

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2016

(With Comparative Figures as of 31 Dec 2015)

(in Philippine Peso)



	2016	2015
INCOME		
Permit and Licenses	1,652,787	889,241
Service Income	273,743,412	221,538,123
Business Income	32,965,137	41,064,486
Other General Income	358,982	2,073,535
GROSS INCOME	308,720,318	265,565,385
EXEMPTIONS	-	-
GROSS INCOME net of Exemptions	308,720,318	265,565,385
Less: EXPENSES		
Personal Services		
Salaries & Wages	21,477,650	21,611,884
Other Compensation	13,476,542	13,161,380
Personnel Benefits Contribution	2,987,250	2,837,058
Other Personnel Benefits	2,642,462	2,711,821
Total Personal Services	40,583,903	40,322,143
MAINTENANCE AND OTHER OPERATING EXPENSES		
CASH EXPENSES		
Traveling Expenses	1,812,025	1,399,940
Training & Scholarship Expenses	369,732	657,725
Supplies and Materials Expenses	5,519,099	5,246,039
Utility Expenses	19,472,115	16,673,393
Communication Expenses	663,808	611,067
Advertising Expenses	82,467	66,191
Printing and Binding Expenses	30,982	166,288
Rent Expenses	82,000	72,000
Representation Expenses	1,276,431	1,088,563
Cultural & Athletics Expenses	458,779	554,410
Subscription Expenses	21,224	34,118
Professional Services	51,094,222	42,601,317
Desilting and Dredging Expenses	26,486,267	-
Repairs and Maintenance	278,681,474	146,354,397
Taxes, Insurance & Other Fees	683,450	603,168
Total Cash Expenses	386,734,075	216,128,617
NON-CASH EXPENSES		
Bad Debts Expenses	-	49,674
Depreciation	56,516,479	54,891,592
Total Non-Cash Expenses	56,516,479	54,941,265
Total MOOE	443,250,554	271,069,883
Financial Expenses	500	100
Total Expenses	483,834,957	311,392,126
Income (Loss) From Operations	(175,114,639)	(45,826,741)
Add (Deduct) Other Income/Expenses	-	-
Net Income(Loss) Before Income Tax	(175,114,639)	(45,826,741)



STATEMENT OF FINANCIAL POSITION

As of 31 December 2016

(With Comparative Figures as of 31 Dec 2015)

(in Philippine Peso)

	2016	2015
Current Assets		
Cash and Cash Equivalents <i>(Note 3)</i>	58,869,186	38,909,732
Trade and Other Receivables <i>(Note 4)</i>	17,779,160	17,956,290
Inventories <i>(Note 5)</i>	2,074,675	1,782,112
Prepaid Expenses <i>(Note 6)</i>	10,000,471	11,971,170
Other Current Assets <i>(Note 7)</i>	18,117,605	14,290,682
Total Current Assets	106,841,097	84,909,986
Non-Current Assets		
Property, Plant and Equipment <i>(Note 8)</i>	2,345,416,183	2,375,651,534
Other Assets <i>(Note 9)</i>	1,253,543	1,253,543
Total Non-Current Assets	2,346,669,726	2,376,905,077
Total Assets	2,453,510,823	2,461,815,063
Current Liabilities <i>(Note 10)</i>		
Payable Accounts	20,506,099	24,149,451
Inter-Agency Payables	6,662,772	6,007,233
Other Current Liability Accounts	55,667,131	50,828,505
Total Current Liabilities	82,836,002	80,985,189
Total Liabilities	82,836,002	80,985,189
Deferred Credits <i>(Note 11)</i>	12,040,795	12,196,946
Equity		
Subsidy from HO	2,358,634,026	2,368,632,928
Total Equity	2,358,634,026	2,368,632,928
Total Liabilities & Equity	2,453,510,823	2,461,815,063

STATEMENT OF CASH FLOWS

As of 31 December 2016

(With Comparative Figures as of 31 Dec 2015)
(in Philippine Peso)

