395
Ground Handling Service	7,348,469	5,161,319
Access Pass/ID	4,716,140	4,037,951
Aeronautical Information Publication (AIP)	2,627,595	322,098
Garbage Collection	2,371,420	2,339,307
Records (authentication/photocopy/verification)	557,272	423,585
	211,296,578	186,696,554

Gains consists of the following:

	2024	2023
Gain on Foreign Exchange	264,925,210	0
Gain from Changes in Fair Value of Financial Instruments	39,569,665	0
	304,494,875	0

Gain on Foreign Exchange refers to the amount of gain from the conversion of foreign currency in accordance with paragraph 23 of the Philippine Accounting Standards (PAS) 21. The gain resulted from the increase in the exchange rate from P55.37 in 2023 to P57.845 in 2024. The gain was also contributed to by the increase in dollar-denominated currency from \$7.34 million in 2023 to \$34.74 million in 2024.

Gain from Changes in Fair Value of Financial Instruments pertains to the realized gain from the termination of investment in COCOLIFE.

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

	2024	2023 (As Restated)
Permit Fees	29,327,286	30,081,466
Clearance & Certification Fees	29,206,988	23,018,602
Licensing Fees	24,461,426	13,676,781
Fines and Penalties - Service Income	1,535,572	1,548,479
Other Service Income	75,558,467	132,894,683
	160,089,739	201,220,011

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

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

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

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

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

	2024	2023 (As Restated)
Water/Electricity/Tel/Cable	62,068,324	54,197,147
Energy Fee	5,138,136	4,788,154
Medical Examination	4,821,114	3,574,421
Dental Examination	1,556,368	1,290,450
Laboratory	1,545,553	1,634,090
Course Fee	199,812	150,020
Medical Procedures/Treatment	81,350	81,800
Change Form	81,060	74,100
Transfer Fee	34,300	20,000
De-Registration	17,700	20,850
Inspection Fee	14,750	25,850
Flight Inspector Fee	0	67,037,801
	75,558,467	132,894,683

Grants and Donations pertains to donations in cash and in kind received by CAAP from private companies and the Bangko Sentral ng Pilipinas for hosting the 59th Conference of the Directors General of Civil Aviation of the Asia and Pacific Regions.

Other Non-Operating Income pertains to the following:

	2024	2023 (As Restated)
Liquidated damages imposed to erring suppliers and contractors	7,639,129	18,031,343
Proceeds from Sale/Disposal of property and equipment	303,522	44,643
	7,942,651	18,075,986

30. ASSISTANCE AND SUBSIDIES

This account consists of the following:

	2024	2023 (As Restated)
Assistance from the Department of Budget and Management to cover for the operating requirements of CAAP	0	100,000,000
Transferred Assets from DOTr		
New Communication, Navigation Surveillance/Air Traffic Management System (CNS/ATM) and Information and Communication Technical Equipment	695,283,280	695,283,280
Dipolog Development Project - Turnover of Runways, Taxiways and Apron of New Bicol International Airport	38,536,691	38,536,691
Purchase/ Installation of Navigation Aids at General Santos Airport	10,722,149	10,722,149
Runway asphalt overlay - Calbayog Airport	10,037,148	10,001,428
Upgrading of power system at General Santos International Airport	9,942,582	9,942,582
Purchase/ Installation of Airfield Lighting System and Other Works at Sangley Airport	9,558,889	9,558,889
Site Work Preparation of Landside Area at Bukidnon	8,176,119	8,176,119
Development of San Vicente Airport	7,451,387	7,451,387
Tuguegarao Airport Development Project- Continuation of strip grade correction, strip ends, ditch canal at Tuguegarao Airport	7,423,735	7,423,735
Strip Width Correction at Virac Airport	7,239,116	7,239,116
Reblocking of apron and construction of two taxiway at Dumaguete Airport	6,705,703	6,705,703
Expansion of Runway, Runway Strip Width Correction and Runway Markings at Surigao Airport	6,643,909	553,659
Supply/ Installation of Precision Approach Lighting System, runway guard lights, taxiway info sign and mandatory signages at General Santos International Airport	6,616,886	6,616,886
Purchase/installation of DVOR/DME for Bicol International Airport	5,194,375	5,194,375
Expansion of Apron with Ramp, Construction of River Protection with Shoulder Grade Correction, Widening of Taxiway	4,743,618	4,743,618
Concreting of runway Phase II at Kabankalan Airport	4,633,339	3,475,004

