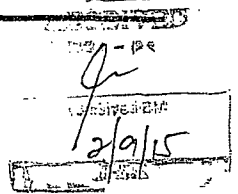
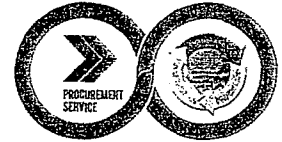




Republic of the Philippines
Department of Budget and Management
PROCUREMENT SERVICE

RR Road, Cristobal Street, Paco, Manila, Philippines 1007
Trunk line: 689-7750 Direct line: 563-9365 & 563-9395



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of Procurement Service, Department of Budget and Management is responsible for all information and representations contained in the accompanying Statement of Financial Position as of December 31, 2014 and the related Statement of Financial Performance and Cash Flow Statement for the year then ended. The financial statements have been prepared in conformity with generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

ALLAN RAUL M. CATALAN
Chief Accountant

ROMMEL D. RIVERA
Finance Manager

JOSE TOMAS C. SYQUIA
Executive Director IV

PROCUREMENT SERVICE
 Department of Budget and Management
Consolidated Cash Flow Statement
 For the Year Ended December 31, 2014

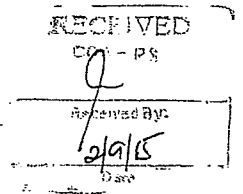
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	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Taxation	268,285,729.63	230,224,363.83
Collection from Client Agencies	10,250,400,526.69	6,938,943,182.87
Interest Received	49,635,881.49	63,975,341.11
Other Receipts	376,128,220.75	444,975,286.54
Payments		
Employee Costs	(105,795,127.63)	(104,513,975.99)
Superannuation	(20,662,493.40)	(17,166,299.18)
Suppliers	(5,096,402,907.38)	(4,385,451,480.96)
Interest Remitted to Bureau of Treasury	(136,735,190.00)	(14,603,384.54)
Other Payments	(1,057,499,109.56)	(309,848,425.83)
Net Cash Flows from Operating Activities	4,527,355,530.59	2,846,534,607.85
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Plant and Equipment	(8,423,249.03)	(11,674,732.82)
Proceeds from Sale of Plant and Equipment	14,000.00	90,316.00
Net Cash Flows from Investing Activities	(8,409,249.03)	(11,584,416.82)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,518,946,281.56	2,834,950,191.03
Cash and Cash Equivalents at Beginning of Period	8,519,598,142.16	5,684,647,951.13
Cash and Cash Equivalents at End of Period	13,038,544,423.72	8,519,598,142.16

Certified Correct:


ALLAN RAUL M. CATALAN
 Chief Accountant

PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL POSITION
As of December 31, 2014