Cash Flow from Operating Activities	2016	2015
Cash Inflows		
Collection of Port Revenues	219,747,543.40	189,570,788.23
Other Income*	18,485,663.87	16,363,164.93
Fund Management Income*	15,343.18	13,537.14
Receipt of Depository Liability	1,225,434,342.30	97,253,274.05
Receipt of Trust Liabilities	662,181,432.68	630,252,943.86
Receipt of Miscellaneous Liabilities Deferred Credits	20,255,585.75	18,451,284.73
Refund of Guaranty Deposits	0.00	0.00
Total Cash Inflows	2,146,119,911.18	951,904,992.94
Cash Outflows		
Cash Paid for Operating Expenses*	398,654,950.96	230,322,253.41
Refund of Depository Liability	1,225,862,067.05	90,484,918.32
Payment of Miscellaneous Liabilities & Deferred Credits	20,044,642.20	14,827,340.75
Remittance of Trust Liabilities	537,328,465.54	473,322,494.89
Payment of Accrued Interest	0.00	0.00
Payment of Guaranty Deposits	0.00	0.00
Total Cash Outflows	2,181,890,125.75	808,957,007.37
Total Cash Provided (Used) by Operating Activities	(35,770,214.57)	142,947,985.57
Cash Flow from Investing Activities		
Cash Inflows		
Proceeds from Maturing T-Bills/Bonds/ShortTerm Investments	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Investment in Securities	0.00	0.00
Net Payments for Construction in Progress*	19,399,873.02	17,657,792.26
Net Acquisition, Construction of Fixed Assets*	5,360,543.32	222,323,642.26
Total Cash Outflows	24,760,416.34	239,981,434.52
Total Cash Provided (Used) by Investing Activities	(24,760,416.34)	(239,981,434.52)
Cash Flow from Financing Activities		
Cash Inflows		
Loan Availments	0.00	0.00
Corporate Notes	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Loan Repayments	0.00	0.00
Dividend Payments	0.00	0.00
Calamity Loans Granted*	1,664,842.23	(1,852,443.18)
Total Cash Outflows	1,664,842.23	(1,852,443.18)
Total Cash Provided (Used) by Financing Activities	(1,664,842.23)	1,852,443.18
Cash Provided by Operating, Investing and Financing Activities	(62,195,473.14)	(95,181,005.77)
Effect of Exchange Rate on Cash and Cash Equivalents*	0.00	0.00
Net Increase (Decrease) in Cash and Cash Equivalents	(62,195,473.14)	(95,181,005.77)
Add: Cash and Cash Equivalents - Beginning	38,909,731.61	59,047,103.86
Cash and Cash Equivalents - Ending	58,869,185.63	38,909,731.61

*Subject to further analysis



NOTES TO FINANCIAL STATEMENTS

(With Comparative Figures as of 31 Dec 2015)
(in Philippine Peso)

1. GENERAL INFORMATION

Pursuant to PPA Finance Memorandum Order No. 09-2007 and in compliance to COA Circular No. 2004-02, the Philippine Ports Authority has adopted the PPA-NGAS Chart of Accounts and has converted balances under the old accounts to the corresponding new account titles and codes.

Last November 2012, PPA came out with the Accounting and Financial Management System (AFMS) Manual which serves as guide in the utilization of the various modules of AFMS.

With the approval of the PPA Rationalization Plan last March 25, 2014 per GCG Memorandum Order No. 2014-10 which abolished the Port District Offices (PDOs) and the issuance of PPA Memorandum Circular No. 15-2014 dated October 29, 2014, "Guidelines on Wind Up Activities for District Offices", Head Office-Controllership Department incorporated the GL account balances of the former PDO-Northern Mindanao in PMO-MOC's books of accounts being the lead PMO through Journal Entry Voucher No. 15-06-37728 dated June 30, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Supplies and materials purchased for inventory purposes are recorded using the perpetual inventory system. Regular purchases are coursed thru the inventory account and issuances thereof are recorded as they take place except those purchased out of Petty Cash Fund which shall be charged directly to the appropriate expense accounts.

