



*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  
31<sup>st</sup> Street corner 2<sup>nd</sup> 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, 2013, 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, 2013, 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 37 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

May 30, 2014

**BASES CONVERSION AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2013

(With Comparative Figures for the Year Ended December 31, 2012)

(In Philippine Peso)

	Notes	2013	(As restated) 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	7,333,685,337	9,197,589,244
Short-term investments	6	2,133,498,553	10,627,055
Receivables	7	5,236,143,310	4,863,864,123
Inventories	8	1,125,172,383	1,284,299,781
Prepayments	9	426,877,954	417,088,776
Other current assets	10	537,598,603	883,392,152
		<b>16,792,976,140</b>	<b>16,656,861,131</b>
<b>Non-Current Assets</b>			
Investments in and advances to subsidiaries/ affiliates	11	20,544,622,279	24,268,351,566
Investments in joint ventures	12	16,665,717,715	17,377,391,105
Other investments	13	925,517,136	18,167,110
Property and equipment - net	14	43,159,082,810	43,595,514,522
Investment property	15	26,424,782,009	26,424,782,009
Other non-current assets	16	4,755,584,934	1,725,049,318
		<b>112,475,306,883</b>	<b>113,409,255,630</b>
<b>TOTAL ASSETS</b>		<b>129,268,283,023</b>	<b>130,066,116,761</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Payables	17	310,287,497	303,433,447
Inter-agency payables	18	4,170,312,506	3,743,210,502
Due to subsidiaries/affiliates	19	2,550,815,133	3,196,854,233
Current portion of long-term borrowings	20	808,027,159	878,131,363
Other payables	21	1,636,251,543	2,003,573,817
		<b>9,475,693,838</b>	<b>10,125,203,362</b>
<b>Non-Current Liabilities</b>			
Borrowings	20	21,816,733,282	25,602,393,480
Deferred credits	22	6,959,335,041	6,494,882,760
		<b>28,776,068,323</b>	<b>32,097,276,240</b>
<b>Equity</b>		<b>91,016,520,862</b>	<b>87,843,637,159</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>129,268,283,023</b>	<b>130,066,116,761</b>

See accompanying Notes to Financial Statements.

**BASES CONVERSION AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF PROFIT OR LOSS**

For the Year Ended December 31, 2013

(With Comparative Figures for the Year Ended December 31, 2012)

(In Philippine Peso)

	Notes	2013	(As restated) 2012
<b>REVENUES</b>			
Share from the income of joint venture operations	23	1,370,107,425	1,408,419,156
Toll fees	24	930,185,430	864,338,453
Dividend income	25	876,946,123	452,959,653
Lease income	26	647,457,796	412,971,402
Miscellaneous income		30,343,669	15,203,072
<b>TOTAL REVENUES</b>		<b>3,855,040,443</b>	<b>3,153,891,736</b>
<b>EXPENSES</b>			
<b>Personal Services</b>			
Salaries and wages		108,299,839	103,043,720
Other compensation		87,594,515	74,855,620
Personnel benefit contributions		45,076,848	45,547,728
Other personnel benefits		5,826,336	10,163,184
		<b>246,797,538</b>	<b>233,610,252</b>
<b>Maintenance and Other Operating Expenses</b>			
Contributions to AFP modernization	27	1,687,777,198	1,102,895,236
SCTEx operations and maintenance		425,618,505	369,088,611
Depreciation		343,845,925	305,683,222
Amortization		6,146,309	7,404,324
Estate management fees		162,648,956	148,978,253
Printing, advertising and promotion		112,972,734	121,267,474
Professional services		102,306,340	124,823,301
Taxes, insurance premiums and other fees		62,114,754	75,002,946
Bad debts	7	28,867,538	105,145,835
Rent expense		20,743,995	17,503,525
Utilities		9,832,405	10,598,238
Clark Green City expenses		8,896,538	306,422
Travel and educational expenses		7,182,736	7,035,470
Supplies and materials		7,157,953	6,861,817
Representation		5,207,206	5,421,550
Repairs and maintenance		4,983,914	5,535,431
Monorail project		4,737,171	0
Communication		4,103,447	5,417,424
Donations		2,863,235	1,725,125
Survey and research		1,858,164	389,486
Cultural and athletic		521,929	535,218
Other maintenance and operating expenses		18,381,342	31,964,373
		<b>3,028,768,294</b>	<b>2,453,583,281</b>
<b>TOTAL EXPENSES</b>		<b>3,275,565,832</b>	<b>2,687,193,533</b>
<b>INCOME FROM OPERATIONS</b>		<b>579,474,611</b>	<b>466,698,203</b>
<b>OTHER INCOME (EXPENSES), NET</b>	28	<b>3,361,400,909</b>	<b>4,692,358,919</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>3,940,875,520</b>	<b>5,159,057,122</b>
<b>INCOME TAX EXPENSE</b>	29	<b>(48,908,151)</b>	<b>(46,435,719)</b>
<b>NET PROFIT</b>		<b>3,891,967,369</b>	<b>5,112,621,403</b>

See accompanying Notes to Financial Statements.

