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Study to Examine The Feasibility of Forming A Philippine Certification Body

Technical Report No. 00/7

July 2000

Submitted by:

Chemonics International, Inc.

Under Contract No. 492-C-00-98-00029-00
Associated Number 492-0444
United States Agency for International Development

July 17, 2000

Ms. Priscilla P. Rubio
Cognizant Technical Officer
Office of the Environmental Management
U.S. Agency for International Development
Ramon Magsaysay Building
1680 Roxas Boulevard, Malate 1004
Manila, Philippines

Subject : **Study to Examine the Feasibility of Forming A Philippine Certification Body**

Project : **Industrial Initiatives for a Sustainable Environment (IISE)**
Contract No. 492-C-00-98-00029-00

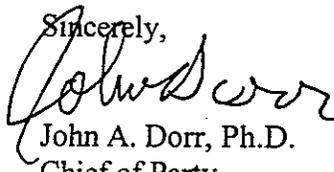
Dear Ms. Rubio:

In accordance with the requirements of the subject contract, we are pleased to submit the "Study to Examine the Feasibility of Forming A Philippine Certification Body".

This Report responds to the needs of Phil Export in evaluating the feasibility of forming a not-for-profit certification body. This report needs the requirements of 3-month milestone number S-R 3b/3b, and serve as verification documentation of the achievement.

If you have any questions regarding this report, please do not hesitate to contact me.

Sincerely,



John A. Dorr, Ph.D.
Chief of Party

Enclosures

Philippine Exporters Confederation, Inc.

July 13, 2000

Dr. John Dorr
Chief of Party
IISE-Chemonics Int'l.
Cebu, Philippines

Dear Dr. Dorr:

Thank you for submitting to us the draft feasibility study prepared by IISE-Chemonics on the formation of a not-for-profit certification body by PHILEXPORT. We will be conducting a briefing/discussion on the study to selected Board of Trustees and key industry experts on July 17th, 2000, 11:00 a.m. at the Philexport Boardroom. In this regard, may we invite Chemonics' key technical resource persons to join us on this

briefing/discussion?

After this briefing, we intend to present the study during our Board Meeting this coming August 2000.

Thank you very much.

Truly yours,


LEONOR D. ABELLA
Vice President for Promotions

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NGO (PPDHRRA; GOLD PHIDDRA)

** = notified of report availability; furnished upon request

STUDY TO EXAMINE THE FEASIBILITY OF FORMING A PHILIPPINE CERTIFICATION BODY

INTRODUCTION

General

1.1.1 The late 60's and early 70's saw the first moves towards what is now seen as the globalization of trade as evidenced by the formation of organizations like the European Community and the International Standards Organization. As a part of this globalization process providers of goods and services began to realize that the quality of the products and services they delivered was assuming increasing importance to the consumer.

1.1.2 In attempting to ensure the quality of products and services providers began to consider moving from product or service based methods of quality control like inspection and statistical quality control to the implementation of more proactive process based methods such as quality management systems. In a response to this need various industry groups and national standards bodies developed quality management system standards during the mid 70's to 80's including BS5750, AS1821 etc.

1.1.3 By the early 80's it was becoming apparent that this plethora of management system standards was not aiding but restricting trade because of the absence of a common internationally recognized quality management system standard. This prompted a number of national standardization bodies to approach the International Standards Organization (ISO) with the aim of developing an international recognized quality management system standard. This international effort culminated in the issue by ISO in 1987 of the 9000 series of quality management system standards.

1.1.4 The development of these standards brought with them the problem of translating the standards into languages other than English and French without losing their meaning and ensuring that their interpretation in the workplace was consistent across international boundaries. This in turn led to the development of mechanisms through the ISO structure such as accreditation and certification to promote a common and consistent understanding and application of these standards.

1.1.5. Recent developments such as the WTO agreement on Technical Barriers to Trade has given added impetus to the establishment of formal and recognized accreditation and certification processes. Almost all countries are now establishing similar structures to facilitate trade.

Accreditation and Certification

1.2.1 The accreditation and certification process resulted from the desire of organizations who had implemented a product or quality management system

standard or set standards for personnel certification to demonstrate in the public domain that their management system conformed to the requirements of the standard.

1.2.2 In order to achieve this objective it was necessary for a credible system of independent review to be put in place. The independent review process required the establishment of both an accreditation and a certification function.

1. Accreditation. Accreditation aims to ensure that bodies offering certification (conformity assessment) services are competent to do so. This is achieved either through recognition by an overseas accreditation body or the voluntary formation and establishment of a national accreditation body.

2. Certification. Certification is a process whereby an accredited body assesses whether an organization conforms to the requirements of a particular standard. This may include both national and international product and management system standards such as BS5750, 7750, ISO 9001-3 and 14001 etc., as well as personnel certification. Personnel certification has predominantly been related to auditor registration schemes such as those run by the International Register of Certified Auditors (IRCA-UK), Registrar Accreditation Board (RAB-USA) originally for quality auditors and Environmental Auditors Registration Association (EARA-UK) for environmental auditors but has included other sectors as indicated in paragraph 2.2.

Need for a Philippine/national certification body

1.3.1 The certification of organizations to the ISO 9000 quality series as well as the ISO 14000 environmental series standards within the Philippines is necessary to ensure that these organizations can compete effectively in the US, European and other markets. Certification of an organization's environmental management system also provides a level of comfort to the public insofar as industry's adoption of an environmental management agenda.

1.3.2 Currently product and management system certification within the Philippines is offered on a fee for service basis by the Bureau of Product Standards (product and quality management system services only) and a number of internationally based organizations operating through local affiliates. BPS also offers a personnel (certification) registration scheme for quality management system auditors.

1.3.3 Local affiliates offering certification are generally required to transfer a percentage of their profits to their parent international organization which indirectly increases the cost of certification in the Philippines. To reduce the cost of certification it will be necessary to form a Filipino certification body that is not required to transfer profits overseas. In addition forming such an organization on a not-for-profit basis where by any profits made could be returned to the organizations clients in terms of reduced fees could further reduce the cost of certification.

BACKGROUND

Philippine experiences

2.1.1 No organizations in the Philippines currently offer conformity assessment services on a not for profit basis. All the organizations offering certification within the Philippines, with the exception of BPS, are privately owned either directly through an international organization or operate through some partnership/licensing arrangement with an internationally recognized body.