Last December 15, 2016, PPA Finance Memorandum Order No. 01-2016 was issued to provide guidelines in the accounting for semi-expendable property of PPA, as prescribed in the Chapter 8, Inventories, FY 2016 Government Accounting Manual.

For Accountable Forms, pursuant to AGMFLA's Memorandum dated June 27, 2012 prescribing the "AFMS Accounting Steps and Procedures in Recording Accountable Forms Issued by Head Office", accountable forms procured and printed at Head Office are booked up as Inventory by the PMO once transferred/issued to the PMO. Consumption/utilization is recorded using the moving average cost determined by Head Office.

Property, Plant and Equipment

Pursuant to the **Philippine Accounting Standards (PAS) No. 2 and #2**, this Office values property, plant, and equipment at cost less accumulated depreciation and any accumulated impairment loss, if there exists.

Appraisal values of fixed assets with the corresponding allowance for accumulated depreciation were determined by the PPA Head Office in accordance to PPA Memo Circular No. 38-89.

Depreciation is computed based on the carrying values of the property using the straight-line method over their estimated useful lives ranging from 5 to 40 years. Salvage value is computed at 10% of cost.

NOTES TO FINANCIAL STATEMENTS

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(in Philippine Peso)



Provision for Doubtful Accounts

This Office adheres to the **Generally Accepted Accounting Principles (GAAP)** on accounting for bad debts by Allowance Method. Allowance Method is used because it conforms to the matching principle, thus, accounts receivables are properly stated at net realizable values.

Anent to PPA Finance Memorandum Order No. 11-2006 dated 07 August 2006, as amended by PPA Finance Memorandum Order No. 02-2009 dated 22 April 2009, provision for doubtful accounts shall be determined in the following threshold agreement:

Age (Days) of Account	Rate of Allowance To be Set Up
Not Yet Due	0%
30 days	5%
31 - 90 days	10%
91 - 180 days	20%
181 - 365 days	40%
Over 365 days	60%
Dormant with Nil Chance	100%

In view of the aforesaid threshold agreement, the Allowance for Doubtful Accounts amounts to PhP 549,352, determined as follows:

Age of Account	A/R Amount	Rate	Allowance for Doubtful Accounts
Not Yet Due	PhP -	0%	PhP -
30 days	5,189	5%	260
31-90 days	-	10%	-
91-180 days	-	20%	-
181-365 days	-	40%	-
Over 365 days	915,154	60%	549,092
Dormant with Nil Chance	-	100%	-
Total Amount	PhP 920,343		PhP 549,352

NOTES TO FINANCIAL STATEMENTS

(With Comparative Figures as of 31 Dec 2015)
(in Philippine Peso)

3. CASH

	2016	2015
Cash – Collecting Officers	PhP 2,706,000	PhP 4,095,706
Petty Cash Fund	5,000	5,000
Cash – LBP Current Acct.	3,381,986	1,596,729
Cash – PNB Current Acct.	24,829,935	23,100,210
Cash – PVB Current Acct.	21,225,607	3,359,037
Cash – LBP Savings Acct.	4,220,879	8,828
Cash – PNB Savings Acct.	2,499,779	6,744,222
Total Amount	PhP 56,158,186	PhP 38,909,732

The balance of Cash - Collecting Officers represents collections at year-end which were deposited the next banking day, i.e. January 2, 2017.

The significant increase in Cash for Current Accounts is attributable to timely transfer of cash from Head Office to PMO-MOC to cover fund releases and authority to pay. On the other hand, the increase in Cash -LBP Savings Account vis-à-vis decrease in Cash-PNB Savings Account is due to the opening of a PMO collection account with LBP last December 16, 2016 and consequently the closing of PNB collection account in compliance with DOF Department Order No. 27-05.