	2024	2023 (As Restated)
Strip Grade Correction and Recollection of Open Ditch Canal and Runway Strip - San Vicente Airport	4,529,308	4,529,308
Improvement and Construction of Airport Facilities at General Santos International Airport	4,500,366	4,500,366
Antique Airport Development Project	3,975,651	3,975,651
Assistance from DOTr for Masbate Airport- Asphalt Overlay of Runway Shoulder Grade Correction	3,922,005	3,922,005
Purchase/ installation of Automated Weather Observing System at Bicol International Airport	3,546,300	3,546,300
Continuation of Asphalt Overlay of Runway - Cauayan Airport	3,415,406	3,415,406
Strip grade with Correction concreting of runway and runway markers Cuyo Airport	2,921,274	2,677,834
Development of Cauayan Airport (Strip Width Correction/Earthworks)	2,755,473	2,755,473
Concreting of runway-Phase I at Kabankalan Airport	2,688,785	2,688,785
Widening of Runway including grading of both runway end strips at Palanan Airport	1,942,008	971,004
Catarman Airport CY 2015 Expansion of apron, construction of additional taxiway, and construction of headwall	1,895,436	744,514
Asphalt Overlay of Runway and Runway Markings - Daet Airport	1,618,262	3,236,524
Reblocking of Apron - San Jose Airport	1,490,340	2,980,681
Expansion of Passenger Terminal Building - Tuguegarao Airport	1,342,758	1,342,758
Construction of Barbed Wire Fence and Site Grading at Landside Area at Catarman Airport	1,297,150	1,297,150
Emergency Procurement of Contactless Common Use Self-Service Kiosks at Bicol International Airport	1,201,508	1,201,508
Davao International Airport Development Project	1,178,726	1,178,726
Construction of perimeter fence at Busuanga Airport	1,167,046	1,167,046
Construction of sewage treatment plant, rainwater collection system and pump house at General Santos Airport	1,046,900	1,046,900
Rehabilitation of Passenger Terminal Building at Ormoc Airport	1,040,212	1,040,212
Shoulder Grade Correction, Rehabilitation of VPA and Concreting of Ramp Area including Drainage Canal - Masbate Airport	1,030,377	2,060,753

	2024	2023 (As Restated)
Construction of Administration Building at General Santos International Airport	858,372	858,372
Development of Tuguegarao Airport (Strip Width Correction/Earthworks)	817,134	817,134
Access Road at Sangley Airport	774,249	774,249
Construction of Runway Extension - Catbalogan Airport	733,828	732,238
Completion of CHB Fence at Ormoc Airport	704,215	469,477
Dipolog Development Project - Drainage System	673,138	673,138
Expansion of terminal building at Butuan Airport	608,084	608,084
Marinduque Airport Development Project - Improvement of Existing Perimeter Fence	606,144	606,144
Supply, delivery, installation and commissioning of baggage carousel at Sangley Airport	524,384	524,384
Laoag International Airport Development Project Shoulder Grade Correction and Rehabilitation of depresses Portion of Runway	460,681	460,681
Construction of new powerhouse and other works at General Santos International Airport	377,707	377,707
Landscaping at Sangley Airport	369,971	369,971
Rehabilitation of Control Tower at General Santos International Airport	327,253	327,253
Security Fence at Sangley Airport	310,710	310,710
Administration Building and Perimeter Fence - Bagabag Airport	303,510	227,633
Development of Sangley Airport (Construction of Cargo Bldg. and site of dev't of CAAP Facilities)	225,296	225,296
Repair and rehabilitation of General Santos International Airport PTB and Facilities	184,639	184,639
Main Entrance Post and MERALCO Transformer at Sangley Airport	168,835	168,835
Proposed General Aviation Sangley Airport Devt. Corp.	80,054	80,054
Three (3) units Steel Main Entrance and Exit Gate at Sangley Airport	22,199	22,199
Two (2) units Guard House at Sangley Airport	13,718	13,718
	896,558,338	990,735,441

31. PERSONNEL SERVICES

This account consists of the following:

	2024	2023 (As Restated)
Salaries and Wages	1,867,561,228	1,695,572,566
Other Compensation		
Overtime and Night Pay	309,488,019	300,382,086
Mid-Year Bonus	151,941,425	136,919,643
Year End Bonus	151,205,973	144,195,327
Personnel Economic Relief Allowance (PERA)	69,521,335	68,142,478
Clothing / Uniform Allowance	20,200,000	16,769,080
Cash Gift	14,482,986	14,227,250
Representation Allowance (RA)	9,802,250	8,384,625
Transportation Allowance (TA)	9,287,657	8,141,375
Honoraria	3,395,198	4,377,393
Longevity Pay	3,010,000	1,768,000
Hazard Pay	2,805,438	2,512,659
Subsistence Allowance	189,882	218,150
Laundry Allowance	40,488	30,030
Other Bonuses and Allowances	177,108,914	82,794,635
	922,479,565	788,862,731
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums	218,767,905	205,550,965
PHILHEALTH Contributions	43,793,826	31,924,981
PAG-IBIG Contributions	6,577,793	3,323,259
Employees Compensation Insurance Premiums	3,588,516	3,570,658
	272,728,040	244,369,863
Other Personnel Benefits		
Terminal Leave Benefits	228,008,220	124,540,171
	3,290,777,053	2,853,345,331

The increase in Other Bonuses and allowances was due to the first-time payment of the Collective Negotiation Agreement (CNA) Incentive.

32. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2024	2023 (As Restated)
General Services	1,591,402,133	1,440,267,217
Utility Expenses	578,704,975	541,528,939
Professional Services	377,937,238	283,195,486
Repairs and Maintenance	368,389,304	238,113,125
Supplies and Materials Expenses	269,158,413	239,608,218
Taxes, Insurance Premiums and Other Fees	139,231,057	112,537,515
Traveling Expenses	104,655,699	86,822,527
Communication Expenses	62,577,461	65,693,756
Training and Scholarship Expenses	39,970,812	26,218,275
Confidential, Intelligence and Extraordinary Expenses	427,850	15,369,191
Other Maintenance and Operating Expenses	221,771,162	282,980,791
	3,754,226,104	3,332,335,040

32.1 Breakdown of *General Services* is as follows:

	2024	2023 (As Restated)
Security Services	569,123,561	460,073,464
Janitorial Services	394,577,462	327,126,225
Environment/Sanitary Service	751,263	554,346
Other General Services	626,949,847	652,513,182
	1,591,402,133	1,440,267,217

33. FINANCIAL EXPENSES

Financial expenses pertains to bank charges shouldered by CAAP from collecting payments online.

34. NON-CASH EXPENSES

This account consists of the following:

	2024	2023 (As Restated)
Depreciation	2,350,126,227	2,553,139,092
Impairment Loss	261,989,342	116,096,324
Amortization	1,567,174	2,065,408
Losses	0	69,423,858
	2,613,682,743	2,740,724,682

34.1 Breakdown of *Depreciation* is as follows:

	2024	2023 (As Restated)
Infrastructure Assets	1,095,747,742	1,216,336,776
Service Concession Asset	496,262,248	503,815,454
Machinery and Equipment	383,930,782	445,186,341
Buildings and Other Structures	253,484,081	241,205,787
Land Improvements	100,666,623	123,392,475
Transportation Equipment	16,748,952	18,517,143
Furniture, Fixtures and Books	2,087,738	2,740,254
Other Property Plant & Equipment	1,198,061	1,944,862
	2,350,126,227	2,553,139,092

The decrease in depreciation was mainly due to the reclassification of property and equipment to semi-expendables expenses.

34.2 Breakdown of *Impairment Loss* is as follows:

	2024	2023 (As Restated)
Loans and Receivables	176,917,539	57,391,392
Lease Receivables	8,711,577	30,445,276
Property, Plant and Equipment	1,724,156	1,351,348
Inventories	0	15,963,233
Other Assets	40,609,649	0
Other Receivables	34,026,421	10,945,075
	261,989,342	116,096,324

The increase in impairment loss for loans and receivables, other assets, and other receivables was due to the full provision of dormant accounts.

