



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Bases Conversion and Development Authority
2/F Bonifacio Technology Center
31st Street corner 2nd Avenue
Bonifacio Global City, Taguig City

Report on the Financial Statements

We have audited the accompanying financial statements of the Bases Conversion and Development Authority (BCDA), which comprise the statement of financial position as at December 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 generally accepted in the Philippines, 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 the 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 audit opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bases Conversion and Development Authority as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

Emphasis of Matter

We draw attention to Notes 30 and 31 to the financial statements which describe the uncertainty related to the outcome of lawsuits or claims filed by third parties against BCDA which are pending in the courts or are under negotiations and tax cases filed by BCDA against the Bureau of Internal Revenue which are pending before the Court of Tax Appeals. Our opinion is not qualified in respect of these matters.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties, and license fees paid or accrued during the taxable year described in Note 31 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

By:

Edna D. Santos
EDNA D. SANTOS
State Auditor V
Supervising Auditor

May 31, 2011

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
As of December 31, 2010
(In Philippine Pesos)

	Notes	2010	(As restated) 2009
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,186,982,135	3,125,076,929
Short-term investments	4	7,304,838,058	4,072,998,459
Receivables	5	1,068,373,562	928,318,442
Inventories	6	610,312,566	2,970,938,251
Prepayments	7	402,635,777	279,936,526
Other current assets	8	448,288,657	382,410,080
Total Current Assets		11,021,430,755	11,759,678,687
Non-Current Assets			
Investments in and advances to subsidiaries/ affiliates	9	22,746,542,332	22,919,255,500
Other investments	10	16,779,130,715	6,409,928,557
Property and equipment - net	11	70,422,591,654	69,790,973,897
Other non-current assets	12	3,527,167,116	3,946,673,043
Total Non-Current Assets		113,475,431,817	103,066,830,997
TOTAL ASSETS		124,496,862,572	114,826,509,684
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	13	1,191,317,276	1,018,716,289
Inter-agency payables	14	3,385,981,859	4,210,478,642
Intra-agency payables	15	2,505,143,565	2,525,320,813
Total Current Liabilities		7,082,442,700	7,754,515,744
Non-Current Liabilities			
Loans Payable	16	31,243,627,362	26,986,361,735
Deferred credits	17	7,189,586,655	8,114,637,315
Other long-term liabilities	18	249,947,518	84,237,028
Total Non-Current Liabilities		38,683,161,535	35,185,236,078
Equity		78,731,258,337	71,886,757,862
TOTAL LIABILITIES AND EQUITY		124,496,862,572	114,826,509,684

See accompanying Notes to Financial Statements.

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2010
(In Philippine Pesos)

	Notes	2010	(As restated) 2009
REVENUES			
	19		
Share from the income of joint venture operations		790,282,179	655,697,772
Lease income		357,376,783	492,498,279
Toll fees		629,073,986	513,484,385
Miscellaneous income		638,094,844	394,477,311
TOTAL REVENUES		2,414,827,792	2,056,157,747
EXPENSES			
Personal Services			
Salaries and wages		101,858,905	86,076,899
Other compensation		149,575,696	62,055,656
Personnel benefit contributions		42,990,868	36,064,294
		294,425,469	184,196,849
Maintenance and Other Operating Expenses			
Depreciation and amortization	20	1,468,708,668	1,337,397,232
Donations and subsidies		706,154,385	262,868,567
SCTEx operations and maintenance		418,070,895	395,957,928
Professional services		207,932,422	201,761,366
Advertising and promotion		114,331,369	106,354,909
Taxes, insurance premiums and other fees		27,100,116	86,207,195
Bad debts		17,527,283	1,460,056
Supplies and materials		9,044,840	9,979,489
Communication		5,701,418	5,429,995
Extraordinary and miscellaneous		5,217,390	13,594,306
Utilities		4,778,293	5,659,144
Repairs and maintenance		4,657,821	9,088,311
Training and scholarship		4,615,496	2,561,792
Incentives and honoraria		2,081,315	3,149,108
Traveling		521,831	2,524,501
Other maintenance and operating expenses		20,447,397	28,476,794
		3,016,890,939	2,472,470,693
TOTAL EXPENSES		3,311,316,408	2,656,667,542
LOSS FROM OPERATIONS		(896,488,616)	(600,509,795)
OTHER INCOME (EXPENSES)			
Gain (Loss) on foreign exchange	22	(1,977,754,700)	782,697,370
Dividend income		676,941	1,525,704
Interest income	21	319,835,331	338,263,149
Subsidy income		175,358,459	169,197,678
Gain on valuation of assets		-	83,239,811
Impairment loss		(312,209,681)	(300,000,000)
Financial expenses		(614,454,233)	(42,916,936)
Gain on disposal of property		1,635,294	-
OTHER INCOME (EXPENSES), NET		(2,406,912,589)	1,032,006,776
PROFIT (LOSS) BEFORE INCOME TAX		(3,303,401,205)	431,496,981
INCOME TAX EXPENSE	23	(3,931,605)	-
NET PROFIT (LOSS)		(3,307,332,810)	431,496,981

See accompanying Notes to Financial Statements.

