



## NOTICE

**SUBJECT: CLARIFICATIONS ON THE FILING OF AUDITED FINANCIAL STATEMENTS PURSUANT TO THE REVISED CORPORATION CODE OF THE PHILIPPINES**

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**WHEREAS**, on February 20, 2019, the Republic Act No. 11232 or the Act Providing for the Revised Corporation Code (the "Revised Code") was approved which took effect on February 23, 2019.

**WHEREAS**, Section 177 of the Revised Code requires that:

*"Except as otherwise provided in this Code or in the rules issued by the Commission, every corporation, domestic or foreign, doing business in the Philippines shall submit to the Commission:*

- a) *Annual financial statements audited by an independent certified public accountant: Provided, That if the total assets or total liabilities of the corporation are less than Six hundred thousand pesos (P600,000.00), the financial statements shall be certified under oath by the corporation's treasurer or chief financial officer...xxx." (emphasis supplied)*

**WHEREAS**, the Commission has identified the following areas for clarification arising from the above provision which may be raised by the public:

1. The impact of Section 177 in the preparation and submission of 2018 AFS;
2. Comparative presentation of financial statements; and
3. Additional information that should be disclosed in the financial statements.

**NOW, THEREFORE**, the Commission *en banc*, in its meeting held on March 14, 2019, approved the following guidance to address the areas for clarification:

**A. Impact of Section 177 in the preparation and submission of AFS**

All financial statements covering the periods on or before February 22, 2019, should be prepared and submitted in accordance with the Old Corporation Code or Batas Pambansa 68, in addition to the requirements of SRC Rule 68<sup>1</sup>.

Section 177 of the Revised Code should be applied prospectively. The requirement to prepare and submit AFS based on the Revised Code should be made upon the effectivity of the same, February 23, 2019 and onwards.

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<sup>1</sup> The SRC Rule 68 version 2011 is currently being revised.

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**B. Comparative presentation of financial statements beginning February 23, 2019**

All companies required to file Audited Financial Statements under the Revised Code should comply with the required comparative presentation as provided under SRC Rule 68. Pursuant to Section 5 of the Rule, if the financial statements of the prior year were not audited, such statements shall be marked prominently as "UNAUDITED." In addition, the auditor shall disclose this in an "other matter" paragraph in the auditor's report.

**C. Additional information to be disclosed in the financial statements**

To enhance understandability of AFS, companies should include in the Notes to FS a discussion of the impact of the Revised Code relative to the preparation and submission of financial statements.

Issued this March 18, 2019 at Pasay City, Philippines.

For the Commission:

  
**EMILIO B. AQUINO**  
Chairman