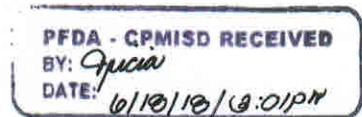




Republic of the Philippines
Department of Agriculture
Philippine Fisheries Development Authority
PCA Annex Bldg. I, Elliptical Road, Diliman, Quezon City
Telefax. No. 925-6141



June 18, 2018

MEMORANDUM

FOR : **THE MANAGER, CPMISD**
FROM : The Manager, Finance Services Department
SUBJECT : PFDA Audited FY 2017 Financial Statement

In compliance to the good governance conditions by GCG, we respectfully request your good office to facilitate the posting of the herein attached COA Audited FY2017 Financial Statement of the Philippine Fisheries Development Authority at the PFDA Website.

Thank you.

JOSE A. RUIZ, Jr.



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 I
Elliptical Road, Diliman, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Philippine Fisheries Development Authority (PFDA)**, which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PFDA as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Generally Accepted Accounting Principles (GAAP).

Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP, 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.

In preparing the financial statements, management is responsible for assessing PFDA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2017 required by the Bureau of Internal Revenue as disclosed in Note 20 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with GAAP. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT


MERLE M. VALENTIN
State Auditor IV
OIC-Supervising Auditor
Audit Group D – PFDA/NDA/NTA
Cluster 5 - Agricultural and Natural Resources
Corporate Government Sector

April 24, 2018

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016
(In Philippine Peso)

	Note	2017	2016 As restated
ASSETS			
Current assets			
Cash and cash equivalents	3	1,179,664,303	1,257,128,631
Receivables - net	4	196,053,257	194,536,409
Inventories	5	14,606,872	14,713,436
Other current assets	6	51,796,686	78,129,678
		1,442,121,118	1,544,508,154
Non-current assets			
Investments	7	355,979	355,979
Property, plant and equipment - net	8	1,957,194,067	932,438,663
Other non-current assets	9	12,956,486	12,327,665
		1,970,506,532	945,122,307
TOTAL ASSETS		3,412,627,650	2,489,630,461
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	10	720,435,351	686,684,559
Inter-agency payables	11	1,134,157,297	1,568,754,621
Trust liabilities	12	134,660,538	123,362,430
Deferred credits/unearned income	13	42,705,466	33,489,764
Other payables	14	12,115,477	9,030,444
		2,044,074,129	2,421,321,818
EQUITY			
Government equity	15	2,157,463,916	741,095,603
Deficit	16	(788,910,395)	(672,786,960)
		1,368,553,521	68,308,643
TOTAL LIABILITIES AND EQUITY		3,412,627,650	2,489,630,461

The Notes on pages 9 to 25 form part of these financial statements.

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2017 and 2016
(In Philippine Peso)

	Note	2017	2016 As restated
INCOME	17		
Service and business income		742,286,560	727,696,498
Gains		240,620	623,834
Other non-operating income		336,022	323,849
		742,863,202	728,644,181
EXPENSES	19		
Personnel services		277,579,471	280,236,372
Maintenance and other operating expenses		277,485,394	256,574,390
Financial expenses		11,039,283	7,622,092
Non-cash expenses		48,711,756	26,389,598
		614,815,904	570,822,452
PROFIT BEFORE TAX		128,047,298	157,821,729
Income tax expense		27,894,113	24,692,533
PROFIT AFTER TAX		100,153,185	133,129,196
Subsidy income from national government	18	85,595,514	160,044,768
COMPREHENSIVE INCOME		185,748,699	293,173,964

The Notes on pages 9 to 25 form part of these financial statements.

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2017 and 2016
(In Philippine Peso)

			2016
	Note	2017	As restated
GOVERNMENT EQUITY	15	2,157,463,916	741,095,603
DEFICIT	16		
Deficit, beginning of the year		(672,786,960)	(951,179,366)
Comprehensive income		185,748,699	293,173,964
Dividends		(60,359,681)	(32,367,815)
Other adjustments		(241,512,453)	17,586,257
Deficit, end of the year		(788,910,395)	(672,786,960)
EQUITY		1,368,553,521	68,308,643

The Notes on pages 9 to 25 form part of these financial statements.

PHILIPPINE FISHERIES DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016
(In Philippine Peso)

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Collection of income/revenue		696,529,668	688,903,204
Receipt of assistance/subsidy		94,111,269	163,646,617
Collection of receivable		36,781,091	39,971,714
Receipt of inter-agency fund transfers		31,000,000	16,000,000
Trust receipts		18,168,974	6,466,587
Other receipts		7,483,268	4,274,075
		<u>884,074,270</u>	<u>919,262,197</u>
Cash outflows			
Payment of expenses		(559,000,418)	(546,728,819)
Purchase of inventories		(208,691)	(1,177,036)
Grant for cash advances		(71,024)	(94,312)
Prepayments		(374,075)	(846,475)
Refund of deposits		(984,586)	-
Remittance of personnel benefit contributions and mandatory deductions		(5,697,758)	(392,302)
Release of inter-agency fund transfers		(2,547,932)	(23,434,197)
Other disbursements		(19,577)	(429,359)
		<u>(568,904,061)</u>	<u>(573,102,500)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		315,170,209	346,159,697
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows			
Receipt of interest earned		9,903,787	9,728,525
		<u>9,903,787</u>	<u>9,728,525</u>
Cash outflows			
Purchase/construction of property, plant and equipment		(332,419,263)	(519,281,174)
		<u>(332,419,263)</u>	<u>(519,281,174)</u>
NET CASH USED IN INVESTING ACTIVITIES		(322,515,476)	(509,552,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflows			
Payment of Due to Treasurer of the Philippines		(10,000,000)	-
Payment of foreign loans		-	(1,483,841)
Payment of interest on foreign loans		-	(66,745)
Payment of cash dividends		(60,359,681)	(32,367,815)
NET CASH USED IN FINANCING ACTIVITIES		(70,359,681)	(33,918,401)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(77,704,948)	(197,311,353)
Effects of exchange rate changes on cash and cash equivalents		240,620	623,834
Cash and cash equivalents, January 1		1,257,128,631	1,453,816,150
CASH AND CASH EQUIVALENTS, DECEMBER 31	3	1,179,664,303	1,257,128,631

The Notes on pages 9 to 25 form part of these financial statements.