Overseas experience

2.2.1 A number of not for profit organizations are in operation overseas mostly in the UK. Typically these are either sector based certification organizations such as TRADA Certification, which started as a furniture industry body, the Certification Authority for Reinforcing Steels (CARES), which is steel industry body or personnel certification bodies such as the The Welding Institute (TWI).

2.2.2 Discussion with these organizations during a recent visit to the UK revealed that their activities range from providing industry specific product and quality system certification to wider roles involving personnel certification, conducting research and development and training. All organizations indicated that their certification services readily covered the costs incurred and at least one organization stated that they were in the embarrassing position of making too much money and were looking to expand their scope of certification to include environmental management and occupational health and safety in order to use up their surplus profits.

2.2.3 Staff numbers running these certification schemes were generally less than 10 persons consisting of an Executive Director, Certification Manager, sometimes one or two full time auditors and a similar number of administrative staff. The various certification committees needed to support the organization were made up on a part time basis with the participants either operating on a voluntary basis or on the payment of attendance fees.

INTERNATIONAL RECOGNITION

Role of accreditation bodies

3.1.1 Accreditation bodies are now in place in over 25 countries and these organizations operate across international boundaries. They are able to accredit organizations offering conformity assessment services in any country but generally do so in countries that have no national accreditation body. Their role is to ensure the consistency and reliability of the conformity assessment process. They achieve this through the conduct of reviews and on-site assessments of those bodies offering conformity assessment services prior to being accredited for a particular

scope of operations and through ongoing surveillance visits while such services are being offered.

3.1.2 In order to ensure that conformity assessments offered in the Philippines gain international recognition it will be necessary for the formation of a national accreditation body. This body to be known as the Philippine Accreditation Board (PAB) will shortly be established under a DAO. Once established it will need to put in place a system to demonstrate its capability to accredit organizations wishing to certify conformity and to undertake the registration of environmental auditors who meet the criteria specified in ISO 14012 and in other guidance.

International recognition

3.2.1 In order to gain international recognition for conformity assessments undertaken in the Philippines by countries buying Filipino products it is necessary for the Philippine national accreditation body to be recognized within these countries. This has traditionally been achieved through the negotiation of bilateral agreements on the basis of equal standards and mutual recognition. For example the PAB may negotiate with RAB its US equivalent a mutual recognition agreement for conformity assessments conducted by either body. Hence the certification of a Filipino organization to ISO 9001 conducted by an accredited (certification) body in the Philippines is considered the same as if a body accredited by RAB had conducted the certification.

3.2.2 The process of establishing bilateral agreements was recognized by accrediting bodies as being both time consuming and costly. In order to overcome this and other problems a number of national accreditation bodies jointly formed an umbrella organization known as the International Accreditation Forum (IAF). One of the Forum's roles is to facilitate the establishment of multilateral agreements between national accreditation bodies. It achieves this through the conduct of a peer review process to ensure that bodies that are a signatory to multilateral agreements maintain common and acceptable accreditation standards. Because of the number of accreditation bodies involved in such programs regional groups have been formed in Europe (European cooperation for Accreditation-EA) and the Pacific (Pacific Accreditation Cooperation -PAC).

Accreditation requirements

3.3.1 Organizations offering certification services will require to be accredited if their certificates are to be recognized internationally. Accreditation requires organizations offering conformity assessment services for quality and environmental management services to meet the requirements specified in ISO Guides 62 (quality systems) and 66 (environmental management systems) supplemented by the IAF Guidance Documents to both these Guides.

3.3.2 This accreditation process would require the certification body to:

1. Identify its proposed scope of registration and the sectors within which it has the expertise to offer services.
2. Identify, as necessary, the organizational structure needed to operate an environmentally related conformity assessment scheme that meets the requirements of Guide 66 Clause 4.1.2.
3. Put in place a quality system that meets the requirements specified in Guide 66, including those required for the management of subcontracted services.
4. Identify staff needs to ensure that it is competent to:
 - a. set the qualification criteria for auditors and technical experts
 - b. select and verify the competence of auditors and technical experts:
 - c. select competent audit teams to meet particular assignments, including surveillance audits;
 - d. monitor the conduct and performance of auditors and technical experts
 - e. decide on the granting, maintaining, withdrawing, suspending, extending or reducing of certification.
 - f. set up and operate an appeals, complaints and disputes procedure
5. Arrange for the training of internal auditors and the conduct of internal audits of its quality system.
6. Arrange for the training of environmental auditors to undertake certification audits, as required.
7. Identify clients seeking certification of their environmental management system
8. Participate in a pilot program to demonstrate its ability to meet the requirements of ISO Guide 66, supplemented by IAF guidance, including:
 - a. reviewing organizational procedures;
 - b. conducting Stage 1 and 2 assessments, and
 - c. granting certificates of conformity assessment.
9. Prepare an application to the PAB for accreditation.

Certification process and recognition requirements

3.4.1 The EMS certification process is based on a three-year cycle and initially involves an applicant seeking to register with the certification body for determination of their conformity with the standard they have selected. The certification body reviews the request for certification and once satisfied that they are ready to undertake the process conducts the following assessments:

1. Stage 1. This stage is used by the certification body to plan the audit and to gain an understanding of the clients EMS in the context of identifying its significant environmental aspects. It is based on but not limited to a document review and maybe completed on or off site.

2. Stage 2. This stage is aimed at evaluating the implementation of the organizations EMS and is conducted on site and will result in a recommendation for certification or alternatively for the conduct of a further reassessment.

3.4.2 Following certification the organization will be subject to a program of one or two yearly surveillance audits on the basis of two audit days per year. At the end of a three year period the whole process is repeated.

CERTIFICATION BODY STRUCTURE

Functions and roles

4.1.1 The functions and roles of the certification body personnel are broadly defined in ISO Guide 66 and the relevant IAF guidance and would be documented in detail in the certifications bodies internal quality management system. Roles and functions would be expected to be referenced in the organizational chart and detailed in documents describing the functional structure or in individual job or position descriptions.

4.1.2 The following table reflects the broad roles and responsibilities expected of the individual appointments within a typical certification body.

