



REPUBLIC OF THE PHILIPPINES
**OFFICE OF THE PRESIDENTIAL ASSISTANT
FOR FOOD SECURITY AND AGRICULTURAL MODERNIZATION
PHILIPPINE COCONUT AUTHORITY**

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March 4, 2015

The Cluster Director
Cluster V
Corporate Government Sector
Agricultural Trading and Promotions
Commission on Audit
Quezon City



Sir:

In accordance with your examination of the Financial Statements of the Philippine Coconut Authority as of December 31, 2014, for the purpose of expressing an opinion as to whether the Financial Statements present fairly the financial position, results of operation, and changes in financial position in conformity with generally accepted accounting principles, we confirm to the best of our knowledge and belief, the following representations made during your examination:

1. We are responsible for the fair presentation in the financial statements of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.
2. We have made available to you all financial records and related data.
3. There have been no:
 - Irregularities involving management or employees who have significant roles on system of internal control;
 - Irregularities involving other employees that could have material effect on the financial statements;
 - Communications from regulatory agencies concerning non-compliance with or deficiencies in financial practices that could have a material effect on the financial statements.
4. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
5. There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as basis for recording a loss contingency.

6. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
7. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated realizable value.
8. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
9. No events have occurred subsequent to the balance sheet date that would require adjustments or disclosure in the financial statements.



ROMULO N. ARANCON, Jr.
Administrator



SHIRLEY S. PASCUAL
Manager II
Finance Department

PHILIPPINE COCONUT AUTHORITY
STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

(In Philippine Peso)

	Note	2014	2013 As restated
ASSETS			
Current assets			
Cash and cash equivalents	3	4,498,029,353	1,517,919,359
Receivables - net	4	1,630,554,979	3,869,247,479
Inventories	5	129,050,874	179,413,899
Prepayments	6	22,263,927	14,190,152
Other current assets	7	5,056,852	16,395,759
		6,284,955,985	5,597,166,648
Non-current assets			
Investments	8	88,515	88,515
Property, plant and equipment - net	9	574,516,326	388,412,038
Other assets	10	719,799,138	719,240,956
		1,294,403,979	1,107,741,509
TOTAL ASSETS		7,579,359,964	6,704,908,157
LIABILITIES AND EQUITY			
Current liabilities			
Payable accounts	11	444,781,463	416,373,428
Inter-agency payables	12	82,318,822	70,473,339
Intra-agency payables	13	8,461,205	8,180,136
Other payables	14	68,284,768	27,467,229
		603,846,258	522,494,132
Non-current liabilities			
Mortgage payable	15	838,080	1,955,520
Deferred credits	16	98,155,442	88,774,191
		98,993,522	90,729,711
TOTAL LIABILITIES		702,839,780	613,223,843
EQUITY	17, 18, 19	6,876,520,184	6,091,684,314
TOTAL LIABILITIES AND EQUITY		7,579,359,964	6,704,908,157

The Notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE COCONUT AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended December 31, 2014
(In Philippine Peso)

	Note	2014	2013 As restated
INCOME			
	20		
Fees, permits and licenses		317,870,120	341,654,888
Service income		29,383,266	45,824,202
Business income		28,154,499	26,605,370
Other income		53,932,610	7,837,256
		<u>429,340,495</u>	<u>421,921,716</u>
EXPENSES			
	21		
Personal services		611,386,495	416,624,947
Maintenance and other operating expenses		1,919,781,461	1,167,233,526
Financial expenses		387,878	229,397
		<u>2,531,555,834</u>	<u>1,584,087,870</u>
LOSS FROM OPERATIONS		<u>2,102,215,339</u>	<u>1,162,166,154</u>
Subsidy income from national government	22	2,884,189,882	5,107,440,000
INCOME AFTER SUBSIDY FROM NATIONAL GOVERNMENT		<u>781,974,543</u>	<u>3,945,273,846</u>

The Notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE COCONUT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2014
(In Philippine Peso)

