



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 Bases Conversion and Development Authority (BCDA), which comprise the statement of financial position as at December 31, 2014, and the statement of profit or loss, 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 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 audit opinion.

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, 2014, 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 Note 33 to the financial statements which describes the uncertainties related to the outcome of lawsuits or claims filed by third parties against BCDA which are either pending in courts or under negotiation, 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
BIR Revenue Regulation 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 38 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


LOURDES D. BENITEZ
State Auditor IV
OIC- Supervising Auditor

June 11, 2015

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION

December 31, 2014

(With comparative figures for the year ended December 31, 2013)

(In Philippine Peso)

	Note	2014	(As restated) 2013
ASSETS			
Current Assets			
Cash and cash equivalents	5	478,312,483	7,333,685,337
Short-term investments	6	8,782,685,970	2,133,498,553
Receivables, net	7	5,192,768,936	5,200,666,949
Inventories	8	1,034,321,719	1,125,172,383
Prepayments	9	552,425,522	426,877,954
Other current assets	10	945,342,507	537,598,603
		16,985,857,137	16,757,499,779
Non-Current Assets			
Investments in and advances to subsidiaries/ affiliates	11	20,528,400,862	20,970,644,222
Investments in joint ventures	12	15,933,005,255	16,665,717,715
Other investments	13	3,318,865,927	925,517,136
Property and equipment, net	14	44,550,007,675	43,143,570,735
Investment property	15	29,325,124,163	26,424,782,009
Other non-current assets	16	4,504,646,985	4,838,245,656
		118,160,050,867	112,968,477,473
TOTAL ASSETS		135,145,908,004	129,725,977,252
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	17	284,659,551	310,782,136
Inter-agency payables	18	5,426,516,574	4,052,811,823
Intra-agency payables	19	3,044,080,440	3,000,815,133
Current portion of long-term borrowings	21	706,428,084	808,027,159
Other payables	20	1,675,832,635	1,636,251,543
		11,137,517,284	9,808,687,794
Non-Current Liabilities			
Borrowings	21	18,367,130,195	21,816,733,282
Deferred credits	22	7,920,068,878	7,554,678,527
		26,287,199,073	29,371,411,809
Equity		97,721,191,647	90,545,877,649
TOTAL LIABILITIES AND EQUITY		135,145,908,004	129,725,977,252

See accompanying Notes to Financial Statements.

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF PROFIT OR LOSS
For the Year Ended December 31, 2014
(With comparative figures for the year ended December 31, 2013)
(In Philippine Peso)

	Note	2014	(As restated) 2013
REVENUES			
Dividend income	23	1,941,158,875	876,946,123
Share from the income of joint venture operations	24	1,758,458,769	1,370,107,425
Toll fees	25	1,082,307,545	930,185,430
Lease income	26	697,205,530	647,457,796
Revenue from sale of Heritage Park Certificates		101,047,590	141,234,742
Miscellaneous income		5,218,879	30,343,669
TOTAL REVENUES		5,585,397,188	3,996,275,185
EXPENSES			
Personal Services			
Salaries and wages		105,990,514	108,299,839
Other compensation		83,023,384	87,594,515
Personnel benefit contributions		46,926,417	45,076,848
Other personnel benefits		5,805,731	5,826,336
		241,746,046	246,797,538
Maintenance and Other Operating Expenses			
Contributions to AFP modernization	27	2,676,137,264	1,687,777,198
Bad debts		550,930,913	28,867,538
SCTEx operations and maintenance		433,044,637	425,618,505
Depreciation and amortization		331,964,570	356,959,760
Estate management fees		159,068,304	162,648,956
Professional services		99,672,631	102,306,340
Taxes, insurance premiums and other fees		74,578,530	62,114,754
Printing, advertising and promotion		66,171,384	112,972,734
Zone maintenance		60,009,461	0
Clark Green City expenses		20,246,128	8,896,538
Rent expense		17,591,563	20,743,995
Utilities		12,424,252	9,832,405
Awards, prizes and other claims		11,410,000	11,982
Survey and research		9,128,034	1,858,164
Travel and educational expenses		8,588,927	7,182,736
Repairs and maintenance		7,160,038	4,983,914
Supplies and materials		6,709,711	7,157,953
Communication		4,645,460	4,103,447
Representation		4,016,873	5,207,206
Special projects		2,781,189	4,737,171
Cultural and athletic		716,691	521,929
Donations		624,153	2,863,235
Demolition and dredging		339,809	0
Membership dues and contribution expenses		91,071	106,464
Other maintenance and operating expenses		3,379,460	18,262,896
		4,561,431,053	3,035,735,820
TOTAL EXPENSES		4,803,177,099	3,282,533,358
INCOME FROM OPERATIONS		782,220,089	713,741,827
OTHER INCOME (EXPENSES), net	28	3,141,752,310	3,361,400,909
PROFIT BEFORE INCOME TAX		3,923,972,399	4,075,142,736
INCOME TAX EXPENSE	29	(89,862,589)	(60,692,081)
NET PROFIT		3,834,109,810	4,014,450,655

See accompanying Notes to Financial Statements.