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

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

35. INCOME TAX EXPENSE

35.1 *Income Tax Expense* for the years ended December 31 consists of the following:

	2024	2023
Current (RCIT or MCIT, whichever is higher)	688,604,960	26,364,865
Deferred	746,042,392	380,347,220
	1,434,647,352	406,712,085

35.2 REGULAR CORPORATE INCOME TAX (RCIT)

	2024	2023 (As Restated)
Net Income per books	6,255,836,544	1,451,105,809
CPCS Differential	(273,273,234)	0
Permanent Differences		
Interest Income	(334,340,626)	(192,835,695)
Temporary Differences		
Losses and Impairments	261,989,339	0
Accrual of Leave Benefits Payable	153,969,674	46,632,970
Increase in Unearned Revenues	54,270,920	0
Depreciation of Service Concession Asset	0	503,815,454
Decrease in Unrealized Forex Gain	0	23,706,300
Amortization of Deferred Service Concession Revenue	0	(190,956,859)
Decrease in Unrealized Forex Loss	(80,904,357)	80,904,357
Increase in Unrealized Forex Gain	(151,019,139)	0
Net Deductible Temporary Differences	238,306,437	464,102,222
Taxable Income before NOLCO	5,886,529,121	1,722,372,336
Less: NOLCO	3,132,109,280	1,722,372,336
Taxable Income	2,754,419,841	0
Income Tax Rate	25%	25%
Regular Corporate Income Tax	688,604,960	0

While NOLCO amounting to P3.132 billion was utilized during the year, the RCIT amounting to P688.605 million is still higher than the MCIT amounting to P123.705 million.

35.3 MINIMUM CORPORATE INCOME TAX (MCIT)

	2024	2023 (As restated)
Gross Revenue	15,915,856,962	10,377,994,607
Cost of Service	(9,396,268,711)	(8,427,501,245)
Permanent Differences		
Interest Income	(334,340,626)	(192,835,695)
Gross Income	6,185,247,625	1,757,657,667
Tax Rate	2%	1.50%
Minimum Corporate Income Tax	123,704,953	26,364,865

35.4 SCHEDULE OF NET OPERATING LOSS CARRY OVER

Year Incurred	NOLCO Amount	Tax Losses Utilized	Unused Tax Losses	Expiry
2020	822,109,280	822,109,280	0	2025
2021	2,310,000,000	2,310,000,000	0	2026
	3,132,109,280	3,132,109,280	0	

CAAP has incurred a loss before tax in previous years which can be carried forward as a deduction within five consecutive years as provided in BIR Revenue Regulation No. 25-2020 – Rules and Regulations Implementing Section 4 (bbbb) of RA No. 11494, otherwise known as “Bayanihan to Recover as One Act” Relative to Net Operating Loss Carry-Over (NOLCO) Under Section 34 (D)(3) of the NIRC, as Amended. For CY 2024, the remaining balance of P3.132 billion was utilized for the computation of Annual Income Tax.

35.5 COMPUTATION OF DEFERRED TAX

	2024	2023
Deductible Temporary Difference, beg	2,052,190,894	2,564,418,553
Deductible Temporary Difference, end	(1,189,239,429)	(2,052,190,894)
Change in DTA	862,951,465	512,227,659
Less:		
Deferred Tax Liabilities, beg	995,198,033	1,127,078,472
Deferred Tax Liabilities, end	(878,288,960)	(995,198,033)
Change in DTL	116,909,073	131,880,439
	746,042,392	380,347,220

36. RESTATEMENT OF ACCOUNTS

The 2023 financial statements were restated to reflect the following transactions/adjustments:

CY 2022 errors discovered in 2023 & 2024

	December 31, 2022 (As Reported)	Restatement / Adjustment	January 1, 2023 (As restated)
STATEMENT OF FINANCIAL POSITION			
Receivables, net	4,702,121,991	71,144,355	4,773,266,346
Loans and Receivables, net	4,147,650,519	5,772,830	4,153,423,349
<i>Recognition of unrecorded revenue for CY 2022 and prior years</i>		5,772,830	
Lease Receivables, net	298,802,515	(27,145,467)	271,657,048
<i>Reversal of CY 2022 and prior year's Rent Income due to Rental Holiday</i>		(27,145,467)	
Inter-Agency Receivables	49,059,895	4,968,878	54,028,773
<i>Reversal of the previously impaired receivable - Due from National Government Agencies (NGAs)</i>		4,968,878	
Other Receivables	206,609,062	87,548,114	294,157,176
<i>Recognition of unrecorded disallowance with Notice of Finality of Decision (NFD)</i>		67,820,060	
<i>Recognition of unrecorded receivables from officers and employees</i>		26,912	
<i>Recognition of other receivables in connection with the erroneous payment of Hazard pay of Institutional Contract of Service (ICOS) employees</i>		26,590,097	
<i>Recognition of 2017 expenses previously charged in Deferred Charges/Losses</i>		(6,888,955)	
Inventories	156,426,031	(998,345)	155,427,686
<i>Recognition of unrecorded issuances of inventories</i>		(998,345)	