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2010
(In Philippine Pesos)

	Notes	2010	(As restated) 2009
CAPITAL	24		
EQUITY FROM THE NATIONAL GOVERNMENT			
Balance at beginning of the year		74,928,710,884	67,674,910,866
Share in the unpaid lease of CJHDevCo		181,653,672	139,187,219
Subsidy for the CDC-Mexico-Clark 230 KV Transmission Project		91,600,287	-
Adjustment in the BCDA's share on the sale of lot to NSP		44,698,989	-
Adjustment in the BCDA's share on the sale of Camp Bago Bantay		41,610,529	-
Adjustment in the BCDA's share on the sale of SRDP Property		21,020,773	-
Adjustment in the BCDA's share on the sale of Villamor Gateway		6,643,242	-
Adjustment in the BCDA's share on the sale of lot to City of Makati		1,450,864	(88,378,835)
Increase in the assessed value of Metro Camps properties		-	7,867,045,418
Adjustment on buildings and structures in Camp John Hay		-	(924,765)
Adjustment due to disposition of Big delta Lots		-	(44,466,221)
Adjustment due to the redemption of FBDC Preferred Shares		-	(618,662,798)
Adjustment in the BCDA's share on the sale of Logcom Firing Range		(309,188)	-
Value of lot sold to NSP		(143,036,764)	-
Balance at end of the year		75,174,043,288	74,928,710,884
DONATED CAPITAL	25		
Balance at beginning of the year		1,137,658	1,137,658
Additions (Deductions)		-	-
Balance at end of the year		1,137,658	1,137,658
REVALUATION SURPLUS	26		
Balance at beginning of the year		-	-
Increase in appraised value of JUSMAG Property		9,906,500,881	-
Balance at end of the year		9,906,500,881	-
RETAINED EARNINGS	27		
Balance at beginning of the year		(3,043,090,680)	(3,257,814,237)
Profit (Loss) for the year		(3,307,332,810)	431,496,981
Dividend remittance to the Bureau of Treasury		-	(216,773,424)
Balance at end of the year		(6,350,423,490)	(3,043,090,680)
TOTAL EQUITY		78,731,258,337	71,886,757,862

See accompanying Notes to Financial Statements.

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010
(In Philippine Pesos)

	2010	(As restated) 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from joint venture projects	2,091,951,278	257,049,077
Proceeds from toll operations	629,132,077	513,484,386
Cash receipts from lessees	583,180,213	329,300,530
Dividends received	453,541,553	383,974,560
Collection of performance, bid bonds and bid securities	189,223,523	991,894
Collection of receivables	41,400,299	105,524,278
Proceeds from the disposition of transferred properties	39,858,412	982,615,142
Miscellaneous receipts	33,635,641	37,629,660
Remittance from NHA for the sale of portion of Airmen's Village	16,164,114	14,771,153
Receipts from BCDA housing projects	13,859,270	20,534,044
Collection from the New Concessionaire's Area at Villamor	1,041,658	1,061,955
Refund of cash advances	265,642	2,114,130
Release of initial operating budget of SCAD	-	(5,000,000)
Guarantee deposit payable/development control fees	(351,228)	19,348,437
Payment of taxes, duties and fees	(53,522,246)	(57,000,975)
Estate management expenses	(113,289,820)	(94,266,811)
Operations and maintenance of SCTEx	(328,006,450)	(395,854,298)
Payment to suppliers/creditors and employees	(629,582,274)	(472,306,867)
Remittance of contribution to the Bureau of Treasury	(2,075,963,427)	(1,737,174,764)
Increase in short-term investments	(3,006,297,434)	(1,460,121,172)
Interest income from cash equivalents and short/long term investments	150,965,334	243,134,584
Net cash used in operating activities	(1,962,793,865)	(1,310,191,057)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of FBDC shares	450,000,000	1,028,981,372
Deposit for future redemption	-	2,235,278,813
Acquisition of property and equipment and payment for various infrastructure projects	(151,230,837)	(183,054,484)
Investment/Advances in subsidiaries and affiliates	(319,660,030)	(289,732,357)
Net cash from (used in) investing activities	(20,890,867)	2,791,473,344
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity from the National Government	91,600,287	-
Payment of financing charges	(18,864,573)	(239,597,690)
Dividends paid to the Bureau of Treasury	-	(216,773,424)
Partial settlement of notes payable	(27,299,373)	(29,512,836)
Net cash from (used in) financing activities	45,436,341	(485,883,950)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	153,597	(9,284,698)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,938,094,794)	986,113,639
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,125,076,929	2,138,963,290
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,186,982,135	3,125,076,929

See accompanying Notes to Financial Statements.