	Note	2014	2013 As restated
Government equity	17	1,171,159,943	1,168,298,616
Appraisal capital	18	19,855,000	19,855,000
Retained earnings	19		
Balance, beginning of year		4,903,530,698	958,256,852
Net income		781,974,543	3,945,273,846
Balance, end of year		5,685,505,241	4,903,530,698
EQUITY		6,876,520,184	6,091,684,314

The Notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE COCONUT AUTHORITY
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014
(In Philippine Peso)

	Note	2014	2013 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of subsidy from the national government		5,335,207,332	1,738,750,000
Collection of income		501,777,232	550,562,836
Collections from NCIPs, SCFOs, etc.		43,954,484	727,856
Collection of PCA fee receivables		17,662,032	5,959,094
Collection of other payables		16,736,333	650,200
Refunds from disallowances/charges		29,714	15,768
Collection from officers and employees		15,339	1,080,093
Payment of operating expenses		(2,734,645,683)	(1,683,915,224)
Payment of prior year's payables		(30,257,540)	(69,036,928)
		3,150,479,243	544,793,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Contractor's retention money		24,081,206	-
Proceeds from bank interests		12,536,049	9,502,375
Invested capital/appraisal capital		2,861,328	2,693,287
Proceeds from sale of property, plant and equipment		1,600,387	41,325
Purchase/construction of fixed assets-Regions/Centers		(205,081,983)	10,830,233
Purchase/construction of fixed assets-Central Office		(9,882,590)	(75,701,819)
Purchase of other assets		(3,085,978)	-
		(176,971,581)	(52,634,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from trust funds/special projects		39,130,288	37,619,523
Cash payment of interest on loans and other financial charges		(387,878)	(229,397)
Release of funds from special projects		(31,022,638)	(23,777,493)
Payment of domestic loans		(1,117,440)	(904,351)
		6,602,332	12,708,282
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,980,109,994	504,867,378
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,517,919,359	1,013,051,981
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	4,498,029,353	1,517,919,359

The Notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE COCONUT AUTHORITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL EXPENSES

For the Period January 1 to December 31, 2014

(In Philippine Peso)

	Budget	Actual	Savings/ (overdraft)
Personal services			
Salaries and wages	250,038,000	192,218,316	57,819,684
Allowances and other compensation	173,926,000	218,734,882	(44,808,882)
Incentives - EO No. 366 (Note 21.1)	354,635,402	200,433,297	154,202,105
	778,599,402	611,386,495	167,212,907
Maintenance and other operating expenses (MOOE)			
Traveling expenses	131,216,250	48,689,772	82,526,478
Training and scholarship	87,353,780	19,303,985	68,049,795
Supplies expense	3,215,762,040	1,020,043,232	2,195,718,808
Utility expense	27,941,580	23,250,841	4,690,739
Communication expense	23,384,090	11,245,688	12,138,402
Awards, prizes and other claims	1,015,000	863,310	151,690
Advertising, promotional and marketing expenses	6,882,540	735,338	6,147,202
Printing expense	7,805,690	764,551	7,041,139
Rent/lease expense	40,048,850	10,095,514	29,953,336
Representation expense	880,000	290,958	589,042
Transportation expense	74,062,450	26,148,835	47,913,615
Subscription expense	439,000	272,950	166,050
Other professional services	372,781,240	263,950,325	108,830,915
Legal services	200,000	3,062	196,938
Auditing services	24,401,520	22,911,215	1,490,305
Consultancy services	11,808,240	982,633	10,825,607
General services (Note 21.2)	1,469,491,150	337,055,252	1,132,435,898
Janitorial services (Note 21.2)	1,000,000	665,854	334,146
Security services	35,556,750	33,440,554	2,116,196
Repairs and maintenance	63,647,270	17,227,824	46,419,446
Extraordinary and miscellaneous expense	2,206,000	1,411,046	794,954
Donation	61,295,550	14,277,532	47,018,018
Taxes, duties and premiums	43,317,360	23,670,852	19,646,508
Other MOOE	30,315,840	8,663,526	21,652,314
	5,732,812,190	1,885,964,649	3,846,847,541
Financial expenses	400,000	387,878	12,122
Total	6,511,811,592	2,497,739,022	4,014,072,570