



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

People's Television Network, Inc.
Broadcast Complex, Visayas Avenue
Diliman, Quezon City

We have audited the accompanying financial statements of the People's Television Network, Inc., which comprise the statement of financial position as at December 31, 2015, and the Statement of Comprehensive Income, 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 generally accepted 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

The following audit observations were considered in forming our audit opinion:

1. The Cash in Bank balance per books in the amount of P152.291 million as of December 31, 2015 could not be determined due to a) unreconciled amounts between the General Ledger (GL) and confirmed bank balances contrary to the provisions of Sections 74 of P.D. 1445; and b) unrecorded trust funds.
2. Management's inability to conduct a physical inventory of its Property Plant and Equipment (PPE) and consequently, its non-submission of Inventory Reports for CY 2015 as required in COA Circular No. 80-124 dated January 18, 1980, resulted in the doubtful balances of PPE as at year-end.

Qualified Opinion

In our opinion, except for the effects on the financial statements of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the People's Television Network, Inc., as at December 31, 2015 and 2014, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.

COMMISSION ON AUDIT



REBECCA Y. RAGSAG
State Auditor V

State Auditor V

Supervising Auditor

Audit Group H – Development, Media and Other Agencies Group

Cluster 6, Corporate Government Sector

March 31, 2016