<u>ASSETS</u>	<u>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u> 2014 VS 2013	<u>% INC. (DEC.)</u>
Current Assets				
Cash and Cash Equivalents(Note 5)				
Cash-Collecting Officer (Sch.1.A-Tab J)	191,905,320.71	54,689,712.70	137,215,608.01	251%
Petty Cash (Sch.1.B-Tab J)	336,134.75	686,134.75	(350,000.00)	-51%
Cash in Bank- LC, CA (Sch. 1.C-Tab J)	9,339,612,423.30	4,922,088,676.32	4,417,523,746.98	90%
Cash in Bank- LC, SA (Sch. 1.D-Tab J)	1,928,541.58	37,371,615.01	(35,443,073.43)	-95%
Cash in Bank- LC, TD (Sch.1.E-Tab J)	3,500,000,000.00	3,500,000,000.00	-	0%
Cash- Treasury/ Agency Deposit, Regular	4,762,003.38	4,762,003.38	-	0%
Total Cash	<u>13,038,544,423.72</u>	<u>8,519,598,142.16</u>	<u>4,518,946,281.56</u>	<u>53%</u>
Receivables (Note 6)				
Due from NGAs	831,060.71	71,183,449.61	(70,352,388.90)	-99%
Due from GOCC's	731.00	6,061,614.22	(6,060,883.22)	-100%
Due from LGU's	59,676.67	11,770,845.36	(11,711,168.69)	-99%
Due from Regional Offices (Sch.2-Tab K)	3,858,567.94	3,936,072.67	(77,504.73)	-2%
Due from Officers & Emp. (Sch.3-Tab L)	772,965.33	153,728.46	619,236.87	403%
Other Receivables (Sch.4-Tab M)	60,714,300.15	1,305,667.31	59,408,632.84	4550%
Total Other Receivables	<u>66,237,301.80</u>	<u>94,411,377.63</u>	<u>(28,174,075.83)</u>	<u>-30%</u>
Inventories (Note 7)				
Merchandise Inventory (Sch.5-Tab N]	<u>554,721,885.55</u>	<u>518,011,280.65</u>	<u>36,710,604.90</u>	<u>7%</u>
Other Assets (Note 8)				
Advances to Officers & Emp. (Sch.6-Tab O)	38,408.75	640,837.23	(602,428.48)	-94%
Prepaid Rent	735,337.96	701,467.82	33,870.14	5%
Prepaid Insurance	759,279.92	511,615.72	247,664.20	48%
Other Prepayments	17,500.00	17,500.00	-	0%
Deposits on Letters of Credit	58,582.32	27,721,990.72	(27,663,408.40)	-100%
Guaranty Deposits	1,451,661.73	1,421,420.53	30,241.20	2%
Organization Cost	-	7,807,044.01	(7,807,044.01)	-100%
Total Prepayments	<u>3,060,770.68</u>	<u>38,821,876.03</u>	<u>(35,761,105.35)</u>	<u>-92%</u>
Total Current Assets	<u>13,662,564,381.75</u>	<u>9,170,842,676.47</u>	<u>4,491,721,705.28</u>	<u>49%</u>
Property, Plant and Equipment, Net (Note 9)				
Land	19,102,162.97	19,102,162.97	-	0%
Buildings	49,794,120.89	53,205,478.19	(3,411,357.30)	-6%
Office Equipment	3,347,509.90	2,101,376.24	1,246,133.66	59%
Information & Communication Tech. Equipment	14,019,702.55	12,983,558.20	1,036,144.35	8%
Communication Equipment	197,978.74	191,502.94	6,475.80	3%
Construction and Heavy Equipment	1,332,023.60	-	1,332,023.60	-
Military, Police and Security Equipment	7,409.47	12,539.47	(5,130.00)	-41%
Other Machinery & Equipment	121,692.07	118,068.19	3,623.88	3%
Motor Vehicles	3,663,741.23	4,225,242.56	(561,501.33)	-13%
Furniture & Fixtures	3,400,513.16	3,882,521.94	(482,008.78)	-12%
Books	14,323.88	15,611.96	(1,288.08)	-8%

PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

	<u>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u> 2014 VS 2013	<u>% INC. (DEC.)</u>
Leasehold Improvements- Building	2,503,457.43	2,626,242.87	(122,785.44)	-5%
Other Property, Plant & Equipment	7,925,810.49	170,757.20	7,755,053.29	4542%
Other Assets	6,472.66	6,472.66	-	0%
Total Property, Plant and Equipt. (Sch.7-Tab P)	<u>105,436,919.04</u>	<u>98,641,535.39</u>	<u>6,795,383.65</u>	<u>7%</u>
TOTAL ASSETS	<u>13,768,001,300.79</u>	<u>9,269,484,211.86</u>	<u>4,498,517,088.93</u>	<u>49%</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities				
Current Liabilities (Note 10)				
Accounts Payable (Sch.8-Tab Q)	1,386,121,203.94	1,017,724,986.24	368,396,217.70	36%
Due to Officers and Employees	1,016,852.59	220,179.28	796,673.31	362%
Due to National Treasury		138,071,132.87	(138,071,132.87)	-100%
Due to BIR (Sch. 9- Tab R)	18,966,338.28	30,882,154.55	(11,915,816.27)	-39%
Due to GSIS	139,665.61	1,321,143.71	(1,181,478.10)	-89%
Due to Pag-ibig	5,928.51	95,784.30	(89,855.79)	-94%
Due to Philhealth	4,183.89	45,458.89	(41,275.00)	-91%
Due to NGAs (Sch. 10-Tab S)	11,266,794,782.64	7,206,560,772.33	4,060,234,010.31	56%
Due to GOCCs(Sch11-Tab T)	128,727,584.71	97,020,820.76	31,706,763.95	33%
Due to LGUs (Sch 12-Tab U)	56,096,537.00	55,713,036.98	383,500.02	1%
Due to Regional Offices	6,945.40	6,945.40	-	0%
Trust Liabilities	453,487.37	453,487.37	0.00	0%
Guaranty/Security Deposits Payable (Sch 13-Tab V)	55,118,748.52	50,588,853.63	4,529,894.89	9%
Other Payables (Sch. 14 -Tab W)	190,181,994.57	138,702,624.49	51,479,370.08	37%
Total Current Liabilities	<u>13,103,634,253.03</u>	<u>8,737,407,380.80</u>	<u>4,366,226,872.23</u>	<u>50%</u>
Equity (Note 11)				
Government Equity	<u>664,367,047.76</u>	<u>532,076,831.06</u>	<u>132,290,216.70</u>	<u>25%</u>
TOTAL LIABILITIES AND EQUITY	<u>13,768,001,300.79</u>	<u>9,269,484,211.86</u>	<u>4,498,517,088.93</u>	<u>49%</u>

CERTIFIED CORRECT:


ALLAN RAUL M. CATALAN
Chief Accountant

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PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF CHANGES GOVERNMENT EQUITY
As of December 31, 2014

Balance at December 31, 2012	421,386,605.77
Adjustments:	
Expenses of PhilGEPS charged to prior year income	(21,838,249.32)
Other Adjustments	(16,012,862.79)
Net Income for the Period	148,541,337.40
Balance at December 31, 2013 carried forward	532,076,831.06
Balance at December 31, 2013 brought forward	532,076,831.06
Adjustments:	
Sales of Region IVB- December 2013	2,330,587.88
Expenses from prior year	(10,501,665.09)
PS Depots share in prior year income	(14,834,217.46)
Net Income for the Period	155,295,511.37
Balance at December 31, 2014	664,367,047.76

CERTIFIED CORRECT:


ALLAN RAUL M. CATALAN
 Chief Accountant

PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL PERFORMANCE
For The Year Ended December 31, 2014