	December 31, 2022 (As Reported)	Restatement / Adjustment	January 1, 2023 (As restated)
Other Current Assets	718,431,363	(143,614,906)	574,816,457
<i>Recognition of unrecorded issuances of inventories previously recorded under other prepayments</i>		(6,938)	
<i>Liquidation of CY 2022 and prior years' Cash Advances</i>		(42,434)	
<i>Reclassification of input taxes to various expense accounts due to non-filing of amended VAT returns</i>		(143,565,534)	
Property and Equipment	60,097,897,111	3,934,801,507	64,032,698,618
<i>Recognition of Land previously unrecorded</i>		771,833,960	
<i>Derecognition of demolished buildings</i>		(709,618)	
<i>Reclassification of PPE to Semi-Expendable already issued</i>		(38,524,889)	
<i>Recognition of various assets found in station previously unrecorded</i>		2,867,072	
<i>Recognition of Department of Transportation (DOTr) transferred assets</i>		3,258,991,473	
<i>Recognition of depreciation expenses</i>		(59,656,491)	
Intangible Asset	3,985,876	(353,294)	3,632,582
<i>Recognition of unrecorded amortization of intangible asset</i>		(353,294)	
Financial Liabilities	871,417,754	(7,060,367)	864,357,387
<i>Payment of back rental claim on the occupied land in Bacnotan</i>		12,084,741	
<i>Adjustment on the erroneous recording of various expenses/payables</i>		(11,516,259)	
<i>Reversal of liabilities aged 2 years or over</i>		(7,628,849)	
Inter-Agency Payables	1,904,117,224	15,917,348	1,920,034,572
<i>Adjustments in personnels services due to implementation of CPCS, salary differential, and step increment</i>		15,917,348	
Trust Liabilities	112,948,423	592,482	113,540,905
<i>Correction of Terminal Leave Benefits erroneously debited against Trust Liabilities</i>		203,098	

	December 31, 2022 (As Reported)	Restatement / Adjustment	January 1, 2023 (As restated)
<i>Reversal of the previous adjustments made to Guaranty/Security Deposits Payable (GDP)</i>		389,384	
Deferred Credits	10,345,700,292	3,171,164,384	13,516,864,676
<i>Recognition of Department of Transportation (DOTr) transferred assets</i>		3,171,164,384	
Provision	960,843,316	1,508,685	962,352,001
<i>Correction of Understatement in Leave Benefits Payable</i>		1,508,685	
Other Payables	835,553,992	169,384,941	1,004,938,933
<i>Adjustments in personnels services due to implementation of Compensation and Position Classification System (CPCS), salary differential, and step increment</i>		158,245,081	
<i>Recognition of unrecorded payable</i>		11,114,116	
<i>Recognition of Undistributed Collection erroneously recorded under Retained earnings</i>		25,744	
Contributed Capital	25,418,054,846	767,483,600	26,185,538,446
<i>Recognition of Land previously unrecorded</i>		771,833,960	
<i>Payment of back rental claim on the occupied land in Bacnotan</i>		(4,350,360)	
Retained Earnings (Deficit)	(15,203,207,196)	(258,011,756)	(15,461,218,952)
<i>Recognition of unrecorded revenue for CY 2022 and prior years</i>		5,772,830	
<i>Reversal of CY 2022 and prior year's Rent Income due to Rental Holiday</i>		(27,145,467)	
<i>Reversal of the previously impaired receivable - Due from National Government Agencies (NGAs)</i>		4,968,878	
<i>Recognition of unrecorded disallowance with Notice of Finality of Decision (NFD)</i>		67,820,060	
<i>Recognition of unrecorded receivables from officers and employees</i>		26,912	

