



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City
Corporate Government Sector
Cluster 5 – Agricultural and Natural Resources

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Philippine Fisheries Development Authority
PCA Annex Building
Elliptical Road, Diliman, Quezon City

We have audited the accompanying financial statements of **Philippine Fisheries Development Authority (PFDA)**, which comprise the balance sheet as at December 31, 2012 and the statement of revenues and expenditures, statement of changes in net worth, statement of cash flows and statement of comparison of budget and actual amounts expended for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with State accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As discussed in items no. 1 and 2 of the Observations and Recommendations portion of the audit report, the non-recording in the books of accrued interest of P561.404 million on domestic and foreign loans since 1980 resulted in the understatement of the liability and expense accounts in the amounts of P561.404 million and P9.309 million, respectively, and overstatement of the retained earnings account in the amount of P552.095 million. Likewise, accrued interest totaling P19.072 million was recorded under the Due to National Treasury instead of Accrued Interest Payable. The discrepancies of P15.090 million and P22.838 million between the books and confirmed balances of Due to National Treasury and Loans Payable-Foreign accounts, respectively, rendered the accuracy of the balances of these accounts doubtful.

Moreover, we draw attention on the existence of various deficiencies and lapses in property management such as the non-inclusion in inventory taking of assets totaling P325.283 million, discrepancy of P5.874 million between property and accounting records and non-reclassification to Property, Plant and Equipment of completed projects totaling P16.130 million, as discussed in item no. 3 of Observations and Recommendations. We also draw attention to item no. 4 which discussed that Accounts Receivable-Trade/Business account balance of P234.296 million could not be ascertained since P131.077 million, equivalent to 50 per cent of the account balance had been dormant for more than three to 14 years, negative balances totaling P7.836 million existed, variance of P28.064 million between books and confirmed balances was not adjusted, and Allowance for Doubtful Receivable accounts at an estimated amount of P70.288 million was not provided.

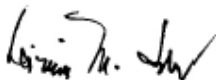
Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the **PFDA** as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with State accounting principles.

Other Matter

As discussed in Note 21 to Financial Statements, the tax liabilities pertaining to prior years' real property tax (RPT) due on fish ports premises being leased to private parties and which are covered by court decisions were not taken up in the books of the Authority pending assessment from the concerned local government units of the final RPT due them.

COMMISSION ON AUDIT



DIVINA M. TELAN

OIC-Supervising Auditor, Audit Group D
Cluster 5, Corporate Government Sector

May 14, 2013

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY

BALANCE SHEET

December 31, 2012

(In Philippine Peso)

	2012
ASSETS	
Current Assets	
Cash	898,455,005
Receivables - net	227,862,627
Inventories	11,617,653
Prepayments	16,468,020
Guaranty Deposits	3,661,937
Total Current Assets	1,158,065,242
Non-current Assets	
Investments	89,000
Property, Plant and Equipment - Net	293,459,291
Receivables - Non current	13,931,420
Other Assets	7,082,603
Total Non-current Assets	314,562,314
TOTAL ASSETS	1,472,627,556
LIABILITIES AND NET WORTH	
Current Liabilities	
Payables	54,973,088
Inter-agency Payables	1,224,332,018
Other Liabilities	75,248,588
Total Current Liabilities	1,354,553,694
Non-current Liabilities	
Loans Payable - Foreign	47,792,796
Deferred Credits	23,155,699
Total Non current Liabilities	70,948,495
TOTAL LIABILITIES	1,425,502,189
NET WORTH	47,125,367
TOTAL LIABILITIES AND NET WORTH	1,472,627,556

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
For the Year Ended December 31, 2012
(In Philippine Peso)

	2012
REVENUES	
Operating Revenues	553,092,711
Other Revenues	3,908,022
	<hr/> 557,000,733
EXPENDITURES	
Personal Services	269,057,588
Maintenance and Other Operating Expenses	282,052,232
Financial Expenses	1,105,398
	<hr/> 552,215,218
NET REVENUES	<hr/> 4,785,515 <hr/>

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY**BALANCE SHEET****December 31, 2012**

(In Philippine Peso)

	2012
ASSETS	
Current Assets	
Cash	898,455,005
Receivables - net	227,862,627
Inventories	11,617,653
Prepayments	16,468,020
Guaranty Deposits	3,661,937
Total Current Assets	1,158,065,242
Non-current Assets	
Investments	89,000
Property, Plant and Equipment - Net	293,459,291
Receivables - Non current	13,931,420
Other Assets	7,082,603
Total Non-current Assets	314,562,314
TOTAL ASSETS	1,472,627,556
LIABILITIES AND NET WORTH	
Current Liabilities	
Payables	54,973,088
Inter-agency Payables	1,224,332,018
Other Liabilities	75,248,588
Total Current Liabilities	1,354,553,694
Non-current Liabilities	
Loans Payable - Foreign	47,792,796
Deferred Credits	23,155,699
Total Non current Liabilities	70,948,495
TOTAL LIABILITIES	1,425,502,189
NET WORTH	47,125,367
TOTAL LIABILITIES AND NET WORTH	1,472,627,556

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN NET WORTH
For the Year Ended December 31, 2012
(In Philippine Peso)

2012

GOVERNMENT EQUITY

Government Equity, Beginning of the Year	570,353,166
--	-------------

Government Equity, End of the Year	570,353,166
------------------------------------	-------------

DEFICIT

Deficit, Beginning of the Year	(528,013,314)
Net Revenues	4,785,515

Deficit, End of the Year	(523,227,799)
--------------------------	---------------

NET WORTH	47,125,367
------------------	-------------------

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(In Philippine Peso)

	2012
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from Customers	541,459,387
Funds received from NGAs for Implementation of Projects	526,244,520
Funds received from NGAs for the Rehabilitation of PFDA Ports	7,762,594
Purchase of Inventories	2,185,451
Cash paid to Suppliers and Employees	(506,505,488)
Disbursement for the Implementation of Projects	(2,752,596)
Auditing Services remitted to the National Treasury	(2,761,016)
Other Operating Cash payments	(78,873)
Funds transferred to LGUs/NGAs for Project Implementation	
Others	364,867
Net cash provided by operating activities	565,918,846
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	3,908,022
Construction/Purchase of Property and Equipment	(63,328,796)
Others	(73,114)
Net cash used in investing activities	(59,493,888)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment for principal of Foreign Loans	(3,681,988)
Dividends paid to the National Government	(2,319,489)
Interests paid on Loans	(550,062)
Net cash used in financing activities	(6,551,539)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(546,773)
NET INCREASE IN CASH	499,326,646
CASH AT BEGINNING OF YEAR	399,128,359
CASH AT END OF YEAR	898,455,005

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY**Statement of Financial Operations**

For the Year Ended December 31, 2013

	Amount
INCOME	
Business and Service Income	622,942,079.53
Gains and Premiums	2,014,064.03
Others	10,872,393.82
Total Income	635,828,537.38
Less: Share of National Government	2,392,757.57
Income After Share of National Government	633,435,779.81
EXPENSES	
Business Expenses	
Personal Services	287,964,921.13
Maintenance and Other Operating Expenses	282,480,361.83
Financial Expenses	23,709,510.97
Total Expenses	594,154,793.93
Net Income (Loss) Before Subsidy	39,280,985.88
Subsidy Income	-
Net Income (Loss) Before Tax	39,280,985.88
Income Tax Expense	18,662,665.96
Net Income (Loss) After Tax	20,618,319.92