(Table 4.1.2)

<i>Position</i>	<i>Certification/registration function/role</i>	<i>Expertise required</i>
Advisory Council	Provides policy and procedural advice; Hears appeals against registration, suspension or the withdrawal of certification/registration where the appeal cannot be satisfactorily resolved at a lower level.	Wide representation from business associations, industry, academe chambers etc.,
Executive Director	Reports to the Advisory Council; Liaises with accreditation bodies; Manages the quality system to meet ISO Guide 66 General requirements for bodies operating assessment and certification/registration of environmental management systems, and to additional guidance document/s which may extend the scope to include the certification/registration of quality systems; Manages the administrative functions of the office.	Extensive experience in the QMS/EMS certification and accreditation process. Ability to identify and communicate with potential clients. Experience in the running of a not for profit organization Good business acumen
EMS Certification Manager	Manages the environmental certification program, including assigning audit team scheduling and composition, taking into account sector specific requirements; Prepares and implements marketing strategies.	Registered environmental auditor with experience in conducting and leading EMS audits Business development skills
Certification Auditors	Conducts EMS document reviews, Stage 1 and 2 and surveillance audits; Prepare audit reports; Conduct EMS related public training, as required	Registered EMS Auditor Demonstrated ability to conduct training courses

Philippine legal requirements for non-profit foundation

4.2.1 Please refer to Annex A.

Potential liabilities

4.3.1 Liabilities associated with the provision of certification services exist as they do with any service provider. However as certification services are based on a sampling process the risk of liability claims succeeding is small providing the service is conducted with due professional care by competent personnel.

POTENTIAL PHILIPPINE CUSTOMER SERVICE REQUIREMENTS & BASE

5.1.1 The growth of ISO 14000 certification since the publication of the standard in November 1996 has been marked with some 17000 certificates issued worldwide. Fastest growth has been seen in Europe and Far East with Japan, Germany and the UK leading the field. A breakdown by sector indicates growth is greatest in the electronic, chemical and pharmaceuticals and machinery and equipment sectors.

5.1.2 In the Philippines some 50, mostly multinational, organizations linked with overseas parent organizations have been certified to ISO 14001 with the outlook for further firms to be certified through supply chain leverage considered to be good. Organizations such as Intel, IBM and Ford now require their suppliers to be certified to ISO 14001. Exporters to Japan and Korea are also being pressured to obtain ISO 14001 certification. There is potential EMS certification market of automotive and other suppliers scattered throughout the different export processing zones, as well as agri-based firms based in Mindanao seeking to enter the Japanese market.

5.1.3 In addition, there are various efforts in place that will further increase the demand market for ISO 14001 certification. These efforts are aimed at providing affordable EMS training and consultancy, and exist in the form on foreign government-funded projects such as the USAEP and IISE, and mentoring programs such as that initiated by the AmCham Philippines.

5.1.4 At some future date it will be possible to extend the scope of certification to encompass quality system certification to ISO 9001:2000. As of early 1999 some 500 organizations in the Philippines were certified to the ISO 9000:1996 series quality system standards. This number is likely to grow as more organizations seek to export their products and are subject to supply chain leverage within the Philippines. Further scope changes may also need to be considered when the certification of occupational health and safety management systems becomes more readily accepted.

FORMATION OF THE CERTIFICATION BODY

6.1.1 The formation of the certification body will require a systematic approach. Steps in the process are likely to include:

(Table 6.1.1)

<i>Implementation steps</i>	<i>Persons Responsible</i>
1. Select a name for the body and register the organization in law	PhilExport
2. Prepare a short-list of people qualified to fill the position of Executive Director, conduct interviews, select applicant and negotiate terms and conditions and hire.	PhilExport
3. Hire qualified people to fill all other positions required.	Executive Director
4. Form certification approval advisory committee structure (appeals body and general policy watch dog set up by most certifying bodies).	PhilExport
5. Look for and make usable office space for approximately 5 people.	Executive Director
6. Compile a registry of all interested environmental auditors, and/or people with specific technical expertise, from within PhilExport member-firms.	EMS Certification Manager
7. Familiarize with ISO Guide 62/66. Plan, document and implement quality system.	Executive Director / EMS Certification Manager / rest of the staff
8. Apply accreditation from PAB using a pilot program approach. Prepare accreditation plan.	Executive Director
9. Compile an updated listing of all ISO 14001 certified firms in the country, and of prospective clients.	EMS Certification Manager
10. Prepare and implement short-term marketing strategy.	EMS Certification Manager
11. Prepare long-term marketing strategy.	Executive Director / EMS Certification Manager
12. Conduct orientation and training for internal and external auditors.	Executive Director / EMS Certification Manager
13. Schedule training, review and audit activities.	Administrative Assistant / Document Control Clerk

CERTIFICATION BODY - FINANCIAL CONSIDERATIONS

Operating and set up costs (approximate figures)

7.1.1 Set up costs for the organization have been identified as follows:

(Table 7.1.1)

1. Pre-organization meetings, conferences / consultants	P	10,000
2. Permits / Licensing Expenses / Lawyer's Fees		20,000
3. Advertisement of vacancy (¼ page per day x 2 days) / hiring		50,000

expenses	
4. Office space rental fee down payment (3 months down advance; P 20,000 mo. x 6 months)	60,000 N/A if housed within PhilExport premises
5. Communication systems, utilities installation fees	30,000
6. Office make-ready / refurbishing works	40,000
7. Office equipment and furniture Computer (60,000 x 2) Cellular phones (11,000 x2) Printer (9,000) Fax machine (10,000) Photocopier (70,000) Electric Typewriter (7,000) Filing Cabinet (6,000) Steel Storage Cabinet (5,000 x 4) Staff table (5,000 x 2) Executive table (9,000 x 2) Clerical chair (4,000 x 2) Executive chair (6,000 x 2)	312,000
8. Transportation vehicle	(at a later date)
9. ISO 14001 Lead Auditors course training	(0 if provided for by IISE)
10. PAB Accreditation – initial costs	100,000 (amount not yet final)
TOTAL SET – UP COSTS	PHP 622,000

7.1.2 Operating costs for the first year of operation will need to take into account the following:

(Table 7.1.2)

1. Salaries and wages	
1.1 Monthly wages/benefits for the following personnel:	
1.1.1 Executive Director (range of P 80,000 to 120,000 x 12 months) (may be hired on a profitability benefit-shares scheme)	P 960,000 – 1,440,000 / yr.
1.1.2 EMS Certification Manager (range of P 60,000 to 90,000 x 12 months)	720,000 – 1,080,000 / yr.
1.1.3 One in-house EMS Lead Auditor (range of P 20,000 to 40,000 x 12 months) (position may be opened on the 2 nd year of business to save on costs)	240,000 – 480,000 / yr. N/A for 1 st year of operation
1.1.4 Administrative Assistant / Document Control Clerk (P 8,000 x 12 months)	96,000 / yr.
1.1.5 Bookkeeper (P 8,000 x 12 months)	96,000 / yr.
1.1.6 Total benefits associated with salary package	246,264 / yr.
1.2 Non-fixed wages for the following personnel:	

