

The following reminders must be observed in preparing the documents (e.g. financial statements, reports, schedules, etc.) for filing to regulatory bodies.

- A. Summarized below are the required attachments for the submission of income tax return (ITR), audited financial statements (AFS) and financial audit report to BIR, SEC and BSP covering 2015 financial audit, respectively, and in the following order:

Particulars	ITR-BIR	AFS-SEC	FAR-BSP
Statements of Management Responsibility for ITR	✓	X	X
Income Tax Return	✓	X	X
SEC Cover Page	X	✓	X
Statements of Management Responsibility for FS	✓	✓	✓
Independent Auditors' Report	✓	✓	✓
Financial Statements arranged as follows:	✓	✓	✓
• Statements of Financial Position	✓	✓	✓
• Statements of Comprehensive Income	✓	✓	✓
• Statement of Changes in Equity	✓	✓	✓
• Statements of Cash Flows	✓	✓	✓
• Notes to Financial Statements	✓	✓	✓
Supplemental Independent Auditors' Report	✓	✓	✓
Other documents to be filed with the Financial Statements	✓	✓	✓

Legend of tickmarks:

✓ - required attachment

X - not a required attachment

Deadline of submission of the ITR is 15th day of April of each year covering taxable income for the preceding year and 15th day of the fourth month following the close of the taxpayer's taxable year for individual and non-individual taxpayers. For the 2015 AFS, deadline of submission to SEC is from April 18, 2016 to May 20, 2016, depending on the last digit of company's SEC registration number. Please see ***QAU Memo 2016-04_Schedule of filing of AFS and GIS*** for complete details.

Required signatories of SMRs for FS and ITR, as prescribed by SRC Rule 68, as amended, and RR 3-2010, respectively, are the following:

☐ **SMR for FS:**

1. Chairman of the Board*
2. Chief Executive Officer*
3. Chief Financial Officer *
4. Local Manager in case of branch office or regional operating headquarters of foreign corporations

**Or persons holding equivalent position as provided in the by-laws*

☐ **SMR for ITR:**

1. Individual Taxpayer/President/Managing Partner
2. Chief Executive Officer or its equivalent
3. Chief Financial Officer or its equivalent
4. Local Manager, in case of branch office in the Philippines of a foreign corporation

B. Submission of Annual Financial Statements to SEC

The following matters should also be observed when filing the audited FS to SEC:

1. Financial statements to be submitted to SEC (other than consolidated financial statements) should be **stamped received by the BIR or its authorized agent banks (AABs)**.

2. Supplemental Independent Auditors' Report

☐ 3rd paragraph stated as follows:

"In compliance with Securities Regulation Code Rule 68, we are stating that the above Company has a total number of [number] stockholders owning one hundred (100) or more shares each."

- Applicable for companies covered by Part I of SRC Rule 68
- Not applicable for companies covered by Part II of SRC Rule 68 (issuers of securities to the public) and to non-stock and not-for-profit organizations (NSNPOs); hence the title would be **Independent Auditors’ Report to Accompany Income Tax Return**

3. Other documents to be filed with the financial statements

The following documents should be filed with the annual audited FS, and interim FS if required, as mandated by SRC Rule 68:

☐ NSNPOs

– Sworn statement by the Treasurer and the President on the accuracy and completeness of the following schedules:

- i. Schedule of Receipts or Income Other than Contributions and Donations which provides the nature and amount of each item;
- ii. Schedule of Contributions and Donations as prescribed by SEC memorandum Circular No. 4 Series of 2013, Annex A; and

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- iii. Schedule of Disbursements according to sources and activities, which includes the nature and amount of each item; details of such disbursement should also be indicated if material (10% or more of the total).

☐ Foundations

– Sworn statement by the Treasurer and the President on the accuracy and completeness of the following schedules:

- i. Schedules required for NSNPOs as enumerated above (i – iii)
- ii. Schedule of application of funds with the following information on activities accomplished, on-going and planned:
 - o Complete name, address and contact number of project officer-in-charge; and
 - o Complete address and contact number of project office.
- iii. As supporting documents to the above information, copies of the certifications from the Office of the Mayor or the Head of either the DSWD or DOH, on the existence of the subject program or activity in the locality in which it exercise jurisdiction.

Contributions or donations reportable on the above-mentioned schedules for NSNPOs and Foundations shall be grants, bequests, devises, and gifts of money or property, amounting to **P100,000 or more from each contributor or donor**. A contributor or donor includes individuals, partnerships, corporations, associations, trusts and organizations.

