



**Board Resolution No. 432
Series of 2011**

**Adjusting Allowable Limit on Receivable Accounts from 20% To 50%
of Contractors' Networth per Latest Audited Balance Sheet**

WHEREAS, to avoid window dressing or padding of contractors' financial qualification, the PCAB during the meeting held on 17 May 2007, passed Resolution No. 393, s. 2007 setting an allowable limit of 20% of net worth on receivable and inventory accounts and the amount in excess of the said limit shall be supported with listing/schedule showing the nature, age, and other details of the said accounts;

WHEREAS, in addition to the listings and schedules, the Board also required "AA" and "AAA" contractors to substantiate large receivables in excess of 20% of net worth with certification from project owners (government and private) confirming said receivables;

WHEREAS, the Board reviewed said policy and noted that the 20% of net worth allowable limit on receivable account is relatively small considering the contract amounts of huge and complex projects that take longer construction periods;

WHEREAS, the present Board also believes that the additional requirement for project owners' certification/confirmation of large receivable accounts may cause delay in the processing of renewal applications.

IN VIEW THEREOF, the Board RESOLVES, as it is hereby RESOLVED to modify Resolution No. 393, series of 2007 as follows:

- a) Adjust the allowable limit on receivable accounts from 20% to 50% of net worth; and
- b) Suspend the implementation of the procedure requiring submission of project owners' certification/confirmation of big receivables on renewal applications and to put those firms with big receivables in the priority list of contractors to be subjected to post audit.

So Ordered.


16 June 2011, Makati City, Philippines.


VICTORINO BENJAMIN V. LAHOZ
Member


RAMON F. ALLADO
Chairman


FAROUK M. MACARAMBON, SR.
Member

Attested by:


RENE E. FAJARDO
Officer-in-Charge


CONSOLACION V. VILLAFUERTE
Board Secretary