



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, 2011, and the statement of 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

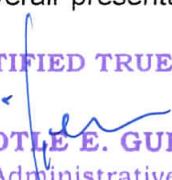
Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines, and for such internal control as management determines is necessary to enable the preparation of financial statements 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 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.

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ARISTOTLE E. GUERRERO
Chief Administrative Officer
BCDA Records Office

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, 2011, 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 29 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 30 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, 2012

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Aristotle E. Guerrero
ARISTOTLE E. GUERRERO
Chief Administrative Officer
BCDA Records Office

BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION

December 31, 2011
(In Philippine Peso)

	Note	2011	(As restated) 2010
ASSETS			
Current Assets			
Cash and cash equivalents	3	7,172,564,292	1,186,982,135
Short-term investments	4	195,929,291	7,304,838,058
Receivables - net	5	3,399,732,074	1,335,851,234
Inventories	6	1,000,965,739	612,519,961
Prepayments	7	466,102,292	400,060,882
Other current assets	8	467,216,893	448,288,657
Total Current Assets		12,702,510,581	11,288,540,927
Non-Current Assets			
Investments in and advances to subsidiaries/ affiliates - net	9	24,203,959,133	22,746,542,332
Investments in joint venture	10	18,131,739,892	16,595,422,125
Other investments	11	18,443,973	181,006,328
Property and equipment - net	12	70,064,937,370	70,422,591,654
Other non-current assets	13	4,543,978,790	4,277,076,753
Total Non-Current Assets		116,963,059,158	114,222,639,192
TOTAL ASSETS		129,665,569,739	125,511,180,119
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	14	179,172,127	166,180,737
Inter-agency payables	15	2,470,328,850	3,362,606,829
Intra-agency payables	16	3,183,549,286	2,419,554,626
Current portion of loans payable	18	1,093,146,424	1,012,613,792
Other Payables	17	1,216,307,184	1,198,739,804
Total Current Liabilities		8,142,503,871	8,159,695,788
Non-Current Liabilities			
Loans Payable	18	31,184,771,657	30,286,350,137
Deferred credits	19	6,729,575,016	7,257,144,747
Total Non-Current Liabilities		37,914,346,673	37,543,494,884
TOTAL LIABILITIES		46,056,850,544	45,703,190,672
EQUITY	25-27	83,608,719,195	79,807,989,447
TOTAL LIABILITIES AND EQUITY		129,665,569,739	125,511,180,119

See accompanying Notes to Financial Statements.

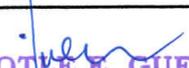
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ARISTOTLE E. GUERRERO
Chief Administrative Officer
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**BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF INCOME**

For the Year Ended December 31, 2011
(In Philippine Peso)

	Note	2011	(As restated) 2010
REVENUES			
Share from the income of joint venture operations	20	1,922,821,513	774,092,870
Lease income		410,266,574	395,016,510
Toll fees		768,848,503	629,073,986
Dividend income		563,525,486	614,265,563
Miscellaneous income		9,258,933	22,069,221
TOTAL REVENUES		3,674,721,009	2,434,518,150
EXPENSES			
Personal Services			
Salaries and wages		100,691,274	98,299,951
Other compensation		74,959,077	71,570,270
Personnel benefit contributions		44,382,616	43,155,068
Other personnel benefits		22,193,014	81,400,180
		242,225,981	294,425,469
Maintenance and Other Operating Expenses			
Contributions to AFP modernization	21	1,596,801,341	248,596,854
SCTEx operations and maintenance		381,883,685	423,911,006
Depreciation and amortization	12	310,693,633	1,468,708,668
Bad debts	5	145,593,942	17,527,283
Printing, advertising and promotion		142,481,580	114,771,128
Subsidies to subsidiaries	28	133,153,905	137,891,790
Professional services		65,696,795	74,376,319
Taxes, insurance premiums and other fees		19,013,437	9,874,704
Rent expense		17,035,022	15,086,056
Utilities		10,949,888	7,476,776
Supplies and materials		7,268,546	8,578,084
Communication		5,586,122	5,701,419
Donations		5,490,548	57,531
Repairs and maintenance		5,421,902	5,439,582
Representation		3,968,575	3,643,900
Awards, prizes and other claims		3,419,611	281,287
Travel and educational expenses		2,694,155	5,137,326
Membership dues and contribution expenses		2,541,102	391,906
Cultural and athletic		296,364	-
Survey and research		295,752	296,420
Demolition and dredging		20,086	-
Other maintenance and operating expenses		22,007,459	5,510,653
		2,882,313,450	2,553,258,692
TOTAL EXPENSES		3,124,539,431	2,847,684,161
INCOME (LOSS) FROM OPERATIONS		550,181,578	(413,166,011)
OTHER INCOME (EXPENSES)			
Gain (loss) on foreign exchange	23	(1,554,021,150)	(1,977,754,700)
Gain (loss) on disposal of property		(1,852)	1,635,294
Interest income	22	296,263,380	319,835,331
Subsidy income		137,556,174	175,358,459
Impairment loss		-	(312,209,681)
Financial expenses		(631,996,328)	(614,598,124)
Gain on redemption of preferred shares		745,786,548	-
Other gains		-	2,437,000
OTHER INCOME (EXPENSES), NET		(1,006,413,228)	(2,405,296,421)
PROFIT (LOSS) BEFORE INCOME TAX		(456,231,650)	(2,818,462,432)
Income tax expense	24	(53,802,933)	(3,931,605)
NET LOSS		(510,034,583)	(2,822,394,037)

See accompanying Notes to Financial Statements.

