

**BOARD RESOLUTION NO. 376
SERIES OF 2013**

**REVISITING AND RATIONALIZING FINANCIAL THRESHOLDS
FOR CATEGORIZATION PURPOSES**

WHEREAS, Section 5.6, Rule 5 of the Implementing Rules and Regulations of Republic Act 4566, otherwise known as the Constructors' License Law, provides that "every constructor shall be graded and assigned a category as an adjunct to his licensing";

WHEREAS, Section 5.7, Rule 5 of the same IRR provides that evaluation of category shall be based on certain criteria, one of which is constructor's Financial Capacity, in terms Net Worth reflected on the latest AFS submitted to the Bureau of Internal Revenue, or paid-up capital on the AFS submitted to the Securities and Exchange Commission, if a newly-organized partnership or corporation;

WHEREAS, aside from the requirements of latest AFS and proofs of ownership and valuation of certain assets, the PCAB previously adopted policies and procedures on how to determine constructors' financial qualification for categorization purposes by setting thresholds/caps on certain assets vis-à-vis the firm's Net Worth to avoid possible abuse or manipulation like padding/window dressing, etc. in order to qualify for higher category;

WHEREAS, based on the review of the said documentary requirements and financial thresholds, the PCAB maintains that some policies and procedures, particularly those placing a cap/limit on certain assets, should now be reviewed/modified in view of the following:

- a. Deterioration of the purchasing power of the Philippine Peso;
- b. Materiality and volume of information; and
- c. Full independent verification of documents is not feasible.

IN VIEW THEREOF, the Board RESOLVED that certain policies setting caps on certain asset accounts be amended, retained or deleted for categorization purposes as follows:

I. For Amendment

- | | |
|---------------------------|--|
| a. Cash on Hand | From: Php50 K or ¼ of 1% of Net Worth requirement of Category
To : Php500 K or 1% of Net Worth, whichever is higher |
| b. Pre-Operating Expenses | From: 10% of Net Worth per AFS
To : 20% of Net Worth per AFS |
| c. Advances to DOSRI | From : 15% of Net Worth per AFS
To : 20% of Net Worth per AFS |

Enabling Business, Empowering Consumers

II. For Retention

Receivable - 50% of Net Worth per AFS; the portion in excess of the limit shall be excluded if no schedules/listings of the total receivables are submitted.

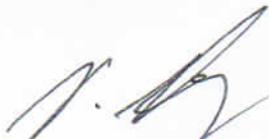
III. For Deletion

Inventories - 20% of Net Worth per AFS; the portion in excess of the limit shall be excluded from the PCAB-computed Net Worth for categorization purposes.

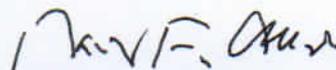
SO ORDERED

Makati City, Philippines

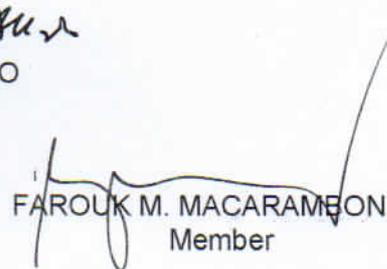
17 September, 2013



VICTORIANO V. LAHOZ
Member



RAMON F. ALLADO
Chairman

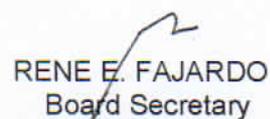


FAROUK M. MACARAMBON
Member

Attested by:



Atty. ANN CLAIRE C. CABOCHAN
Director-in-Charge



RENE E. FAJARDO
Board Secretary