☐ Issuers of Securities to the Public

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedules as prescribed by SRC Rule 68 Annex 68-E

☐ Stock corporations with unrestricted retained earnings in excess of 100% of paid-in capital stock

- Reconciliation of Retained Earnings Available for Dividend Declaration

☐ All Secondary licensees of the Commission (financing companies, broker dealer of securities, and underwriters) and public companies

- Schedule showing financial soundness indicators in two comparative periods, for annual AFS and the interim FS, if applicable:

- Current/liquidity ratios;
- Solvency ratios, debt to equity ratios;
- Asset-to-equity ratios;
- Interest rate coverage ratio;
- Profitability ratios; and
- Other relevant ratios consider necessary of the Commission

☐ Financing Companies

- Schedule showing information in two comparative periods, for annual AFS and the interim FS, if applicable:

- Ratio or percentage of total real-estate investments to total assets;

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- Total receivables to total assets;

- Total DOSRI receivables to net worth; and

- Amount of receivables from a single corporation to total receivables

☐ Mutual Funds

– Schedule showing information in two comparative periods, for annual AFS and the interim FS, if applicable:

- i. Percentage of investment in a single enterprise to net asset value;
- ii. Total investment of the fund to the outstanding securities of an investee company;
- iii. Total investments in liquid or semi-liquid assets to total assets;
- iv. Total operating expenses to total net worth; and
- v. Total assets to total borrowings.

Investment Houses

– Schedules showing the following informations:

- a. Details (per issue) of underwriting activities for the year
 - i. Name of the issuer-client;
 - ii. Nature of commitment;
 - iii. Amount of issue;
 - iv. Underwriting and other fees generated; and
 - v. Basis of computation for each.
- b. Transactions with directors, officers, stockholders, and their related interests (DOSRI):
 - i. Name of related party;
 - ii. Description of transaction;
 - iii. Total volume/amount of transaction for the year;
 - iv. Terms and conditions, such as maturity date, security and mode of payment; and
 - v. If secured, carrying amount of asset used as collateral.

Listed companies and investment houses that are part of conglomerate or group of companies

– A map showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, if part of a conglomerate or group of companies

☑ **Listed companies that recently offered securities to the public either as initial or additional offering**, for annual AFS and the interim FS, if applicable:

- Schedule showing the following amounts:
 - i. Gross and net proceeds as disclosed in the final prospectus;
 - ii. Actual gross and net proceeds
 - iii. Each expenditure item where the proceeds was used; and
 - iv. Balance of the proceeds as of end of reporting period.

☑ **Large and/or publicly-accountable entities**

- Schedule of list of effective standards and interpretations under the PFRS as of reporting date

4. **Additional components** attached in the annual financial statements that should be covered by a legal matter paragraph in the auditor’s report or a separate report of auditor each component and by the SMR for FS:

- i. Reconciliation of Retained Earnings Available for Dividend Declaration;
- ii. Schedule of list of effective standards and interpretations under the PFRS as of reporting date
- iii. Supplementary schedules required by Annex 68-E; and
- iv. A map of conglomerate or group of companies within which the reporting entity belongs.

Please be noted that the financial statements of companies not covered by SRC Rule 68 should be accompanied by a **certification under oath** by the company’s **Treasurer or Chief Finance Officer**. Such FS should have at least 1) Statement of Financial Position (Balance Sheet) or a Statement of Fund Balance, 2) Income Statement (or a Statement of Receipts and Disbursements) and 3) applicable explanatory notes.

C. Submission of Financial Audit Report (FAR) to BSP

Financial audit report shall refer to the AFS and the opinion of the auditor. FAR shall be submitted by the bank **not later than 120 calendar days** after the close of the calendar or fiscal year, together with the following:

1. **Certification of the external auditor** on the following:
 - i. The dates of commencement and termination of audit;

ii. The date when the FAR and certification under oath stating that **no material weakness or breach in the internal control and risk management systems** was noted in the course of the audit of the bank were submitted to the bank's board of directors or country head, in the case of foreign bank branches; and

iii. That the external auditor, partners, associates, auditor-in-charge of the engagement and the members of their immediate family **do not have any direct or indirect financial interest** with the bank, its subsidiaries and affiliates and that their independence is not considered impaired under the circumstances specified in the Code of Professional Ethics for CPA.