1.2.1 External EMS auditors (typically in the range of P 3,000 – 5,000 per audit-day or training-day)	(on a per activity basis) In the area of 432,000/yr.
2. Other fixed fees	
2.1 Retainer's fees for CPA (P 10,000 x 12 mos.)	120,000 / yr.
2.2 Retainer's fees for Lawyer	(as needed)
2.3 Accreditation fees payable to PAB or other body	(info not yet available)
2.4 Expenses associated with running certification approval advisory committee structure (appeals body and general policy watch dog set up by most certifying bodies).	100,000
3. Miscellaneous expenses	
3.1 Rental (P 20,000 x 12 mos.)	240,000/yr. (Free of charge if housed at PhilExport)
3.2 Communication - Postage, telephone & telex, ISP (P 20,000 x 12 mos.)	240,000 / yr.
3.3 Marketing, representation & equipment 3.3.1 Participation in local fairs (P 15,000 x 4 fairs) 3.3.2 Regional visits Visayas Trip (P 25,000 x 4 trips) Mindanao Trip (P 25,000 x 4 trips) 3.3.3 Collaterals (P 200,000 / yr.) 3.3.4 Ads to Export News (free of charge)	460,000 / yr.
3.4 Transportation (fare, fuels & maintenance) (P 20,000 x 12 mos.)	240,000 / yr.
3.5 Utilities (power, water) (P 7,000 x 12 mos.)	84,000 / yr.
3.6 Training-related expenses (P 10,000 x 12 mos.)	120,000 / yr.
3.7 Office supplies (P 2,000 x 12 mos.)	24,000 / yr.
3.8 Depreciation costs	(Minimal)
3.9 Others (e.g., taxes)	(Dependent on business generated)
APPROXIMATE TOTAL FIRST YEAR OPERATING COSTS (Please see Appendix on Projected Revenues and Expenditures for more exact figures/details)	Range of PHP 4,178,264 – 5,018,264

Income

7.2.1 Certification service fees currently charged by commercial organizations for a medium size enterprise for the normal three-year certification cycle are in the range PHP 450,000 to 600,000. To make certification affordable for small to medium enterprises this cost will have to be reduced by a factor of 3 to the range PHP 150,000 – 200,000.

7.2.2 To achieve this objective certification service fees may be broken down as follows: (Note that number of audit days may change depending on size of facility and complexity of operations/ impacts.)

(Table 7.2.2 – Three-year income projection)

First year	Registration fee (plus certificate for the first year)	PHP 18,000 per annum
First year	Pre-Audit	7,000 per audit-day x 4 audit-days
	Document check	7,000 per audit-day x 2 audit-days
	Certification Audit	7,000 per audit-day x 6 audit-days
Second year	Registration fee	18,000 per annum
Second year	Surveillance Audit	7,000 per audit-day x 4 audit-days
Third year	Registration fee	18,000 per annum
Third year	Surveillance Audit	7,000 per audit-day x 4 audit-days
GRAND TOTAL (3 years)		PHP 194,000 Plus 10% VAT

7.2.3 Additional revenue could be generated through the provision of public training courses in areas such as Environmental Awareness, Implementing an Environmental Management System, Advanced EMS Auditing. Typical commercial fees for these courses would vary between PHP 5000 per participant for a one-day environmental awareness course to PHP 36000 per participant for a five-day Advanced EMS auditing course. These courses could be run on the basis of 5-8 times per year and generate profits in the order of PHP 450,000 per annum.

7.2.4 The graph (Graph 7.2.4.1) on the following page shows the projected net yearly income, as well as the projected cumulative net income for ten (10) years. The values are taken from the projected revenues and expenditures detailed in the appendix.

IMPLEMENTATION SCHEDULE

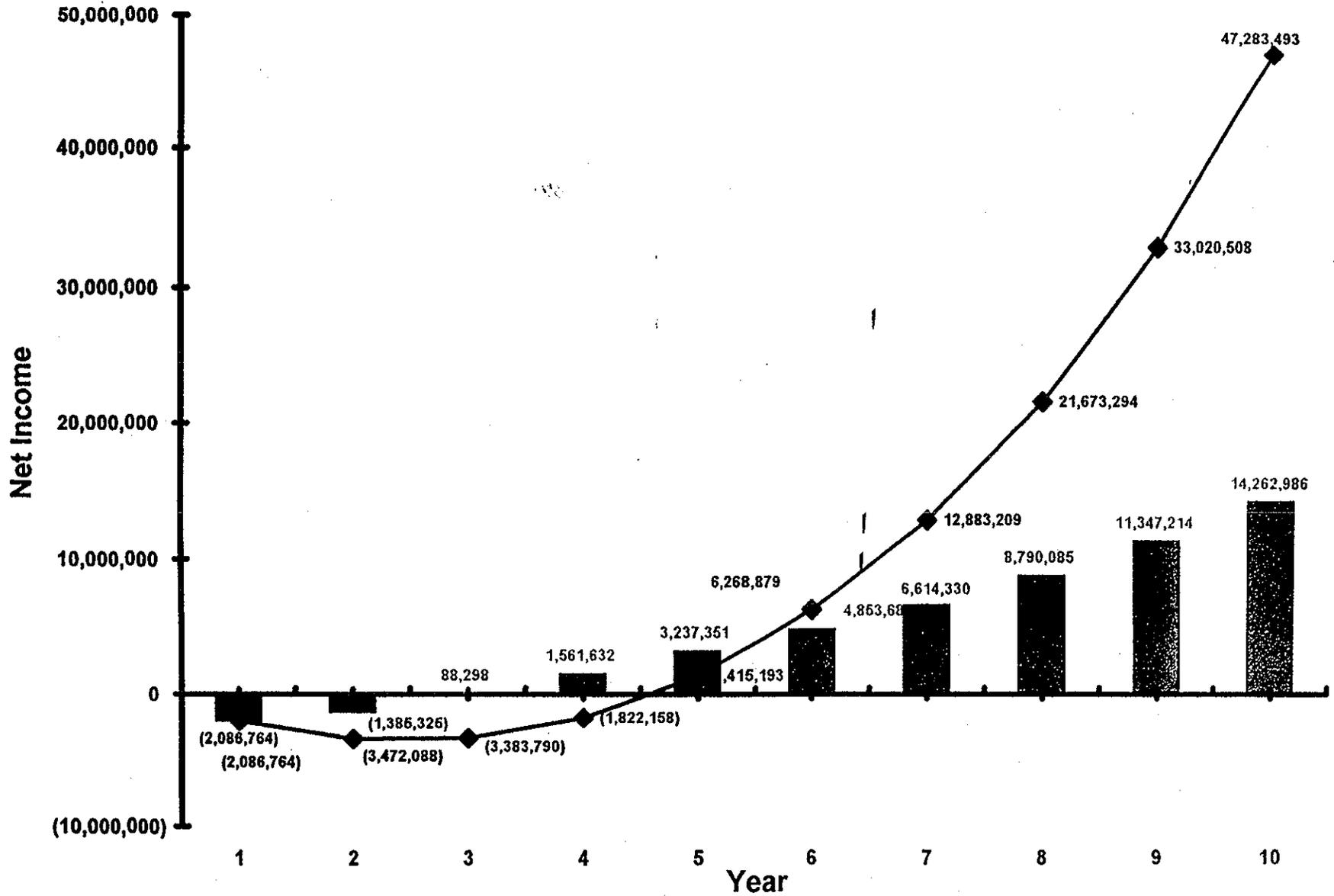
8.1.1 A typical implementation schedule for the certifying body is likely to be as follows:

(Table 8.1.1)

Month 1:	Selection and hiring
Months 2-5:	Set-up of office and Quality Management system
Month 4-onwards:	Marketing
Months 5-onwards:	Application for accreditation with BPS
Months 5-onwards:	Certification and training work

Phil Export Certification Body

Graph 7.2.4.1. - Projected Annual Net Income and Cumulative Net Income for 10 Years



Annual Net Income (Loss)
 Cumulative Net Income (Loss)

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Bibliography

The following reference documents are considered relevant to the formation of a certification body:

1. ISO/IEC Guide 42:1984 - Guidelines for a step-by-step approach to an international certification system
2. ISO/IEC Guide 61:1996 - General requirements for assessment and accreditation of certification/registration bodies
3. ISO/IEC Guide 62:1996 - General requirements for bodies operating assessment and certification/registration of quality systems.
4. ISO/IEC Guide 66:1998 - General requirements for bodies operating assessment and certification/registration of environmental management systems (EMS)
5. IAF Guidance on the Application of ISO/IEC Guide 61:1996
6. IAF Guidance on the Application of ISO/IEC Guide 62:1996
7. IAF Guidance on the Application of ISO/IEC Guide 66:1998
8. ISO 14001:1996 Environmental management systems - Specification with guidance for use

Annex A

Philippine legal requirements for non-profit foundation

Appendices

- I. Projected Revenues & Expenses for a period of ten years (Projected Profit-and-Loss Statement), with Accompanying Notes and Assumptions
- II. Breakdown of Revenues for a period of ten years
- III. Breakdown of Expenses for a period of ten years
- IV. Projected Cash Flow Statement

Appendix I
PHILEXPORT Certification Body
Projected Revenues and Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES :										
Fees for Certification & Audit	1,836,000	3,378,000	5,242,000	6,702,000	8,412,000	9,750,000	11,358,000	13,124,000	15,268,000	17,652,000
Fees for Recurring Services				414,000	989,000	1,725,000	2,645,000	3,795,000	5,060,000	6,532,000
Training Income	448,000	448,000	560,000	672,000	672,000	672,000	560,000	560,000	560,000	560,000
TOTAL REVENUES	2,284,000	3,826,000	5,802,000	7,788,000	10,073,000	12,147,000	14,563,000	17,479,000	20,888,000	24,744,000
EXPENSES :										
Salaries	2,158,000	2,675,400	2,809,170	2,949,629	3,097,110	3,251,965	3,414,564	3,585,292	3,764,556	3,952,784
Employee Benefits										
SSS, Philhealth, PagIbig	37,414	48,575	49,182	49,789	49,789	50,399	51,006	52,223	52,830	52,830
External Auditors' Fees	432,000	744,000	1,112,000	1,488,000	1,952,000	2,344,000	2,840,000	3,416,000	4,088,000	4,840,000
Marketing & Representation	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
Transportation	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Office Rental	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Communication	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Training-Related Expenses	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Accountant Retainer's fees	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Certification Approval/ Advisory Committee expenses	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Utilities	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000
Amortization	62,000	62,000	62,000	62,000	62,000	-	-	-	-	-
Depreciation	53,350	53,350	53,350	48,950	46,750	18,950	15,100	7,400	7,400	7,400
Office Supplies	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
TOTAL EXPENSES	4,370,764	5,211,325	5,713,702	6,226,368	6,835,649	7,293,314	7,948,670	8,688,915	9,540,786	10,481,014
NET INCOME (LOSS)	(2,086,764)	(1,385,325)	88,298	1,561,632	3,237,351	4,853,686	6,614,330	8,790,085	11,347,214	14,262,986

See accompanying Notes & Assumptions

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Appendix I
PHILEXPORT Certification Body
Notes and Assumptions on
Financial Projections

I. PROJECTED REVENUES

1. SERVICE FEES

Potential Demand and Market Share. The total no. of firms-actual and projected-in the Philippines that obtained ISO14001 in the last five years are shown below.

<u>Year</u>	<u>No. of Firms</u>
1996	1
1997	5
1998	23
1999	40 (Est.)
2000	60 (Est.)

Using the above data and based on other countries' experience, it is estimated that the total market will grow about 50% each year for the first five (5) years and 25% in the next five (5) years. Shown below is the projected no. of firms that will obtain ISO14001 certification, the total firms that are certifiable, and the company's share of market during the ten-year period.

<u>Year</u>	<u>No. of Firms</u>		<u>% of Market</u>
	<u>Certified</u>	<u>Certifiable</u>	
1	18	80	22.5
2	25	120	20.8
3	32	180	17.8
4	40	270	14.8
5	50	405	12.3
6	55	506	10.9
7	64	632	10.1
8	75	790	9.5
9	87	987	8.8
10	<u>100</u>	<u>1,233</u>	8.1
Total	<u>546</u>	<u>5,203</u>	10.5

Fees for Certification and Audit. Below is a table showing the rates for certification and audit services which cover the 3-year certification cycle.

<u>Year</u>	<u>Service</u>	<u>Basis</u>	<u>Amount</u>	<u>Reference Code</u>
1-3	Annual Certif. Fee	Php18,000	Php 18,000	A
1	Pre-audit	Php7,000/da. (4 das.)	28,000	B
1	Document Check	Php7,000/da. (2 das.)	14,000	C
1	Certification Audit	Php7,000/da. (6 das.)	42,000	D
2	Surveillance Audit	Php7,000/da. (4 das.)	28,000	E
3	Surveillance Audit	Php7,000/da. (4 das.)	28,000	F

The resulting income from the above services and fee is shown in Appendix II-Schedule I-Projected Fees for Certification and Audit.

