



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City

ANNUAL AUDIT REPORT

on the

METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM

For the Year Ended December 31, 2008

METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM
BALANCE SHEET

December 31, 2008

(With comparative figures as of December 31, 2007)

(In Thousand Pesos)

	Notes	2008	2007
ASSETS			
Current Assets			
Cash and cash equivalents	4 & 5	5,591,572	2,375,084
Accounts receivable, net	4 & 6	1,302,673	5,104,796
Other receivables	7	4,252,373	4,485,325
Inventories	8	61,087	61,063
Prepayments	9	370,632	385,486
		11,578,337	12,411,754
Non-Current Assets			
Property, plant and equipment, net	4 & 10	43,049,409	43,312,564
Construction in progress	4 & 11	1,381,793	2,866,596
Investments	12	834,037	847,652
Other assets, net	13	988,749	1,008,918
		46,253,988	48,035,730
TOTAL ASSETS		57,832,325	60,447,484
LIABILITIES AND EQUITY			
Current Liabilities			
Payable accounts	14	1,102,979	1,026,610
Inter-agency payable	15	350,607	578,854
Intra-agency payable	16	453,688	397,943
Current portion of long- term liabilities	17	1,087,870	1,081,974
Other liability accounts	18	1,183,373	548,045
		4,178,517	3,633,426
Non-Current Liabilities			
Long-term liabilities, net	4 & 19	18,111,822	15,417,668
Deferred credits	20	1,583,397	1,721,562
		19,695,219	17,139,230
Total Liabilities		23,873,736	20,772,656
Equity		33,958,589	39,674,828
TOTAL LIABILITIES AND EQUITY		57,832,325	60,447,484

See accompanying Notes to Financial Statements.

METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM**STATEMENT OF PROFIT AND LOSS**

For the Year Ended December 31, 2008

(With comparative figures for the year ended December 31, 2007)

(In Thousand Pesos)

	Notes	2008	2007
REVENUES			
Concession fees	4		
Debt service		1,532,289	1,502,050
Progress billing		-	2,793
Corporate operating budget		362,045	352,526
Business income			
Interest on investments and deposits		166,047	183,333
Raw water		47,010	46,011
Rental of leased properties		40,067	59,230
Miscellaneous income		351	174
Gain on disposed assets		129	131
		2,147,938	2,146,248
EXPENSES			
Personal services (Schedule A)		204,133	196,752
Maintenance and other operating expenses (Schedule B)		267,178	245,005
Non-cash expenses-depreciation		1,634,318	1,513,962
Financial expenses	23	512,122	492,580
Loss(gain) on foreign exchange		3,083,678	(2,401,995)
		5,701,429	46,304
NET PROFIT (LOSS)		(3,553,491)	2,099,944

See accompanying Notes to Financial Statements.

METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM
STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2008

(With comparative figures for the year ended December 31, 2007)

(In Thousand Pesos)

	Notes	2008	2007
CAPITAL STOCK			
Authorized - 80 million shares, P100 par			
Issued and outstanding 60,954,867.84 shares			
Balance, beginning		6,095,487	6,095,487
Additions (deductions)		-	-
Balance, end		6,095,487	6,095,487
DONATED CAPITAL			
Balance, beginning	21	1,046,971	1,046,971
Additions (deductions)		-	-
Balance, end		1,046,971	1,046,971
APPRAISAL CAPITAL			
Balance, beginning		28,656,080	28,656,080
Additions (deductions)		-	-
Balance, end		28,656,080	28,656,080
RETAINED EARNINGS			
Balance, beginning		3,876,290	2,452,570
Prior- period adjustments	22	(2,162,748)	(676,224)
Net profit (loss)		(3,553,491)	2,099,944
Balance, end		(1,839,949)	3,876,290
TOTAL EQUITY		33,958,589	39,674,828

See accompanying Notes to Financial Statements.

**METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM
STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2008

(With comparative figures for the year ended December 31, 2007)

(In Thousand Pesos)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection from DMCI due to DCRA exit	3,335,874	-
Collection of concession fee	1,925,816	1,590,581
Collection of penalty interest from MWSI	83,319	347,694
Collection of water accounts (prior years and raw water)	67,929	46,751
Collection from rentals of leased properties	63,778	47,537
Collection from MWCI-BNP-AQ6	55,824	29,986
Collection of financial bids by DMCI-MPIC	-	2,894,984
Other collections	272,760	251,007
Payment of borrowing cost	(666,308)	(764,594)
Payment of operating expenses	(416,294)	(498,603)
Other expenditures	(384,570)	(821,385)
Net cash provided from operating activities	4,338,128	3,123,958
CASH FLOWS FROM INVESTING ACTIVITIES		
Matured investments	259,508	-
Investments in bonds	(225,977)	(565,422)
Investments in special reserve fund	(19,916)	(18,099)
Capital expenditures	(12,089)	(80,030)
Net cash provided from (used in) investing activities	1,526	(663,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	6,050	227,224
Debt servicing	(1,607,094)	(3,345,915)
Payment of prior year's dividends to National Government	(51,695)	(84,482)
Net cash used in financing activities	(1,652,739)	(3,203,173)
Effects of exchange rate changes on cash and cash equivalents	529,573	(360,564)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,216,488	(1,103,330)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,375,084	3,478,414
CASH AND CASH EQUIVALENTS AT END OF YEAR	5,591,572	2,375,084

See accompanying Notes to Financial Statements

Schedule A

**METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM
PERSONAL SERVICES**

For the Year Ended December 31, 2008

(With comparative figures for the year ended December 31, 2007)

(In Thousand Pesos)

	2008	2007
Salaries and wages - regular	43,958	41,156
Salaries and wages - contractual	5,618	7,362
Additional compensation	4,020	4,289
PERA	1,660	1,750
Representation allowance	8,730	8,715
Transportation allowance	1,565	941
Clothing allowance	970	986
Year end bonus	7,909	11,734
Other bonuses and allowances	55,090	27,234
Longevity pay	5,609	5,291
Cash gift/13th month pay	3,652	3,709
Hazard pay	2,808	4,414
Overtime and night pay	536	1,273
Honoraria	2,754	3,156
Life and retirement insurance contributions	5,208	5,675
PHILHEALTH contributions	538	527
ECC contributions	246	278
Pag-IBIG contributions	233	280
Terminal leave benefits	1,565	1,290
Provident fund benefits	2,749	10,214
Other personnel benefits	48,715	56,478
TOTAL	204,133	196,752

See accompanying Notes to Financial Statements.

Schedule B

**METROPOLITAN WATERWORKS & SEWERAGE SYSTEM
MAINTENANCE AND OTHER OPERATING EXPENSES**

For the Year Ended December 31, 2008

(With comparative figures for the year ended December 31, 2007)

(In Thousand Pesos)

	2008	2007
Taxes, duties and licenses	22,127	24,211
Security services	21,373	16,661
Survey expenses	21,116	6,762
Electricity expenses	16,185	15,731
Consultancy services	13,911	16,613
Extraordinary and miscellaneous expenses	13,102	32,170
Auditing services	10,724	5,789
Repairs and maintenance	6,493	3,045
Donations	5,535	2,673
Insurance expenses	4,920	3,735
Gasoline, oil and lubricants	3,968	4,809
Other professional services	3,717	3,669
Janitorial services	3,703	3,590
Communication expense	3,193	3,112
Training expenses	2,059	3,417
Office supplies expense	2,050	1,813
Representation expenses	1,354	1,379
Advertising expenses	1,265	1,268
Other supplies expenses	1,101	867
Rent expense	673	608
Travelling expenses	619	860
Drugs and medicines expenses	194	1,187
Legal services	179	735
Medical, dental and laboratory supplies expense	163	61
Water expenses	142	189
Subscription expenses	100	9
Fidelity bond premiums	98	95
Environmental/sanitary services	97	101
Printing and binding expenses	22	114
Membership dues and contributions to org.	9	95
Postage and deliveries	2	7
Confidential expenses	-	227
Other maintenance and operating expenses	106,984	89,403
TOTAL	267,178	245,005

See accompanying Notes to Financial Statements.