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BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2011
(In Philippine Peso)

	Note	2011	(As restated) 2010
CAPITAL	25		
EQUITY FROM THE NATIONAL GOVERNMENT		75,174,043,288	74,928,710,884
Balance at beginning of the year		(124,189,994)	-
Adjustment on the redemption of preferred shares from FBDC			
Adjustment in the BCDA's share on asset disposition proceeds thru sale of various properties		186,838,082	153,732,117
Value of Heritage Park Certificates		455,829,050	-
Share in the interest income on sale of FB per RA 7917		37,003,952	-
Share in the sale of three (3) residual lot to the Energy Dev't. Corp.		30,172,500	-
Share in the sale of Airmen's Village		82,481,149	-
Share in the sale of New Concessionaire's Area		2,922,315	-
Subsidy for the CDC-Mexico-Clark 230 KV Transmission Project		1,424,513,831	91,600,287
Balance at end of the year		77,269,614,173	75,174,043,288
DONATED CAPITAL	26		
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
RETAINED EARNINGS	27		
Balance at beginning of the year		4,632,808,501	(2,451,298,343)
Profit (loss) for the year		(510,034,583)	(2,822,394,037)
Revaluation capital		2,215,193,446	9,906,500,881
Balance at end of the year		6,337,967,364	4,632,808,501
TOTAL EQUITY		83,608,719,195	79,807,989,447

See accompanying Notes to Financial Statements.

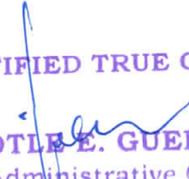
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BASES CONVERSION AND DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011
(In Philippine Peso)

	2011	(As restated) 2010
CASH FLOWS FROM OPERATING ACTIVITIES	7,264,880,521	(3,006,297,434)
Proceeds from retirement/placements in short-term investments	816,230,513	629,132,077
Proceeds from toll operations	799,982,661	2,091,951,278
Proceeds from joint venture projects	454,289,187	453,541,553
Dividends received	405,598,921	583,180,213
Cash receipts from lessees	290,780,995	150,965,334
Interest income from cash equivalents and short/long-term investments	58,910,045	39,858,412
Proceeds from the disposition of transferred properties	36,479,126	41,400,299
Collection of receivables	30,257,901	(351,228)
Collection/refund of guarantee deposits and development control fees	23,761,253	34,677,299
Miscellaneous receipts	12,278,901	13,859,270
Receipts from BCDA Housing Projects	11,655,084	16,164,114
Remittance from NHA for the sale of portion of Airmen's Village	2,593,092	-
Receipt of replication fund from Megaworld	1,826,199	189,223,523
Collection of performance and bid bonds and other bid securities	1,019,832	265,642
Refund of cash advances from disbursing officers	(2,670,000)	-
Share in Bus Rapid Transit System expenses	(19,333,383)	(53,522,246)
Payment of taxes, duties and fees	(146,268,241)	(113,289,820)
Estate management expenses	(295,185,008)	(328,006,450)
Operation and maintenance of SCTEx	(575,371,475)	(629,582,274)
Payment to suppliers/creditors and employees	(2,136,654,676)	(2,075,963,427)
Remittance of contribution to the Bureau of Treasury	-	-
Net cash provided by (used in) operating activities	7,035,061,448	(1,962,793,865)
CASH FLOWS FROM INVESTING ACTIVITIES	5,415,530	450,000,000
Redemption of preferred shares	-	-
Acquisition of property and equipment and payment for various infrastructure projects	(63,130,124)	(151,230,837)
Investment/advances in subsidiaries and affiliates	(532,895,670)	(319,660,030)
Net cash used in investing activities	(590,610,264)	(20,890,867)
CASH FLOWS FROM FINANCING ACTIVITIES	423,991,609	91,600,287
Equity from the National Government	(518,847)	(18,864,573)
Payment of financing charges	(25,085,910)	(27,299,373)
Partial settlement of notes payable	(857,363,698)	-
Partial payment of JICA loan	-	-
Net cash provided by (used in) financing activities	(458,976,846)	45,436,341
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	107,819	153,597
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,985,582,157	(1,938,094,794)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,186,982,135	3,125,076,929
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,172,564,292	1,186,982,135

See accompanying Notes to Financial Statements.

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