	December 31, 2022 (As Reported)	Restatement / Adjustment	January 1, 2023 (As restated)
<i>Recognition of other receivables in connection with the erroneous payment of Hazard pay to ICOS employees</i>		26,590,097	
<i>Recognition of 2017 expenses previously charged in Deferred Charges/Losses</i>		(6,888,955)	
<i>Recognition of unrecorded issuances of inventories</i>		(1,005,283)	
<i>Liquidation of CY 2022 and prior years' Cash Advances</i>		(42,434)	
<i>Reclassification of input taxes to various expense accounts due to non-filing of amended VAT returns</i>		(143,565,534)	
<i>Derecognition of demolished buildings</i>		(709,618)	
<i>Reclassification of PPE to Semi-Expendable already issued</i>		(38,524,889)	
<i>Recognition of various assets found in station previously unrecorded</i>		2,867,072	
<i>Recognition of Department of Transportation (DOTr) transferred assets</i>		87,827,089	
<i>Recognition of depreciation expenses</i>		(59,656,491)	
<i>Recognition of unrecorded amortization of intangible asset</i>		(353,294)	
<i>Payment of back rental claim on the occupied land in Bacnotan</i>		(7,734,381)	
<i>Adjustments in personnels services due to implementation of CPCS, salary differential, and step increment</i>		(174,162,429)	
<i>Reversal of liabilities aged 2 years or over</i>		8,585,491	
<i>Correction of Terminal Leave Benefits erroneously debited against Trust Liabilities</i>		(203,098)	
<i>Reversal of the previous adjustments made to GDP</i>		(389,384)	
<i>Correction of Understatement in Leave Benefits Payable</i>		(1,508,685)	
<i>Recognition of unrecorded payable</i>		(554,499)	
<i>Recognition of Undistributed Collection erroneously recorded under Retained earnings</i>		(25,744)	

CY 2023 errors discovered in 2024

	December 31, 2023 (As Adjusted)	Restatement / Adjustment	December 31, 2023 (As restated)
STATEMENT OF FINANCIAL POSITION			
Receivables, net	4,492,851,224	83,250,349	4,576,101,573
Loans and Receivables, net	3,942,772,209	82,755,525	4,025,527,734
<i>Recognition of unrecorded revenues for CY 2023</i>		49,345,357	
<i>Reclassification from Accounts Receivable (AR) to Operating Lease Receivable (OLR)</i>		(27,749)	
<i>Reversal of previously impaired receivables</i>		33,437,917	
Lease Receivables, net	281,331,762	220,202	281,551,964
<i>Reclassification from AR to OLR</i>		27,749	
<i>Correction on the overstatement of rental income</i>		(1,536,054)	
<i>Reversal of previously impaired receivables</i>		1,728,507	
Inter-Agency Receivables	38,881,026	0	38,881,026
Other Receivables	229,866,227	274,622	230,140,849
<i>Recognition of unrecorded liquidated damages imposed against erring suppliers</i>		86,596	
<i>Recognition of unrecorded receivables from officers and employees</i>		188,026	
Inventories	137,195,179	3,891,233	141,086,412
<i>Recognition of unrecorded of issuances of inventories</i>		(2,383,847)	
<i>Reclassification of various PE to Inventory/Supplies Expenses accounts</i>		6,275,080	
Other Current Assets	639,640,642	(1,894,952)	637,745,690
<i>Recognition of unrecorded input taxes from various expenses</i>		565,906	
<i>Liquidation of CY 2023 Cash Advances</i>		(2,460,804)	
<i>Reclassification of Input Tax to Accounts Payable</i>		(54)	

	December 31, 2023 (As Adjusted)	Restatement / Adjustment	December 31, 2023 (As restated)
Property and Equipment	61,091,254,275	(333,041,828)	61,424,296,103
<i>Reclassification of various PE to Inventory/Supplies Expenses accounts</i>		(11,375,849)	
<i>Recognition of depreciation expenses</i>		(99,545,801)	
<i>Correction of overstatement in PE and AP due to double recording of progress billings</i>		(5,991,663)	
<i>Correction in the over-recording of Service Concession Assets-Land</i>		(152,913,101)	
<i>Recognition of Department of Transportation (DOTr) transferred assets</i>		602,868,242	
Intangible Asset	1,567,174	0	1,567,174
Financial Liabilities	748,750,051	52,918,405	801,668,456
<i>Correction of overstatement in PE and AP due to double recording of progress billings</i>		(5,980,312)	
<i>Adjustment on the erroneous recording of various expenses/payables</i>		52,685,442	
<i>Payment of back rental claim on the occupied land in Bacnotan</i>		725,084	
<i>Unrecorded CY 2023 payables</i>		5,509,572	
Inter-Agency Payables	3,116,258,415	15,431,944	3,131,690,359
<i>Recognition of tax liability relative to the adjustments in personnels services due to implementation of CPCS, salary differential, and step increment</i>		15,443,349	
<i>Reclassification from Due to BIR to Accounts Payable</i>		(11,405)	
Trust Liabilities	109,734,566	0	109,734,566
Deferred Credits	12,435,254,335	334,309,348	12,769,563,683
<i>Correction in the over-recording of Service Concession Assets-Land</i>		(152,913,101)	
<i>Understatement in the recording of amortization of revenue from transferred assets</i>		(115,645,793)	
<i>Recognition of Department of Transportation (DOTr) transferred assets</i>		602,868,242	