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	<u>2014</u>	<u>2013</u>
Sales Revenue (Note 12)	5,372,974,781.32	4,538,865,901.19
Less: Sales Returns	3,386,774.34	7,733,900.61
Net Sales (Sch. 19-Tab AB)	5,369,588,006.98	4,531,132,000.58
Less: Cost of Sales		
Inventory	518,011,280.65	405,781,093.00
Less: Adjustments	6,528,640.77	4,409,262.51
Adjusted Inventory	511,482,639.88	401,371,830.49
Add: Purchases	5,126,647,375.83	4,391,643,276.16
Freight In	26,566,366.67	23,823,311.50
Total Cost of Goods Available	5,664,696,382.38	4,816,838,418.15
Less: Inventory, Dec. 31 (Sch. 5 Tab N)	554,721,885.55	518,011,280.65
Total Cost of Sales	5,109,974,496.83	4,298,827,137.50
Net Mark-Up	259,613,510.15	232,304,863.08
Add: Clearance & Certification Fees	46,800,495.82	52,556,482.82
Gross Income from Operation	306,414,005.97	284,861,345.90
Less: Expenses (Note 13)		
Personnel Services: (Sch. 20 Tab AC)		
Salaries & Wages - Contractual	46,161,750.01	38,466,224.88
Personnel Economic Relief Allow.	4,028,604.73	3,466,200.00
Representation Allowance	956,125.00	688,977.27
Transportation Allowance	731,603.26	508,977.27
Clothing & Uniform Allowance	800,000.00	725,000.00
Productivity Incentive Allowance	347,000.00	309,000.00
Longevity Pay	80,000.00	200,000.00
Overtime & Night Pay	1,629,329.28	1,275,096.82
Cash Gift	861,750.00	722,500.00
Year End Bonus	3,990,922.35	3,214,264.00
Retirement and Life Insurance Premiums	5,550,517.24	4,610,783.04
Pag-Ibig Contributions	201,500.00	173,400.00
PhilHealth Contributions	518,037.50	430,862.50
Employees Compensation Insurance Premiums	201,500.00	173,400.00
Retirement Gratuity	3,931,247.63	1,035,008.84
Terminal Leave Benefits	463,344.99	647,949.71
Other Personnel Benefits	7,925,902.78	8,723,436.08
Sub-Total Personal Services	78,379,134.77	65,371,080.41
Maintenance & Other Oper. Expenses: (Sch. 21 Tab AD)		
Travel Expenses-Local	1,877,440.32	1,066,339.85
Travel Expenses-Foreign	10,392.70	4,500.00
Training Expenses	1,537,799.01	794,236.07
Office Supplies Expense	4,298,685.48	4,130,116.98
Fuel, Oil and Lubricants Expenses	2,518,617.22	2,240,136.72
Water Expenses	1,085,783.98	1,689,434.52
Electricity Expenses	6,907,202.11	5,722,028.65
Postage and Courier Services	61,615.26	102,401.17

PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL PERFORMANCE
For The Year Ended December 31, 2014


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	<u>2014</u>	<u>2013</u>
Telephone Expenses	2,303,993.73	1,798,308.50
Internet Subscription Expenses	1,228,015.34	580,177.37
Membership Dues & Contributions to Org.	-	1,645.53
Awards and Indemnities	-	1,775,505.25
Extraordinary and Miscellaneous Expenses	249,600.00	122,330.24
Legal Services	743,031.67	975,793.15
Consultancy Services	2,752,750.00	2,200,000.00
Other Professional Expenses	6,537,664.92	6,687,758.08
Janitorial Services	2,464,842.31	2,120,261.58
Security Services	7,860,062.79	7,207,287.22
Other General Services	24,620,353.02	21,605,663.26
Repairs and Maintenance- Buildings	2,209,240.77	2,064,588.52
Repairs and Maintenance- Other Structures	48,190.00	-
Repairs and Maintenance- Office Eqpt	88,189.63	24,390.00
Repairs and Maintenance- ICT Eqpt	66,081.83	70,719.67
Repairs and Maintenance- Motor Vehicles	1,154,799.88	1,593,194.12
Repairs and Maintenance- OME	-	75,450.00
Repairs and Maintenance- Furniture and Fixtures	-	1,092.00
Taxes, Duties & Licenses	193,261.70	194,524.86
Fidelity Bond Premiums	338,917.96	295,354.99
Insurance Expenses	777,338.20	731,099.14
Advertising Expenses	394,959.40	413,200.00
Printing and Publication Expenses	1,908.00	2,216.00
Representation Expenses	2,460,003.65	2,243,453.94
Rent/Lease Expenses	3,316,866.14	381,600.29
Subscription Expenses	51,374.00	30,000.50
Donations	-	21,959.39
Other Maintenance & Operating Expenses	4,674,006.86	6,252,281.77
Bank Charges	4,830.00	8,801.50
Other Financial Charges	171,300.00	-
Depreciation- Buildings	3,117,213.00	3,118,638.00
Depreciation-Office Equipment	560,991.05	332,624.94
Depreciation- Information & Communication Tech. Eqpt	3,184,285.73	2,275,962.26
Depreciation- Communication Equipment	36,224.20	21,055.75
Depreciation- Construction and Heavy Equipment	188,571.48	-
Depreciation- Military, Police & Security Equipment	5,130.00	5,130.00
Depreciation- Other Machinery Equipment	23,376.12	20,959.62
Depreciation- Motor Vehicles	580,002.09	883,037.41
Depreciation- Furniture and Fixtures	491,293.19	525,740.95
Depreciation- Books	1,288.08	4,854.39
Depreciation- Leasehold Asset Impvt, Buildings	122,785.44	102,321.20
Depreciation- Other Property, Plant and Equipment	38,355.45	47,963.28
Sub-Total Maint. & Other Oper. Exp.	<u>91,358,633.71</u>	<u>82,566,138.63</u>
Total Expenses	<u>169,737,768.48</u>	<u>147,937,219.04</u>
Net Income before Other Income	<u>136,676,237.49</u>	<u>136,924,126.86</u>