**BASES CONVERSION AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF CHANGES IN EQUITY**

For the Year Ended December 31, 2013

(With Comparative Figures for the Year Ended December 31, 2012)

(In Philippine Peso)

	Note	2013	(As restated) 2012
<b>EQUITY FROM THE NATIONAL GOVERNMENT</b>			
	30		
Balance at beginning of the year, as previously reported		77,827,712,706	77,269,614,173
Adjustment in the proceeds from the 1st tranche and reserved certificates in Heritage Park Project		(961,484,647)	(961,484,647)
NG subsidy for CDC-Clark 230 KV transmission project		(1,530,879,306)	(1,515,591,896)
Balance at beginning of the year, as restated		75,335,348,753	74,792,537,630
Retirement of preferred shares representing NG's initial equity in BCDA		0	(70,000,000)
Share in the unpaid lease of CJHDevCo		0	109,599,110
BCDA's share on asset disposition proceeds thru sale of various properties		93,505,122	51,369,731
Value of Heritage Park Certificates		96,750	449,048,735
Derecognition of value of land sold		(183,673,807)	0
Other adjustments		437	2,793,547
Balance at end of the year		75,245,277,255	75,335,348,753
<b>RETAINED EARNINGS</b>			
Balance at beginning of the year, as previously reported		11,373,129,536	6,395,579,436
Prior-period adjustments	31	1,135,158,870	1,180,087,567
Balance at beginning of the year, as restated		12,508,288,406	7,575,667,003
Profit for the year		3,891,967,369	5,112,621,403
Dividends remitted to Bureau of the Treasury		(629,012,168)	(180,000,000)
Balance at end of the year		15,771,243,607	12,508,288,406
<b>TOTAL EQUITY</b>		<b>91,016,520,862</b>	<b>87,843,637,159</b>

See accompanying Notes to Financial Statements.

**BASES CONVERSION AND DEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2013  
 (With Comparative Figures for the Year Ended December 31, 2012)  
 (In Philippine Peso)

	Note	2013	(As restated) 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from joint venture projects		2,292,917,711	2,285,734,130
Proceeds from toll operations		1,042,192,505	968,140,414
Cash receipts from lessees		731,771,995	450,344,943
Collection of receivables		598,650,172	20,100,382
Dividends received		517,770,795	690,201,355
Proceeds from the disposition of transferred properties		321,292,530	292,371,566
Collection/(refund) of performance, bid bonds and bid securities		183,306,944	(183,792,258)
Proceeds from disposition of Heritage Park Certificates		158,479,323	153,170,378
Interest income from cash equivalents and short/long term investments		138,432,784	275,003,636
Guarantee deposit payable/development control fees		20,000,000	(3,000,000)
Miscellaneous receipts		19,997,455	30,490,356
Receipts from BCDA housing projects		5,416,564	6,978,595
Advances to NHA for housing units at Rodriguez, Rizal		0	(18,600,000)
(Increase)/decrease in short-term investments		(2,988,388,551)	185,302,235
Remittance of contribution to the BTr		(1,760,509,193)	(348,451,384)
Payment to suppliers/creditors and employees		(587,437,920)	(547,983,310)
Operations and maintenance of SCTEx		(535,715,959)	(283,628,556)
Estate management expenses		(166,730,061)	(142,296,862)
27.50% share of the BCDA from asset disposition program recognized as equity		(93,505,122)	(75,724,493)
Payment of taxes, duties and fees		(30,173,750)	(95,321,277)
Net cash (used in)/provided by operating activities		(132,231,778)	3,659,039,850
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment/Advances in subsidiaries and affiliates		(100,299,646)	(136,844,511)
Acquisition of property and equipment and payment for various infrastructure projects		(1,616,838)	(80,766,261)
Net cash used in investing activities		(101,916,484)	(217,610,772)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
27.50% share of the BCDA from asset disposition program		93,505,122	75,724,493
Equity from the National Government		0	15,287,410
Partial settlement of JICA loan		(844,435,082)	(1,015,751,648)
Dividends paid to the BTr		(629,012,168)	(180,000,000)
Payment of financing charges		(229,439,959)	(288,791,933)
Final settlement of notes payable		(20,658,985)	(22,872,448)
Net cash used in financing activities		(1,630,041,072)	(1,416,404,126)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		285,427	0
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,863,903,907)	2,025,024,952
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		9,197,589,244	7,172,564,292
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	5	7,333,685,337	9,197,589,244

See accompanying Notes to Financial Statements.