	December 31, 2023 (As Adjusted)	Restatement / Adjustment	December 31, 2023 (As restated)
Provision	1,008,984,971	1,960,645	1,010,945,616
<i>Correction of Understatement in Leave Benefits Payable</i>		<i>1,960,645</i>	
Other Payables	1,488,876,749	161,141,057	1,650,017,806
<i>Adjustment on the erroneous recording of various expenses/payables</i>		<i>32,918,436</i>	
<i>Adjustments in personnels services due to implementation of CPCS, salary differential, and step increment</i>		<i>128,222,621</i>	
Statement of Changes in Equity	61,856,226,753	(147,472,941)	61,708,753,812
Retained Earnings (Deficit)	(14,368,926,154)	(147,472,941)	(14,516,399,095)

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

The December 31, 2023 balances, as adjusted, are CY 2023 balances as previously reported including CY 2022 errors discovered in 2023 and 2024.

37. RESTATEMENT OF CY 2022 COMPREHENSIVE INCOME (LOSS)

Net Income (As previously reported)		2,182,602,106
Adjustments		
Income:		
<i>Recognition of unrecorded revenues for CY 2023</i>	<i>49,345,357</i>	
<i>Correction on the overstatement of rental income</i>	<i>(1,536,054)</i>	
<i>Recognition of unrecorded liquidated damages imposed against erring suppliers</i>	<i>86,596</i>	<i>47,895,899</i>
Expenses:		
<i>Reversal of Impairment Loss in CY 2023</i>	<i>(35,166,424)</i>	
<i>Recognition of unrecorded receivables from officers and employees</i>	<i>(188,026)</i>	
<i>Recognition of unrecorded issuances of inventories</i>	<i>2,383,847</i>	
<i>Recognition of unrecorded input taxes from various expenses</i>	<i>(565,906)</i>	
<i>Liquidation of CY 2023 Cash Advances</i>	<i>2,460,804</i>	
<i>Reclassification of various PE to Inventory/Supplies Expenses accounts</i>	<i>5,100,769</i>	
<i>Recognition of depreciation expenses</i>	<i>99,545,801</i>	

<i>Recognition of unrecorded payables</i>	85,603,878	
<i>Payment of back rental claim on the occupied land in Bacnotan</i>	725,084	
<i>Unrecorded CY 2023 payables</i>	5,488,191	
<i>Adjustments in personnels services due to implementation of CPCS, salary differential, and step increment</i>	143,665,970	
<i>Correction of Understatement in Leave Benefits Payable</i>	<u>1,960,645</u>	311,014,633
Assistance and Subsidies		
<i>Understatement in the recording of amortization of revenue from transferred assets</i>		115,645,793
Net Adjustments		<u>(147,472,941)</u>
Net Income (As restated)		<u>2,035,129,165</u>

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign Currency Risk

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

	Amount in Peso
Cash in Bank - Savings Account (Dollar)	2,009,812,404
Cash in Bank - Time Deposits (Dollar)	2,900,299,153
	<u>4,910,111,557</u>

Foreign Currency Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of CAAP's income before tax for the years ended December 31, 2024 and 2023 (due to changes in the fair value of financial assets and liabilities). There is no other impact on CAAP's equity other than those already affecting profit or loss.

Currency	Increase (Decrease) in Exchange Rate	Effect on Income tax before tax	
		2024	2023
USD	+2.475	(85,993,356)	(2,806,723)
	-2.475	85,993,356	2,806,723
Increase in Exchange Rate		(85,993,356)	(2,806,723)
Decrease in Exchange Rate		85,993,356	2,806,723

Interest Rate Risk

CAAP's exposure to the risk of changes in interest rates relates primarily to CAAP's bank accounts as of December 31, 2024 and 2023, these amounted to P11.081 billion and 5.234 billion, respectively. CAAP's exposure to changes in interest rates is not significant.

Credit Risk

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

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

The succeeding tables show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2024 and 2023.