4. RECEIVABLES

	2016	2015
Accounts Receivable	PhP 920,343	PhP 2,765,475
<i>Less: Allowance for Doubtful Accounts - Trade</i>	<i>549,352</i>	<i>608,618</i>
Accounts Receivable - Net	PhP 370,991	PhP 2,156,857
Due from Officers & Employees	7,580,890	5,987,571
Due from LGUs	4,198,841	4,198,841
Due from Operating Units	1,723,752	1,723,752
Other Receivables	3,904,686	3,889,269
Total Amount	PhP 17,779,160	PhP 17,956,290

NOTES TO FINANCIAL STATEMENTS

(With Comparative Figures as of 31 Dec 2015)
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The significant decrease in Accounts Receivable is due to collection and settlement of prior years' accounts. The increase in Due from Officers & Employees is a result of the grant of calamity loan assistance to PMO-MOC last February 2016 per PPA Memorandum Order No. 01-2016, "Granting Calamity Loan Assistance to PPA Officials and Employees Pursuant to Office of the President Proclamation No. 1186 (Declaring a State of National Calamity)", due to the damages of Typhoon Lando.

Due from LGUs account, which was the subject of COA AOM No. 2015-001, was adjusted last February 2, 2017 through JEV 2017-02-47015 (copy attached) after the COA Exit Conference.

5. INVENTORIES

The increase in Inventories is a result of increase in office supplies and other materials on hand at

	2016	2015
Office Supplies Inventory	PhP 796,702	PhP 778,473
Accountable Forms Inventory	1,186,620	1,003,639
Semi-Expendable Office Equipment	54,321	-
Semi-Expendable Furniture & Fixtures	37,032	-
Total Amount	PhP 2,074,675	PhP 1,782,112

year-end. This is to ensure that supplies are readily available to all RCs particularly in the implementation of PSHEMS and QMS-VEC.

On the other hand, the increase in Accountable Forms Inventory is a result of the need to request in advance a significant volume of accountable forms since printing of said forms is on a "first come, first serve" basis as a result of increase in volume transactions.

Pursuant to PPA Finance Memorandum Order No. 01-2016 (see Note 1), tangible items with estimated service life of more than one year and below the capitalization threshold of PhP 15,000 shall be accounted as semi-expendable property. Thus, accounts for Semi-Expendable Office Equipment and Semi-Expendable Furniture & Fixtures were set up to record said assets.

6. PREPAYMENTS

	2016	2015
Advances to Contractors	PhP 5,020,927	PhP 7,896,071
Prepaid Taxes	4,734,750	4,049,198
Deferred Charges	6,161	6,161
Other Prepaid Expenses	238,633	19,740
Total Amount	PhP 10,000,471	PhP 11,971,170

NOTES TO FINANCIAL STATEMENTS

(With Comparative Figures as of 31 Dec 2015)
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The significant decrease in Advances to Contractors is attributable to the minimal amount of contracts for Repair & Maintenance Projects which remain unfinished at the end of the year.

The increase in Prepaid Taxes is due to increase in revenue collection of PMO-MOC and the volume of which are from port users/clients who are authorized to withhold taxes from their payments to PPA.

The increase in Other Prepaid Expenses is mainly due to the 1 month bill deposit to CEPALCO for 3 units 100KVA electric service connection for the Temporary Passenger Terminal Buildings (TF 1 & 2) at the Passenger Terminal Complex of Cagayan de Oro amounting to PhP 218,893.

7. OTHER CURRENT ASSETS

	2016	2015
Guaranty Deposits	PhP 289,221	PhP 289,221
Input VAT	17,828,384	14,001,461
Total Amount	PhP 18,117,605	PhP 14,290,682

The increase in Input VAT is due to the increase in the number of VATable suppliers booked up as Accounts Payable of the PMO as of year-end.