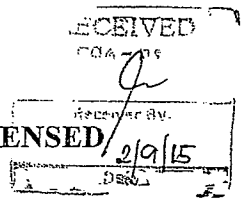
PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL PERFORMANCE
For The Year Ended December 31, 2014

	<u>2014</u>	<u>2013</u>
Add: Other Income		
Fines and Penalties- Service Income	22,021,049.89	14,900,401.12
Seminar/ Training Fees	1,462,351.22	1,099,857.55
Other Business Income	18,097.09	55,555.00
Miscellaneous Income	-	44,107.25
Income from Grants & Donations	225,877.60	-
Total Other Income	<u>23,727,375.80</u>	<u>16,099,920.92</u>
Less: Loss on Sale of Property, Plant and Equipment	356,473.55	73,447.87
Loss of Assets	<u>4,751,628.37</u>	<u>4,409,262.51</u>
Net Other Income	<u>18,619,273.88</u>	<u>11,617,210.54</u>
NET INCOME (Note 14)	<u><u>155,295,511.37</u></u>	<u><u>148,541,337.40</u></u>

CERTIFIED CORRECT:


ALLAN RAUL M. CATALAN
 Chief Accountant

PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL POSITION- CONDENSED
As of December 31, 2014



<u>ASSETS</u>	<u>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u> 2014 VS 2013	<u>% INC. (DEC.)</u>
Current Assets				
Cash (Note 5)	13,038,544,423.72	8,519,598,142.16	4,518,946,281.56	53%
Receivables (Note 6)	66,237,301.80	94,411,377.63	(28,174,075.83)	-30%
Inventories (Note 7)	554,721,885.55	518,011,280.65	36,710,604.90	7%
Other Assets (Note 8)	3,060,770.68	38,821,876.03	(35,761,105.35)	-92%
Total Current Assets	13,662,564,381.75	9,170,842,676.47	4,491,721,705.28	49%
Property, Plant and Equipment, Net (Note 9)				
Land	19,102,162.97	19,102,162.97	-	0%
Buildings	49,794,120.89	53,205,478.19	(3,411,357.30)	-6%
Office Equipment	3,347,509.90	2,101,376.24	1,246,133.66	59%
Information & Communication Technology Equipment	14,019,702.55	12,983,558.20	1,036,144.35	8%
Communication Equipment	197,978.74	191,502.94	6,475.80	3%
Construction and Heavy Equipment	1,332,023.60		1,332,023.60	
Military, Police and Security Equipment	7,409.47	12,539.47	(5,130.00)	-41%
Other Machinery & Equipment	121,692.07	118,068.19	3,623.88	3%
Motor Vehicles	3,663,741.23	4,225,242.56	(561,501.33)	-13%
Furniture & Fixtures	3,400,513.16	3,882,521.94	(482,008.78)	-12%
Books	14,323.88	15,611.96	(1,288.08)	-8%
Leasehold Improvements- Building	2,503,457.43	2,626,242.87	(122,785.44)	-5%
Other Property, Plant & Equipment	7,925,810.49	170,757.20	7,755,053.29	4542%
Other Assets	6,472.66	6,472.66	-	0%
Total Property, Plant and Equipt.	105,436,919.04	98,641,535.39	6,795,383.65	7%
TOTAL ASSETS	13,768,001,300.79	9,269,484,211.86	4,498,517,088.93	49%