December 31, 2024

	Neither past due nor impaired			Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade			
Cash and Cash Equivalents	11,081,025,005	0	0	0	0	11,081,025,005
Financial Assets	3,445,960,848	0	0	0	0	3,445,960,848
Other Investments	5,699,503,172	0	0	0	0	5,699,503,172
Receivables	0	6,379,694,124	0	0	1,963,763,309	8,343,457,433
Deposits	11,170,274	0	0	0	0	11,170,274
	20,237,659,299	6,379,694,124	0	0	1,963,763,309	28,581,116,732

December 31, 2023

	Neither past due nor impaired			Past due but not impaired	Impaired	Total
	High grade	Standard grade	Substandard grade			
Cash and Cash Equivalents	5,254,959,691	0	0	0	0	5,254,959,691
Financial Assets	3,466,707,423	0	0	0	0	3,466,707,423
Other Investments	4,100,350,503	0	0	0	0	4,100,350,503
Receivables	0	6,320,209,345	0	0	1,744,107,772	8,064,317,117
Deposits	11,170,275	0	0	0	18,332,140	29,502,415
	12,833,187,892	6,320,209,345	0	0	1,762,439,912	20,915,837,149

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

Liquidity Risk

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

The following tables present the maturity profile of CAAP's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted payments.

December 31, 2024

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Financial Liabilities	1,189,123,827	0	0	0	1,189,123,827
Inter-Agency Payables*	2,936,959,479	0	0	0	2,936,959,479
Trust Liabilities	0	0	0	98,381,447	98,381,447
Other Payables	418,382,889	0	0	0	418,382,889
	4,544,466,195	0	0	98,381,447	4,642,847,642

*Excludes government dues and remittances

December 31, 2023

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Financial Liabilities	801,668,456	0	0	0	801,668,456
Inter-Agency Payables*	2,876,638,424	0	0	0	2,876,638,424
Trust Liabilities	0	0	0	109,734,566	109,734,566
Other Payables	1,650,017,806	0	0	0	1,650,017,806
	5,328,324,686	0	0	109,734,566	5,438,059,252

*Excludes government dues and remittances

39. CONTINGENCIES

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

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

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

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

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

40. SUPPLEMENTARY INFORMATION ON TAXES

The total taxes withheld during the year by the Head Office and Area Centers amounted to P651.494 million, of which P569.025 million were remitted as follows:

	Restated Beginning Balance	Adjustments During the Year	Tax Withheld	Tax Remitted	Balance, December 2024
Tax on Compensation	39,935,974	(3,906,012)	374,258,386	314,523,288	95,765,060
Creditable Withholding Tax	13,125,324	159,064	212,358,622	195,060,327	30,582,683
Final Withholding Tax	39,782,530	2,466,212	64,876,555	59,440,930	47,684,367
	92,843,828	(1,280,736)	651,493,563	569,024,545	174,032,110

OUTPUT TAX

	2024	2023
Beginning Balance	212,615,605	340,575,130
Output Tax Recognized during the year	617,635,221	489,612,782
Output Tax Claimed/Collected during the year	(584,585,629)	(617,572,307)
Ending Balance	245,665,197	212,615,605

Zero-rated sales recognized during the year amount to P12.248 billion. These are services rendered to persons engaged in international shipping or air transport operations, including leases of property for use thereof; Provided that these services shall be exclusively for international shipping or air transport operations. (Thus, the services referred to herein shall not pertain to those made to common carriers by air and sea relative to their transport of passengers, goods, or cargoes from one place in the Philippines to another place in the Philippines, the same being subject to twelve percent VAT under Sec. 108 of the Tax Code, as amended); Thus, International Air Navigational Charges to Air Operators are subject to Zero-rated VAT.

INPUT TAX

	2024	2023 (As Restated)
Beginning Balance	270,147,814	227,178,154
Input Tax on Current Year Purchases	446,435,886	269,767,252
Claims for Credit	(226,819,912)	(216,681,456)
Adjustments	(86,299,836)	(10,116,136)
Ending Balance	403,463,952	270,147,814

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

41. TAX ASSESSMENTS AND CASES

On May 22, 2024, CAAP received a Notice of Discrepancy from the Bureau of Internal Revenue (BIR) Revenue District Office No. 051 – Pasay City regarding the report of the investigation of CAAP's alleged Value-Added Tax (VAT) liability for the taxable year 2022 for the period January 01 – June 30, 2022. A reply letter was submitted to address the concerns and to assert the correctness of the returns.