Fees for Recurring Services. It is assumed that there will be a 50% retention rate of the certified firms after the three-year period. These would become clients for monitoring audits. The fees for this service is Php7,000 per day to be performed for four (4) days or Php28,000 and is rendered every year after the first 3- year completed cycle. In addition, an annual registration fee of Php18,000 will be charged.

The income from the above service and fee for the ten-year period is shown in Appendix II-Schedule II-Projected Fees for Recurring Services.

2. TRAINING INCOME

Revenues are projected for conducting public training to firms that will undergo certification and enhance its audit and monitoring practices. This will consist of one-day to five-day courses, costing from Php5,000 to Php36,000 per participant.

The fees charged for the above training programs are shown in Appendix II-Schedule III-Projected Training Income.

II. PROJECTED EXPENSES

1. Salaries.

Company plans to hire five staff members. The positions and respective starting monthly salaries and projected annual salaries are shown in Appendix III-Schedule I. Included in the last amount are the 13th month bonuses and 5% yearly increase.

2. Employee Benefits.

These consist of the company's contributions for SSS/EC, PhilHealth and Pagibig. The calculations are shown in appendix III Schedule II.

3. External Auditor Fees.

The company will engage the services of an external auditor to in-house audit activities. The audit fees are as follows:

3.1 New Firms. The fees shall be Php4,000/day for half of audit days: 6 days for the first year, 2 days for the second year, and 2 days for the third year.

3.2 Recurring Firms. The fees shall be Php4,000 for half of audit days of a regular surveillance. The audit will be from the fourth year on. Appendix III Schedule III shows the audit fees for New Firms and Recurring Firms covering the ten-year period.

4. Marketing and representation.

These expenses include fees for participation in local fairs, and expenses involving travel, advertising and other business development and promotion activities. A breakdown of these expenses is shown in Table 7.1.2 Operating Costs in the study.

5. Transportation.

These comprise of taxi fare and fuels and maintenance of the company's transportation vehicle. These are estimated to be Php20,000 a month or Php240,000 annually.

6. Office Rental.

This is for the lease of office space used by the company and estimated at Php20,000 a month or Php240,000 annually.

7. Communication.

This consists of charges for telephone, telex, postage and ISP and is estimated to be Php20,000 a month or Php240,000 annually.

8. Training-related.

This is for training cost, materials and food served during the training programs of in-house staff and external auditors.

9. Retainer's fees for accountant.

This is the retainer of the CPA to audit the company's books and estimated to Php10,000 a month or Php120,000 annually.

10. Certification Approval/Advisory Committee.
This consists of fees paid to the members of the committee and expenses related to their work and is estimated at Php100,000 annually.
11. Utilities.
These are expenses for light and water, estimated at Php7,000 per month or Php84,000 annually.
12. Amortization.
This is the amortization of organization and start-up expenses over a five-year period. The details of these are shown in Appendix III Schedule VI.
13. Depreciation.
The list and cost of office equipment and furniture is shown in Appendix III Schedule IV. The depreciation rate and amount for each asset are shown in Appendix III Schedule V.
14. Office Supplies. —
This is calculated at Php2,000 a month or Php24,000 annually.

III. PROJECTED CASH FLOW

1. Cash Receipts
These represent the fees of certification, audit and surveillance services, and income generated from the training programs.
2. Cash Disbursements
 - 2.1 Purchases of office equipment and furniture
The list and cost of the office equipment and furniture is shown in Appendix III-Schedule IV.
 - 2.2 Organization and set-up expense
The breakdown of this expense is shown in Appendix III-Schedule VI.
 - 2.3 Cash Operating Expenses
These represent all the operating expenses excluding the non-cash expenses of depreciation and amortization.
3. Accumulated Cash Surplus (Deficit)
This is the accumulated total of the cash shortfall and surplus for each year.

IV. OTHERS

The following are other assumptions of these projections.

1. The company will be registered as a non-profit foundation and will not pay corporate income and value added taxes.
2. No inflationary increases have been factored in the expenses.

Appendix II
PHILEXPORT Certification Body
Breakdown of Revenues

SCHEDULE I **Projected Fees for Certification and Audit**

Batch No.	Code*	Base Amount	No. of firms for certifctn	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Batch 1	A	18,000	18	324,000	324,000	324,000							
	B	28,000	18	504,000									
	C	14,000	18	252,000									
	D	42,000	18	756,000									
	E	28,000	18		504,000								
	F	28,000	18			504,000							
Batch 2	A	18,000	25		450,000	450,000	450,000						
	B,C,D	84,000	25		2,100,000								
	E	28,000	25			700,000							
	F	28,000	25				700,000						
Batch 3	A	18,000	32			576,000	576,000	576,000					
	B,C,D	84,000	32			2,688,000							
	E	28,000	32				896,000						
	F	28,000	32					896,000					
Batch 4	A	18,000	40				720,000	720,000	720,000				
	B,C,D	84,000	40				3,360,000						
	E	28,000	40					1,120,000					
	F	28,000	40						1,120,000				
Batch 5	A	18,000	50					900,000	900,000	900,000			
	B,C,D	84,000	50					4,200,000					
	E	28,000	50						1,400,000				
	F	28,000	50							1,400,000			
Batch 6	A	18,000	55						990,000	990,000	990,000		
	B,C,D	84,000	55						4,620,000				
	E	28,000	55							1,540,000			
	F	28,000	55								1,540,000		

Appendix II
PHILEXPORT Certification Body
Breakdown of Revenues

Batch No.	Code*	Base	Number of firms for certifctn	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		Amount											
Batch 7	A	18,000	64							1,152,000	1,152,000	1,152,000	
	B,C,D	84,000	64							5,376,000			
	E	28,000	64								1,792,000		
	F	28,000	64									1,792,000	
Batch 8	A	18,000	75								1,350,000	1,350,000	1,350,000
	B,C,D	84,000	75								6,300,000		
	E	28,000	75									2,100,000	
	F	28,000	75										2,100,000
Batch 9	A	18,000	87									1,566,000	1,566,000
	B,C,D	84,000	87									7,308,000	
	E	28,000	87										2,436,000
	F	28,000	87										
Batch 10	A	18,000	100										1,800,000
	B,C,D	84,000	100										8,400,000
	E	28,000	100										
	F	28,000	100										
TOTAL REVENUES/YEAR				1,836,000	3,378,000	5,242,000	6,702,000	8,412,000	9,750,000	11,358,000	13,124,000	15,268,000	17,652,000

* Refer to Appendix I Notes & Assumptions on codes and corresponding service fee amount/rate.

