



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, 2014, 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 Philippine Public Sector Accounting Standards, 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 validity of the balance of Accounts Receivable - Trade account amounting to P563.205 million could not be determined due to unreconciled balances between the General Ledger (GL) and Subsidiary Ledgers (SL) and the negative results of confirmation.
2. The correctness of Cash in Bank balance per books in the amount of P208.043 million as of December 31, 2014 could not be assured due to unreconciled amounts between the General Ledger (GL) and confirmed bank balances contrary to the provisions of Sections 74 of P.D. 1445 and unrecorded trust funds amounting to \$1,652.
3. Management was unable to conduct physical inventory and submit Inventory Reports for its Property Plant and Equipment (PPE) for CY 2014 contrary to COA Circular No. 80-124 dated January 18, 1980. As a result, the reliability of the balance of the PPE account in the gross amount of P1.552 billion could not be ascertained.

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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Philippine Public Sector Accounting Standards.

Report on Supplementary Information Required Under BIR Revenue Regulation 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties, and license fees paid or accrued during the taxable year described in Note 18 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


REBECCA Y. RAGSAG
State Auditor V
Supervising Auditor
Audit Group H – Development, Media and Other Agencies Group
Cluster 6, Corporate Government Sector

June 11, 2015