

MEMORANDUM '2012

FOR : THE BOARD OF DIRECTORS  
 THRU : THE EXECUTIVE COMMITTEE  
 FROM : THE PRESIDENT  
 SUBJECT : **2012 CORPORATE OPERATING BUDGET**  
 DATE : 29 March 2012

The management respectfully submits to the Board of Directors for approval the Corporate Operating Budget for CY 2012 in the total amount of ₱ 511.70M.

	2012 Budget Proposal	2011 Approved Budget	2011 Unaudited P'mance	Inc/(Dec) VS 2011 Budget	% Increase /P'mance
<b>1. Operating Budget</b>					
Personal Services	88.07	81.33	72.35	6.74	15.72
Maint. & Other Operating Exp.	252.69	243.07	237.40	9.62	15.29
Remittance to BIR	36.00		20.48	36.00	15.52
Contingency	14.02	35.00	16.00	(20.98)	(1.98)
Sub Total	<u>390.78</u>	<u>359.40</u>	<u>346.23</u>	<u>31.38</u>	<u>44.55</u>
<b>2. Capital Expenditures</b>					
Priority/Necessary Projects	57.71	4.81	1.46	52.90	56.25
Carry-over Projects	8.41	12.00		(3.59)	8.41
Sub Total	<u>66.12</u>	<u>16.81</u>	<u>1.46</u>	<u>49.31</u>	<u>64.66</u>
<b>3. Remittance to National Gov't.</b>	<u>54.80</u>	<u>26.28</u>	<u>26.28</u>	<u>28.52</u>	<u>28.52</u>
<b>TOTAL BUDGET REQUIREMENTS</b>	<u><b>511.70</b></u>	<u><b>402.49</b></u>	<u><b>373.97</b></u>	<u><b>109.21</b></u>	<u><b>137.73</b></u>

The proposed budget is ₱109.21M higher than last year's approved budget of ₱402.49M because of higher remittance to National Government due to increase net income projection for the year, payment to BIR on FDC dacion and bigger capital expenditures that will enhance revenue generation. Compared with 2011 unaudited performance of ₱373.97M, there is an increase of ₱137.73M accounted as follows:

I. Increase in the following activities:	
1. Capital expenditures necessary to enhance revenue	64.66
2. Remittance of cash dividend to BTR (50% of income)	28.52
3. Increase in personal services as follows:	15.72
a. Additional Retirement fund contribution from actual of P6.13 in 2011 to P8.80 in 2012	2.67
b. Increase in salaries & wages due to merit and performance appraisal	3.91
c. Increase in other personnel benefits/compensation due to CBA	3.79
d. Other year-end benefits/compensation	5.35
4. Net decrease in other operating expenses	(0.23)
5. Increase in interest expense	15.27
6. Increase in income tax due to higher projected income	0.25
7. Remittance to BIR (FDC Dacion)	15.52
II. Decrease in Contingency due to settlement of legal cases	(1.98)
<b>NET INCREASE</b>	<b><u>137.73</u></b>

Source of fund for the above budget requirement will come from collection of targeted revenues during the year and other receipts in the total amount of ₱601.86M. Comparative tabulations for the financial projection are provided in the attached annexes.

For the Board's consideration/approval:

**ANGELITO T. BANAYO**  
President