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Appendix II
PHILEXPORT Certification Body
Breakdown of Revenues

SCHEDULE II Projected Fees for Recurring Services

Batch No.	Orig. No. of Firms	Percentage Applied	No. of firms becoming "recurring" clients (50% x orig)	Base Amounts P7T X 4 days + Registration = P28T+P18T =		Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
				P46000	Total Amt.							
Batch 1	18	0.50	9	46,000	414,000	414,000	414,000	414,000	414,000	414,000	414,000	414,000
Batch 2	25	0.50	13	46,000	575,000		575,000	575,000	575,000	575,000	575,000	575,000
Batch 3	32	0.50	16	46,000	736,000			736,000	736,000	736,000	736,000	736,000
Batch 4	40	0.50	20	46,000	920,000				920,000	920,000	920,000	920,000
Batch 5	50	0.50	25	46,000	1,150,000					1,150,000	1,150,000	1,150,000
Batch 6	55	0.50	28	46,000	1,265,000						1,265,000	1,265,000
Batch 7	64	0.50	32	46,000	1,472,000							1,472,000
Batch 8	75	0.50	38	46,000	1,725,000							
Batch 9	87	0.50	44	46,000	2,001,000							
Batch 10	100	0.50	50	46,000	2,300,000							
TOTAL REVENUES/YEAR from "Recurring Clients"						414,000	989,000	1,725,000	2,645,000	3,795,000	5,060,000	6,532,000

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Appendix II
PHILEXPORT Certification Body
Breakdown of Revenues

SCHEDULE III Training Income

Batch No.	No. of Firms	Estimated Number of Trainings	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Batch 1	18	8	56,000	448,000									
Batch 2	25	8	56,000		448,000								
Batch 3	32	10	56,000			560,000							
Batch 4	40	12	56,000				672,000						
Batch 5	50	12	56,000					672,000					
Batch 6	55	12	56,000						672,000				
Batch 7	64	10	56,000							560,000			
Batch 8	75	10	56,000								560,000		
Batch 9	87	10	56,000									560,000	
Batch 10	100	10	56,000										560,000
Total Income from Trainings				448,000	448,000	560,000	672,000	672,000	672,000	560,000	560,000	560,000	560,000

**Appendix III
PHILEXPORT Certification Body
Breakdown of Expenses**

SCHEDULE I.

Salaries per Annum : Regular Employees (Including 13th month pay)

Position Description	Monthly Salary	No. of Months	Annual Salaries
.1.1 Executive Director	90,000	13	1,170,000
.1.2 EMS Certification Manager	60,000	13	780,000
.1.3 In-house EMS Lead Auditor	30,000	13	390,000
.1.4 Admn. Assistant / Document Control Clerk	8,000	13	104,000
.1.5 Bookkeeper	8,000	13	104,000
Total			2,548,000

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1,170,000	1,228,500	1,289,925	1,354,421	1,422,142	1,493,249	1,567,912	1,646,307	1,728,623	1,815,054
780,000	819,000	859,950	902,948	948,095	995,500	1,045,275	1,097,538	1,152,415	1,210,036
-	409,500	429,975	451,474	474,047	497,750	522,637	548,769	576,208	605,018
104,000	109,200	114,660	120,393	126,413	132,733	139,370	146,338	153,655	161,338
104,000	109,200	114,660	120,393	126,413	132,733	139,370	146,338	153,655	161,338
2,158,000	2,675,400	2,809,170	2,949,629	3,097,110	3,251,965	3,414,564	3,585,292	3,764,556	3,952,784

Notes :

- 1) In-house EMS Lead Auditor is hired on the 2nd year.
- 2) A five percent (5 %) increase is provided per year for each position
- 3) 1 personnel for every position description.

Schedule II.

**SSS, Philhealth, & Pagibig Benefits of regular employees Per Annum
(Mandatory in the Philippines)**

	Employer's share		
	SSS/EC	PAGIBIG	Philhealth
Monthly Premiums: Employer's Share	Range of 415.90 to 618.00	200.00	62.50
II.2.1 Executive Director (fulltime)	7,416	2,400	750
II.2.2 EMS Certification Manager	7,416	2,400	750
II.2.3 In-house EMS Lead Auditor	7,416	2,400	750
II.2.4 Admn. Assistant / Document Control Clerk	4,991	2,400	750
II.2.5 Bookkeeper	4,991	2,400	750
Total Benefits	32,230	12,000	3,750

Total SSS/EC, PhilHealth & Pag-ibig)									
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00
10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00
0.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00	10,566.00
8,140.80	8,438.40	8,742.00	9,045.60	9,045.60	9,350.40	9,654.00	10,262.40	10,566.00	10,566.00
8,140.80	8,438.40	8,742.00	9,045.60	9,045.60	9,350.40	9,654.00	10,262.40	10,566.00	10,566.00
37,413.60	48,574.80	49,182.00	49,789.20	49,789.20	50,398.80	51,006.00	52,222.80	52,830.00	52,830.00

Appendix III
PHILEXPORT Certification Body
Breakdown of Expenses

SCHEDULE III.

Professional Fees of External Auditor

Assumptions Taken :

1. Philex shall engage the services of external Auditor to complement in-house audit activities

2. For New Firms :

Audit fees shall be P4000/day for half of audit days . Ergo:

P4,000 x half of audit days for Year 1 (which is 6 days)

P4,000 x half of audit days for Year 2 (which is 2 days)

P4,000 x half of audit days for Year 3 (which is 2 days)

3. For "Recurring" Firms/Clients :

Audit fees shall be P4,000/day for half of audit days of a regular surveillance audit (4 days divided by 2); Therefore:

P4,000 x 2 audit days, consistently from Yr 4 to 10

Particulars	Aud fee/ Day	No. of Firms	Number of Audit Days	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
V.I. Audit Fees for New Firms													
Batch 1	4,000	18	6	432,000									
Batch 2	4,000	25	6		144,000	144,000							
Batch 3	4,000	32	6		600,000	200,000	200,000						
Batch 4	4,000	40	6				256,000	256,000					
Batch 5	4,000	50	6				960,000	320,000	320,000				
Batch 6	4,000	55	6					1,200,000	400,000	400,000			
Batch 7	4,000	64	6						1,320,000	440,000	440,000		
Batch 8	4,000	75	6							1,536,000	512,000	512,000	
Batch 9	4,000	87	6								1,800,000	600,000	600,000
Batch 10	4,000	100	6									2,088,000	696,000
V.II. Audit Fees for RECURRING FIRMS													
Batch 1	4,000	9					72,000	72,000	72,000	72,000	72,000	72,000	72,000
Batch 2	4,000	13						104,000	104,000	104,000	104,000	104,000	104,000
Batch 3	4,000	16							128,000	128,000	128,000	128,000	128,000
Batch 4	4,000	20								160,000	160,000	160,000	160,000
Batch 5	4,000	25									200,000	200,000	200,000
Batch 6	4,000	28										224,000	224,000
Batch 7	4,000	32											256,000
Batch 8	4,000	38											
Batch 9	4,000	44											
Batch 10	4,000	50											
TOTAL External Auditors' Fees				432,000	744,000	1,112,000	1,488,000	1,952,000	2,344,000	2,840,000	3,416,000	4,088,000	4,840,000

Appendix III
PHILEXPORT Certification Body
Breakdown of Expenses

SCHEDULE IV.
Procurement : Office Equipment

Particulars	Quantity	Unit	Unit Cost	Total Cost
Cellular phones	2	pc	11,000	22,000
Computer	2	pc	60,000	120,000
Printer	1	pc	9,000	9,000
Fax Machine	1	pc	10,000	10,000
Photocopier	1	pc	70,000	70,000
Electric Typewriter	1	pc	7,000	7,000
Filing Cabinet	1	pc	6,000	6,000
Steel Storage Cabinet	4	pc	5,000	20,000
Staff table	2	pc	5,000	10,000
Executive table	2	pc	9,000	18,000
Clerical chair	2	pc	4,000	8,000
Executive chair	2	pc	6,000	12,000
Total				312,000

Schedule V.
Depreciation : Office Equipment

Particulars	Acquisition Cost	% of yearly Depreciation	Amt of Dep.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cellular phones	22,000	30%	6,600	6,600	6,600	6,600	2,200						
Computer	120,000	20%	24,000	24,000	24,000	24,000	24,000	24,000					
Printer	9,000	20%	1,800	1,800	1,800	1,800	1,800	1,800					
Fax Machine	10,000	20%	2,000	2,000	2,000	2,000	2,000	2,000					
Photocopier	70,000	15%	10,500	10,500	10,500	10,500	10,500	10,500	10,500	7,000			
Electric Typewriter	7,000	15%	1,050	1,050	1,050	1,050	1,050	1,050	1,050	700			
Filing Cabinet	6,000	10%	600	600	600	600	600	600	600	600	600	600	600
Steel Storage Cabinet	20,000	10%	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Staff table	10,000	10%	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Executive table	18,000	10%	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Clerical chair	8,000	10%	800	800	800	800	800	800	800	800	800	800	800
Executive chair	12,000	10%	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total Depreciation	312,000		53,350	53,350	53,350	53,350	48,950	46,750	18,950	15,100	7,400	7,400	7,400

**Appendix III
PHILEXPORT Certification Body
Breakdown of Expenses**

Schedule VI.
Organization / Setting -Up Costs Amortized over a period of five years

Particulars	Amount
Pre-organization Meetings, Conferences/Consultants	10,000
Permits / Licensing Expenses/ Lawyer's Fees	20,000
Advertising of vacancies/ hiring expenses	50,000
Rental - 3 mos. Advance @P20,000/mo	60,000
Communication Systems, Utilities installation fees	30,000
Office make ready/ refurbishing works	40,000
PAB Accreditation Fees	100,000
Total Organization / Setting -up Costs	310,000
Yearly Amortization Cost	62,000

Appendix IV
PHILEXPORT Certification Body
Projected Cash Flow Statement
In Philippine Peso

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
CASH RECEIPTS												
Proceeds from fees	<u>-</u>	<u>2,284,000</u>	<u>3,826,000</u>	<u>5,802,000</u>	<u>7,788,000</u>	<u>10,073,000</u>	<u>12,147,000</u>	<u>14,563,000</u>	<u>17,479,000</u>	<u>20,888,000</u>	<u>24,744,000</u>	<u>119,594,000</u>
TOTAL CASH RECEIPTS	<u>-</u>	<u>2,284,000</u>	<u>3,826,000</u>	<u>5,802,000</u>	<u>7,788,000</u>	<u>10,073,000</u>	<u>12,147,000</u>	<u>14,563,000</u>	<u>17,479,000</u>	<u>20,888,000</u>	<u>24,744,000</u>	<u>119,594,000</u>
CASH DISBURSEMENTS												
Purchase of office equipment and furniture	312,000											
Organization and set-up expenses	310,000											
Cash operating expenses (less depreciation and amortization)	<u>-</u>	<u>4,255,414</u>	<u>5,095,975</u>	<u>5,598,352</u>	<u>6,115,418</u>	<u>6,726,899</u>	<u>7,274,364</u>	<u>7,933,570</u>	<u>8,681,515</u>	<u>9,533,386</u>	<u>10,473,614</u>	<u>71,688,507</u>
TOTAL CASH DISBURSEMENTS	<u>622,000</u>	<u>4,255,414</u>	<u>5,095,975</u>	<u>5,598,352</u>	<u>6,115,418</u>	<u>6,726,899</u>	<u>7,274,364</u>	<u>7,933,570</u>	<u>8,681,515</u>	<u>9,533,386</u>	<u>10,473,614</u>	<u>71,688,507</u>
NET CASH INFLOW (OUTFLOW)	<u>(622,000)</u>	<u>(1,971,414)</u>	<u>(1,269,975)</u>	<u>203,648</u>	<u>1,672,582</u>	<u>3,346,101</u>	<u>4,872,636</u>	<u>6,629,430</u>	<u>8,797,485</u>	<u>11,354,614</u>	<u>14,270,386</u>	<u>47,283,493</u>
ACCUMULATED CASH SURPLUS (DEFICIT)	<u>(622,000)</u>	<u>(2,593,414)</u>	<u>(3,863,389)</u>	<u>(3,659,741)</u>	<u>(1,987,159)</u>	<u>1,358,942</u>	<u>6,231,578</u>	<u>12,861,008</u>	<u>21,658,493</u>	<u>33,013,107</u>	<u>47,283,493</u>	<u>-</u>

See accompanying Notes and Assumptions