LIABILITIES AND EQUITY

Liabilities

Current Liabilities


Payable Accounts (Note 10)

Accounts Payable (Sch.8-Tab Q)	1,386,121,203.94	1,017,724,986.24	368,396,217.70	36%
Due to Officers and Employees	1,016,852.59	220,179.28	796,673.31	362%
Due to National Treasury	-	138,071,132.87	(138,071,132.87)	-100%
Due to BIR (Sch. 9- Tab R)	18,966,338.28	30,882,154.55	(11,915,816.27)	-39%
Due to GSIS	139,665.61	1,321,143.71	(1,181,478.10)	-89%
Due to Pag-ibig	5,928.51	95,784.30	(89,855.79)	-94%
Due to Philhealth	4,183.89	45,458.89	(41,275.00)	-91%
Due to NGAs (Sch. 10-Tab S)	11,266,794,782.64	7,206,560,772.33	4,060,234,010.31	56%
Due to GOCCs(Sch11-Tab T)	128,727,584.71	97,020,820.76	31,706,763.95	33%
Due to LGUs (Sch 12-Tab U)	56,096,537.00	55,713,036.98	383,500.02	1%
Due to Reg'l/Branch Offices	6,945.40	6,945.40	-	0%

PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL POSITION- CONDENSED
As of December 31, 2014

	<u>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u> 2014 VS 2013	<u>% INC. (DEC.)</u>
Trust Liabilities	453,487.37	453,487.37	0.00	0%
Guaranty/ Security Deposits Payable (Sch 13-Tab V)	55,118,748.52	50,588,853.63	4,529,894.89	9%
Other Payables (Sch. 14 -Tab W)	190,181,994.57	138,702,624.49	51,479,370.08	37%
Total Liabilities	13,103,634,253.03	8,737,407,380.80	4,366,226,872.23	50%
 Equity (Note 11)				
Government Equity	664,367,047.76	532,076,831.06	132,290,216.70	25%
 TOTAL LIABILITIES AND EQUITY	13,768,001,300.79	9,269,484,211.86	4,498,517,088.93	49%

CERTIFIED CORRECT:



ALLAN RAUL M. CATALAN
Chief Accountant

PROCUREMENT SERVICE
Department of Budget and Management
COMPARATIVE STATEMENT OF FINANCIAL PERFORMANCE- CONDENSED
For The Year Ended December 31, 2014

RECEIVED
 DOB - PS
 Date 12/9/15

	<u>2014</u>	<u>2013</u>
Net Sales (Note 12)	5,369,588,006.98	4,531,132,000.58
Less: Cost of Sales	5,109,974,496.83	4,298,827,137.50
Net Mark-Up	259,613,510.15	232,304,863.08
Add: Clearance & Certification Fees	46,800,495.82	52,556,482.82
Gross Income from Operation	306,414,005.97	284,861,345.90
Less: Expenses (Note 13)		
Personnel Services	78,379,134.77	65,371,080.41
Maintenance & Other Operating Expenses	91,358,633.71	82,566,138.63
Total Expenses	169,737,768.48	147,937,219.04
Net Income before Other Income	136,676,237.49	136,924,126.86
Add: Other Income	23,727,375.80	16,099,920.92
Less: Losses	5,108,101.92	4,482,710.38
NET INCOME (Note 14)	155,295,511.37	148,541,337.40

CERTIFIED CORRECT:


ALLAN RAUL M. CATALAN
 Chief Accountant