



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS
Development Academy of the Philippines
DAP Building
San Miguel Avenue, Pasig City

We have audited the accompanying financial statements of the Development Academy of the Philippines, which comprise the balance sheet as of December 31, 2012, and the statement of income and expenses, statement of changes in equity and cash flow statement 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, 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 International 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 risk 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 Development Academy of the Philippines as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with State accounting principles.

COMMISSION ON AUDIT


MARISSA V. FAJARDO-PARIÑAS
Supervising Auditor – Audit Group H
Cluster 6, Corporate Government Sector

June 27, 2013

DEVELOPMENT ACADEMY OF THE PHILIPPINES
BALANCE SHEET

December 31, 2012

(With corresponding figures for 2011)

(In Philippine Peso)

	Notes	2012	2011 (As restated)
ASSETS			
Current Assets			
Cash and cash equivalents	4.2/5	27,884,753	35,655,999
Investments	4.5/10	195,000,000	140,000,000
Trade and other receivables - net	4.3/6	151,590,150	100,102,054
Inventories - net	4.4/7	4,426,545	4,964,105
Prepaid expenses	8	27,626,868	13,710,784
Other current assets	9	2,275,334	1,804,697
TOTAL CURRENT ASSETS		408,803,650	296,237,639
Non-current Assets			
Investments	4.5/10	7,000	50,007,000
Property, Plant and Equipment - net	4.6/11	168,215,741	155,442,642
Other non-current assets	12	1,515,903	2,878,610
TOTAL NON-CURRENT ASSETS		169,738,644	208,328,252
TOTAL ASSETS		578,542,294	504,565,891
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	13	80,469,866	71,381,233
Inter-agency payables	14	9,399,330	9,847,476
Other payables	15	48,231,802	39,318,811
TOTAL CURRENT LIABILITIES		138,100,998	120,547,520
Non-current Liabilities			
Deferred credits	16	128,762,406	79,004,359
Other long-term liabilities	17	30,913,886	26,901,475
TOTAL NON-CURRENT LIABILITIES		159,676,292	105,905,834
TOTAL LIABILITIES		297,777,290	226,453,354
EQUITY		280,765,004	278,112,537
TOTAL LIABILITIES AND EQUITY		578,542,294	504,565,891

The notes on pages 7 to 22 form part of these financial statements.

DEVELOPMENT ACADEMY OF THE PHILIPPINES
STATEMENT OF INCOME AND EXPENSES
For the Year Ended December 31, 2012
(With corresponding figures for 2011)
(In Philippine Peso)

	Notes	2012	2011
INCOME			
General income	4.1		
Consultancy/research fees		219,754,985	128,727,928
Income from operation of restaurants/canteen/eateries		39,566,203	43,330,131
Income from operation of dormitories/cottages		28,574,015	28,800,312
Rent income		8,294,367	7,320,348
Other service income		1,037,956	4,489,984
Miscellaneous income		2,964,880	3,478,353
GROSS INCOME		300,192,406	216,147,056
EXPENSES			
Personal services	4.1 21		
Salaries and wages		66,895,330	59,053,028
Other compensation		21,467,787	19,245,972
Personnel benefits contribution		9,149,891	8,003,124
Other personnel benefits		13,132,625	13,354,386
Total Personal Services		110,645,633	99,656,510
Maintenance and other operating expenses	22		
Professional services		84,110,463	59,677,385
Supplies and materials expenses		43,197,723	32,647,616
Utility expenses		19,829,982	18,563,100
Training and scholarship expenses		45,016,254	16,877,536
Non-cash expenses		18,623,694	14,625,627
Travelling expenses		14,746,318	5,982,424
Repairs and maintenance expenses		7,239,741	5,651,085
Communication expenses		5,145,302	4,912,746
Rent expenses		4,297,486	3,707,267
Advertising expenses		1,980,252	1,205,642
Taxes, insurance premiums and other fees		1,091,614	957,910
Extraordinary and miscellaneous expenses		307,006	446,154
Other maintenance and other operating expenses		12,340,264	10,098,751
Total Maintenance and Other Operating Expenses		257,926,099	175,353,243
TOTAL EXPENSES		368,571,732	275,009,753
INCOME (LOSS) FROM OPERATION		(68,379,326)	(58,862,697)
Other income (expenses)			
Interest income		17,620,519	17,460,301
Gain on forex/Loss on forex/Loss on assets		(826,873)	95,583
Financial expenses		(29,401)	(3,178)
NET INCOME (LOSS) BEFORE SUBSIDY		(51,615,081)	(41,309,991)
SUBSIDY FROM THE NATIONAL GOVERNMENT	23	54,267,548	43,274,559
NET INCOME		2,652,467	1,964,568

The notes on pages 7 to 22 form part of these financial statements.

DEVELOPMENT ACADEMY OF THE PHILIPPINES**CASH FLOW STATEMENT****For the Year Ended December 31, 2012****(With corresponding figures for 2011)****(In Philippine Peso)**

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		768,770,231	528,573,798
Cash paid to suppliers and employees		(664,617,312)	(509,332,954)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		104,152,919	19,240,844
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from investments maturities		2,464,317	34,429,641
Proceeds of matured/placements in treasury bonds			-
Placements in short-term investments	4.5/10	(87,659,488)	(22,697,373)
Acquisition of property, plant and equipment	11	(40,293,302)	(34,707,764)
Interest income		14,197,788	4,976,092
NET CASH USED IN INVESTING ACTIVITIES		(111,290,685)	(17,999,404)
UNREALIZED FOREIGN EXCHANGE GAIN (LOSS)	4.2	633,480	36,683
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		(7,771,246)	1,278,123
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		35,655,999	34,377,876
CASH AND CASH EQUIVALENTS, END OF YEAR	5	27,884,753	35,655,999

The notes on pages 7 to 22 form part of these financial statements.