



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

## **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, 2014, and the statement of revenues and expenditures, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and 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 risk 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***

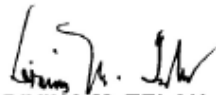
The following exceptions were considered in forming our opinion:

1. The accuracy and reliability of the Due to Other National Government Agencies account of P973.804 million could not be ascertained due to significant discrepancy of P246.960 million or 43.94 per cent between the book balance of one of its sub-accounts of P562.038 and confirmed balance of P315.078 million; and
2. The accuracy and existence of Property, Plant and Equipment account amounting to P551.354 million as of December 31, 2014 could not be relied upon due to, among others, the non-physical inventory taking of assets worth P15.921 million, absolute discrepancy between accounting and property records of P52.097 million and the inclusion of unserviceable property and semi-expendable items worth P6.390 million and P0.995 million, respectively.

### ***Opinion***

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **PFDA** as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with State accounting principles.

### **COMMISSION ON AUDIT**



**DIVINA M. TELAN**  
State Auditor IV  
OIC-Supervising Auditor  
Audit Group D  
Cluster 5- Agricultural and Natural Resources

July 24, 2015

**PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY**  
**BALANCE SHEET**  
**December 31, 2014**  
(In Philippine Peso)

	Note	2014	2013 As restated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	970,425,156	946,459,052
Receivables - net	4	186,540,264	210,341,274
Prepayments	5	28,152,257	33,030,362
Guaranty deposits		3,644,937	6,111,937
		<u>1,188,762,614</u>	<u>1,195,942,625</u>
<b>Non-current assets</b>			
Investments	6	355,979	355,979
Property, plant and equipment - net	7	551,353,605	464,721,230
Receivables	8	15,215,873	20,392,872
Other assets	9	7,404,540	7,226,748
		<u>574,329,997</u>	<u>492,696,829</u>
<b>TOTAL ASSETS</b>		<b><u>1,763,092,611</u></b>	<b><u>1,688,639,454</u></b>
<b>LIABILITIES AND NET WORTH</b>			
<b>Current liabilities</b>			
Payable accounts	10	640,998,676	639,856,593
Inter-agency payables	11	1,415,203,808	1,395,032,497
Other current liabilities	12	110,023,604	99,292,884
		<u>2,166,226,088</u>	<u>2,134,181,974</u>
<b>Non-current liabilities</b>			
Loans payable - foreign	13	17,927,244	20,752,802
Deferred credits	14	24,912,157	23,752,108
		<u>42,839,401</u>	<u>44,504,910</u>
		<u>2,209,065,489</u>	<u>2,178,686,884</u>
Net worth		<u>(445,972,878)</u>	<u>(490,047,430)</u>
<b>TOTAL LIABILITIES AND NET WORTH</b>		<b><u>1,763,092,611</u></b>	<b><u>1,688,639,454</u></b>

**PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
For the Year Ended December 31, 2014  
(In Philippine Peso)

	Note	2014	2013 As restated
<b>REVENUES</b>			
Operating income	17	652,972,175	625,846,644
Other income	18	1,159,972	12,370,949
		<u>654,132,147</u>	<u>638,217,593</u>
<b>EXPENDITURES</b>			
	20		
Personal services		283,008,905	287,964,921
Maintenance and other operating expenses		325,671,016	314,422,143
Financial expenses		6,200,584	23,194,002
		<u>614,880,505</u>	<u>625,581,066</u>
<b>INCOME FROM OPERATIONS</b>		<u>39,251,642</u>	<u>12,636,527</u>
Subsidy income from other national government agencies	19	4,822,910	-
<b>NET INCOME</b>		<u><u>44,074,552</u></u>	<u><u>12,636,527</u></u>

**PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY**  
**STATEMENT OF CHANGES IN NET WORTH**  
**For the Year Ended December 31, 2014**  
(In Philippine Peso)

	Note	2014	2013 As restated
<b>GOVERNMENT EQUITY</b>	15	570,345,547	570,345,547
		570,345,547	570,345,547
<b>DEFICIT</b>	16		
Deficit, beginning of the year		(1,060,392,977)	(1,073,029,504)
Net income		44,074,552	12,636,527
Deficit, end of the year		(1,016,318,425)	(1,060,392,977)
<b>NET WORTH</b>		<b>(445,972,878)</b>	<b>(490,047,430)</b>

**PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2014  
(In Philippine Peso)

	Note	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers		672,606,338	620,221,876
Funds received from NGAs for implementation of projects		374,006,000	214,500,000
Funds received from NGAs for the rehabilitation of PFDA ports		-	29,058,540
Purchase of inventories		(592,751)	1,699,385
Cash paid to suppliers and employees		(561,009,354)	(546,581,556)
Funds transferred to LGUs/NGAs for project implementation		(14,305,528)	(13,300,000)
Disbursement for the implementation of projects		(10,416,530)	(9,988,580)
Auditing services remitted to the national treasury		(7,788,008)	(7,909,626)
Other operating cash payments		-	(2,596,461)
Returned TISP-ARMM/DAP Funds		(247,871,050)	-
Others		9,928,942	(266,979)
		<u>214,558,059</u>	<u>284,836,599</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest		1,159,972	7,479,415
Construction/purchase of property and equipment		(177,926,204)	(240,639,671)
Others		-	1,498,555
		<u>(176,766,232)</u>	<u>(231,661,701)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for principal of foreign loans		(2,825,559)	(2,952,283)
Dividends paid to the national government		(10,826,557)	(2,392,758)
Interest paid on loans		(272,241)	(341,319)
Effect of foreign exchange rate on cash		98,634	515,509
		<u>(13,825,723)</u>	<u>(5,170,851)</u>
Net increase in cash and cash equivalents		23,966,104	48,004,047
Cash and cash equivalents, beginning of year		946,459,052	898,455,005
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>3</b>	<b><u>970,425,156</u></b>	<b><u>946,459,052</u></b>