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2014
(With comparative figures for the year ended December 31, 2013)
(In Philippine Peso)

	Note	Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Equity
Balance at December 31, 2012		75,335,348,753	12,508,288,406	0	87,843,637,159
Correction of prior years' errors	31	0	331,105,744	0	331,105,744
Value of Heritage Park Certificates		(923,740,021)	0	0	(923,740,021)
Balance of NG subsidy on 230KV Transmission Project		(522,222)	0	0	(522,222)
Adjustment in value of land transferred/conveyed/swapped		30,000	0	0	30,000
Restated Balance, January 1, 2013		74,411,116,510	12,839,394,150	0	87,250,510,660
Changes in equity for 2013					
Profit for the year			4,014,450,655		4,014,450,655
Dividends remitted to BTr			(629,012,168)		(629,012,168)
BCDA's share on asset disposition proceeds thru sale of various properties		93,505,122			93,505,122
Derecognition of value of land sold/conveyed		(183,673,807)			(183,673,807)
Value of capitalized Heritage Park Certificates		96,750			96,750
Other adjustments		437			437
Balance at December 31, 2013		74,321,045,012	16,224,832,637	0	90,545,877,649
Changes in equity for 2014					
Adjustment in value of land transferred/conveyed/swapped		4,425,375,487	0	0	4,425,375,487
BCDA's share on asset disposition proceeds thru sale of various properties		243,319,929	0	0	243,319,929
Derecognition of value of land sold/conveyed		(780,065,056)	0	0	(780,065,056)
Adjustment in area of land transferred by the NG based on actual survey		(47,426,172)	0	0	(47,426,172)
Profit for the year		0	3,834,109,810	0	3,834,109,810
Dividends remitted to BTr		0	(500,000,000)	0	(500,000,000)
Appropriated for Property Development Fund	15	0	(6,000,000,000)	6,000,000,000	0
Balance at December 31, 2014		78,162,249,200	13,558,942,447	6,000,000,000	97,721,191,647

See accompanying Notes to Financial Statements.

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With comparative figures for the year ended December 31, 2013)
(In Philippine Peso)

	Note	2014	(As restated) 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		1,938,825,542	517,770,795
Proceeds from joint venture projects		1,371,896,750	2,292,917,711
Cash receipts from lessees		1,313,982,647	731,771,995
Proceeds from toll operations		1,213,037,111	1,042,192,505
Proceeds from the disposition of transferred properties		805,408,086	321,292,530
Interest income from cash equivalents and short/long term investments		114,496,312	138,432,784
Proceeds from disposition of Heritage Park Certificates		86,291,653	158,479,323
Output tax on deemed sale transaction		59,996,160	0
Collection of receivables		25,028,104	598,650,172
Collection/(refund) of performance, bid bonds and bid securities		1,641,018	183,306,944
Collection of guarantee deposit/development control fees		2,000,000	20,000,000
Receipts from BCDA housing projects		1,665,302	5,416,564
Miscellaneous receipts		21,513,824	19,997,455
Remittance of beneficiaries' share to the Bureau of Treasury		(1,707,350,131)	(1,760,509,193)
Payment to suppliers/creditors and employees		(488,803,501)	(587,437,920)
Payment of operations and maintenance expenses of SCTEx		(482,342,504)	(535,715,959)
Payment of taxes, duties and fees		(290,038,634)	(30,173,750)
Payment of estate management expenses		(251,267,115)	(166,730,061)
27.50 % share of BCDA from asset disposition		(243,319,929)	(93,505,122)
Net cash used in operating activities		3,492,660,695	2,856,156,773
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in short-term investments		(8,997,914,879)	(2,988,388,551)
Acquisition of property and equipment and payment for various infrastructure projects		(41,377,154)	(1,616,838)
Investment/advances to subsidiaries and affiliates		0	(100,299,646)
Net cash used in investing activities		(9,039,292,033)	(3,090,305,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
27.50 % share of BCDA from asset disposition		243,319,929	93,505,122
Partial settlement of JICA loan		(833,379,273)	(844,435,082)
Dividends paid to the Bureau of the Treasury		(500,000,000)	(629,012,168)
Final settlement of notes payable		0	(20,658,985)
Payment of financing charges		(218,591,134)	(229,439,959)
Net cash used in financing activities		(1,308,650,478)	(1,630,041,072)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		(91,038)	285,427
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,855,372,854)	(1,863,903,907)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,333,685,337	9,197,589,244
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	478,312,483	7,333,685,337

See accompanying Notes to Financial Statements.