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2. **Reconciliation statement** for the differences in amounts between the audited and the submitted Balance Sheet and Income Statement for bank proper (regular and FCDO) and trust department, including copies of adjusting entries on the reconciling items, in accordance with the BSP prescribed.

3. All the **required disclosures in the AFS** as provided under MORB Subsec. X190.4, which are:

i. Basic quantitative indicators of financial performance such as:

o return on average equity;

o return on average assets; and

o net interest margin

ii. Risk-based capital adequacy ratio under Section 34 of R.A. No. 8791/ Secs.X115 and X116;

iii. Concentration of credit as to industry/economic sector where concentration is said to exist when total loan exposures to a particular industry/economic sector exceeds thirty percent (30%) of total loan portfolio;

iv. Breakdown of total loans as to secured and unsecured and breakdown of secured loans as to type of security;

v. Total outstanding loans to bank's DOSRI, percent of DOSRI loans to total loan portfolio, percent of unsecured DOSRI loans to total DOSRI loans, percent of past due DOSRI loans to total DOSRI loans and percent of non-performing DOSRI loans to total DOSRI loans;

vi. Nature and amount of contingencies and commitments arising from off-balance sheet items [include direct credit substitutes (e.g., export LCs confirmed, underwritten accounts unsold), transaction-related contingencies (e.g., performance bonds, bid bonds, standby LCs), short-term self-liquidating trade-related contingencies arising from the movement of goods (e.g., sight/

usance domestic LCs, sight/usance import LCs), sale and repurchase agreements not recognized in the balance sheet; interest and foreign exchange rate related items; and other commitments];

vii. Provisions and allowances for losses and how these are determined;

viii. Aggregate amount of secured liabilities and assets pledged as security; and

ix. Accounting policies which shall include, but shall not be limited to, general accounting principles, changes in accounting policies/practices, principles of consolidation, policies and methods for determining when assets are impaired, recognizing income on impaired assets and losses on nonperforming credits, income recognition, valuation policies and accounting policies on securitizations, foreign currency translations, loan fees, premiums and discounts, repurchase agreements, premises/ fixed assets, income taxes and derivatives.

D. Other Reports to be Submitted to BSP

Other reports to be submitted to BSP and their respective deadlines are summarized below:

1. LOC indicating the external auditor's findings and comments on the material weakness noted in the internal control and risk management systems and other aspects of operations

Deadline – Within thirty (30) calendar days after the submission of the FAR

2. Copies of the board resolutions showing the:

i. Action taken on the FAR and, where applicable, on the certification under oath including the names of the directors present and absent, among other things; and

Deadline – Within thirty (30) banking days after the receipts of the financial audit report and certification under oath by the board of directors 7

ii. Action taken on the findings and recommendations in the LOC, and the names of the directors present and absent, among other things.

Deadline – Within thirty (30) banking days after the receipt of the LOC by the board of directors

3. Certification of the external auditor on the date when the LOC was submitted to the board of directors or country head

Deadline – Within thirty (30) banking days after the receipt of the LOC by the board of directors or country head

4. Reports required to be submitted by the external auditor under Appendix 43/ BSP Circular No. 660, Sec 8:

a. To enable the BSP to take timely and appropriate remedial action, the external auditor must report to the BSP, the following cases:

- i. Any material finding involving fraud or dishonesty (including cases that were resolved during the period of audit);
- ii. Any potential losses the aggregate of which amounts to at least one percent (1%) of the capital;
- iii. Any finding to the effect that the consolidated assets of the company, on a going concern basis, are no longer adequate to cover the total claims of creditors; and
- iv. Material internal control weaknesses which may lead to financial reporting problems.

Deadline – Within thirty (30) calendar days after the discovery

b. The external auditor shall report directly to the BSP the following:

- i. Termination or resignation as external auditor and stating the reason therefore;
- ii. Discovery of a material breach of laws or BSP rules and regulations such as, but not limited to:
 - o CAR; and
 - o Loans and other risk assets review and classification
- iii. Findings on matters of corporate governance that may require urgent action by the BSP.

Deadline – Within fifteen (15) calendar days after the occurrence/discovery

c. In case there are no matters to report (e.g. fraud, dishonesty, breach of laws, etc.) the external auditor/ auditing firm shall submit directly to BSP ***within 15 calendar days after the closing of the audit engagement*** a notarized certification that there is none to report.

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For your reference and guidance.