



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City
Corporate Government Sector
Cluster C
Office of the Cluster Director

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 the **Philippine Fisheries Development Authority (PFDA)**, which comprise the balance sheet as of December 31, 2013 and the statement of income and expenses, statement of changes in equity, 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 International 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 item no.1 of the Observations and Recommendations portion of the audit report, the discrepancies of P15.397 million and P24.087 million between the books and confirmed balances of Due to National Treasury and Loans Payable-Foreign accounts with year-end balances of P408.459 million and P44.841 million, respectively, rendered the accuracy of these balances doubtful.

Moreover, we draw attention to item no. 2 which discussed that the propriety of the Property, Plant and Equipment (PPE) account with book value of P933.787 million could not be ascertained due to incomplete physical inventory taking, incomplete accounting and property records, inclusion of unserviceable property and unrecorded receipt of turned over properties. We also draw attention to item no. 3 on the validity of Accounts Receivable-Trade/Business account of P236.548 million which is doubtful since 45.0 per cent of this balance or P106.330 million had been dormant for 3 to more than 20 years, some leased properties not covered with contracts, accounts totaling P3.451 million have negative balances while P5.154 million lacked details.

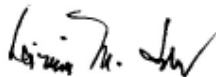
Qualified Opinion

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 **PFDA** as at December 31, 2013, 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 22 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 2, 2014

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
BALANCE SHEET
December 31, 2013
(In Philippine Peso)

	Note	2013	2012 As restated
ASSETS			
Current Assets			
Cash	3	946,459,052	898,455,005
Receivables - net	4	206,680,675	207,433,857
Prepayments	5	32,658,635	28,187,413
Guaranty deposits		6,111,937	3,661,937
		1,191,910,299	1,137,738,212
Non-current Assets			
Investments	6	355,979	89,000
Property, plant and equipment, net	7	465,152,757	293,234,306
Receivables	8	20,392,872	14,044,848
Other assets	9	7,226,748	7,082,603
		493,128,356	314,450,757
TOTAL ASSETS		1,685,038,655	1,452,188,969
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	10	642,957,869	617,264,788
Inter-agency payables	11	1,369,109,112	1,204,449,912
Other liabilities	12	99,292,884	75,160,748
		2,111,359,865	1,896,875,448
Non-current Liabilities			
Loans payable-foreign	13	44,840,513	47,792,796
Deferred credits	14	23,854,931	23,155,699
		68,695,444	70,948,495
Total Liabilities		2,180,055,309	1,967,823,943
EQUITY		(495,016,654)	(515,634,974)
TOTAL LIABILITIES AND EQUITY		1,685,038,655	1,452,188,969

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENT OF INCOME AND EXPENSES
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012 As restated
INCOME			
Operating income	17	622,942,080	549,136,443
Subsidy income	18	-	(428,572)
Other income	19	12,370,949	3,908,022
		635,313,029	552,615,893
EXPENSES			
	20		
Personal services		287,964,921	267,659,578
Maintenance and other operating expenses		303,535,786	300,592,651
Financial expenses		23,194,002	10,414,530
		614,694,709	578,666,759
NET INCOME/(LOSS)		20,618,320	(26,050,866)

The Notes on pages 10 to 27 form part of these financial statements.

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012 As restated
GOVERNMENT EQUITY	15		
Government equity, beginning of year		570,345,547	570,345,547
		570,345,547	570,345,547
DEFICIT	16		
Deficit, beginning of year		(544,755,048)	(1,059,929,655)
Adjustment on unrecorded interest		(541,225,473)	-
Net income/(loss)		20,618,320	(26,050,866)
Deficit, end of year		(1,065,362,201)	(1,085,980,521)
EQUITY		(495,016,654)	(515,634,974)

The Notes on pages 10 to 27 form part of these financial statements.

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		620,221,876	541,459,387
Funds received from NGAs for implementation of projects		214,500,000	526,244,520
Funds received from NGAs for the rehabilitation of PFDA ports		29,058,540	7,762,594
Purchase of inventories		1,699,385	2,185,451
Cash paid to suppliers and employees		(546,581,556)	(506,505,488)
Funds transferred to LGUs/NGAs for project implementation		(13,300,000)	-
Disbursement for the implementation of projects		(9,988,580)	(2,752,596)
Auditing services remitted to the National Treasury		(7,909,626)	(2,761,016)
Other operating cash payments		(2,596,461)	(78,873)
Others		(266,979)	364,867
		284,836,599	565,918,846
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest		7,479,415	3,908,022
Construction/purchase of property and equipment		(240,639,671)	(63,328,796)
Others		1,498,555	(73,114)
		(231,661,701)	(59,493,888)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for principal of foreign loans		(2,952,283)	(3,681,988)
Dividends paid to the National Government		(2,392,758)	(2,319,489)
Interests paid on loans		(341,319)	(550,062)
		(5,686,360)	(6,551,539)
Effect of foreign exchange rate on cash		515,509	(546,773)
Net increase in cash		48,004,047	499,326,646
Cash, beginning of year		898,455,005	399,128,359
CASH, END OF YEAR	3	946,459,052	898,455,005

The Notes on pages 10 to 27 form part of these financial statements.