8. PROPERTY, PLANT & EQUIPMENT

	2016	2015
Land & Land Improvements	PhP 1,185,626,552	PhP 1,162,476,156
Buildings & Structures	2,027,448,179	2,049,596,234
<i>Less: Accum. Depreciation</i>	<i>942,733,576</i>	<i>833,311,892</i>
Buildings & Structures, net	1,084,714,603	1,156,284,342
Furniture, Fixtures & Equip.	88,199,467	83,841,264
<i>Less: Accum. Depreciation</i>	<i>58,336,138</i>	<i>52,762,057</i>
Furniture, Fixtures & Equip. net	29,863,329	31,079,207
Const. in Prog.—Agency Assets	45,211,699	25,811,826
Total Net Book Value	PhP 2,345,416,183	PhP 2,375,651,534

The increase in Land & Land Improvements is due to the cost of completed Reclamation of Back-Up Area at the Port of Benoni, undertaken by Head Office which was transferred to PMO books at year-end.

NOTES TO FINANCIAL STATEMENTS

(With Comparative Figures as of 31 Dec 2015)
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The decrease in Buildings & Structures, on the other hand, is due to cost adjustment of completed project, “Wharf Extension at the Port of Cagayan de Oro”, undertaken by Head Office which was transferred to PMO books last CY 2015.

The increase in Furniture, Fixtures & Equipment is mainly due to the procurement of various FFE in CY 2016. Significant increase in Construction in Progress is due to three (3) locally-funded projects released to the PMO.

9. OTHER ASSETS

	2016	2015
Miscellaneous Assets – Others	PhP 1,525,411	PhP 1,525,411
<i>Less: Allowance for Doubtful Accounts – Non Trade</i>	<i>271,868</i>	<i>271,868</i>
Miscellaneous Assets-Others - Net	PhP 1,253,543	PhP 1,253,543
Total Amount	PhP 1,253,543	PhP 1,253,543

Miscellaneous Assets – Others compose of Unserviceable Assets amounting to PhP 1,333,800 which are due for disposal as approved by Head Office and Dormant Accounts Receivable with nil chance of collection amounting to PhP 271,868.

In compliance with PPA Finance Memorandum Order No. 11-2006 dated 07 August 2006, as amended by PPA Finance Memorandum Order No. 02-2009 dated 22 April 2009, said 100% Allowance for Doubtful Accounts was set up for said dormant accounts.

10. CURRENT LIABILITIES

	2016	2015
Payable Accounts	PhP 20,506,099	PhP 24,149,451
Inter-Agency Payables	6,662,772	6,007,233
Other Current Liability Accounts	55,667,131	50,828,505
Total Amount	PhP 82,836,002	PhP 80,985,189

The decrease in Payable Accounts is due to the minimal amount of contracts for Repair & Maintenance Projects which remain unfinished and unpaid at the end of the year.

The increase in Inter-Agency Payables is due to increase in withholding taxes, i.e. “Due to BIR” account. Said increase is significantly due to increase in Taxable Compensation Income of PPA Employees, which is attributable to the grant of Performance Based Bonus (PBB), Productivity Enhancement Incentive (PEI), and Mid-Year Bonus in CY 2016.

NOTES TO FINANCIAL STATEMENTS

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(in Philippine Peso)



The significant increase in Other Current Liability Accounts is due to increase in Revolving Fund account due to increase in RF customers' maintaining balance and availment of additional shipping companies of the Revolving Fund facility.

11. DEFERRED CREDITS

	2016	2015
Deferred Credits to Income	PhP 7,956	PhP 7,956
Output VAT	12,032,839	12,188,990
Total Amount	PhP 10,117,275	PhP 10,117,275

The decrease in Output VAT account is due to decrease in Output VAT collected in the 4th Quarter of CY 2016 compared to CY 2015 as a result of decrease in revenue collection in the 4th Quarter of CY 2016.