



**Republic of the Philippines**  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City  
**CORPORATE GOVERNMENT SECTOR**  
**CLUSTER A - FINANCIAL**

**INDEPENDENT AUDITOR'S REPORT**

**The Board of Commissioners**  
Employees' Compensation Commission  
Makati City

We have audited the accompanying financial statements of the Employees' Compensation Commission, which comprise the balance sheet as at December 31, 2009, 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 notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 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 Employees' Compensation Commission as at December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

### **COMMISSION ON AUDIT**



**ANGELINA B. VILLANUEVA**  
Director III  
Cluster A – Financial  
Corporate Government Sector

April 15, 2010

**EMPLOYEES' COMPENSATION COMMISSION**  
**BALANCE SHEET**  
December 31, 2009  
(In Philippine Peso)

	Notes	2009	2008 (As Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	212,232,403	179,524,294
Receivables, net	4	44,490,824	43,035,939
Other current assets	5	591,933	492,447
		<u>257,315,160</u>	<u>223,052,680</u>
<b>Non-Current Assets</b>			
Investment property, net	6	12,126,212	13,723,454
Property and equipment, net	7	46,109,928	51,546,253
Other assets	8	434,074	401,448
		<u>58,670,214</u>	<u>65,671,155</u>
<b>TOTAL ASSETS</b>		<b><u>315,985,374</u></b>	<b><u>288,723,835</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Payables	9	17,277,262	18,313,660
Inter-agency payables		12,274	8,634
Other liabilities		468,530	372,216
		<u>17,758,066</u>	<u>18,694,510</u>
<b>TOTAL LIABILITIES</b>		<b><u>17,758,066</u></b>	<b><u>18,694,510</u></b>
<b>TOTAL EQUITY</b>		<b><u>298,227,308</u></b>	<b><u>270,029,325</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>315,985,374</u></b>	<b><u>288,723,835</u></b>

The Notes on pages 7 to 13 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENT OF INCOME AND EXPENSES**  
For the Year Ended December 31, 2009  
(In Philippine Peso)

	2009	2008 (As Restated)
<b>INCOME</b>		
Service income	75,683,660	74,120,900
Rent income	4,480,799	4,485,537
Interest income	4,460,755	3,502,728
Subsidy from other funds-ILO	241,435	-
Dividend income	1,050	2,100
Miscellaneous income	53,598	50,543
<b>TOTAL INCOME</b>	<b>84,921,297</b>	<b>82,161,808</b>
<b>EXPENSES</b>		
<b>Personal Services</b>		
Other compensation	12,991,554	10,909,816
Salaries and wages	12,891,797	12,903,690
Personnel benefits contribution	1,846,915	1,828,976
Other personnel benefits	2,709,454	5,366,384
	30,439,720	31,008,866
<b>Maintenance and Other Operating Expenses</b>		
Dpreciation expense	8,452,752	8,268,987
Professional/other services	6,212,376	6,016,696
Utility expenses	2,407,882	2,470,608
Advertising expenses	1,741,943	724,507
Training and scholarship expenses	1,715,703	2,032,166
Communications expenses	1,670,935	1,519,301
Supplies and materials expenses	990,829	1,380,344
Travelling expenses	930,372	931,710
Repairs and maintenance	748,803	1,120,338
Confidential, intelligence and miscellaneous expenses	737,621	832,853
Taxes, insurance premiums and other fees	150,913	158,679
Subsidies and donations	27,900	25,000
Others	489,018	314,295
	26,277,047	25,795,484
Loss on disposal of other assets	6,547	-
<b>TOTAL EXPENSES</b>	<b>56,723,314</b>	<b>56,804,350</b>
<b>NET INCOME</b>	<b>28,197,983</b>	<b>25,357,458</b>

The Notes on pages 7 to 13 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION**  
**STATEMENT OF CHANGES IN EQUITY**  
For the Year Ended December 31, 2009  
(In Philippine Peso)

	Note	Current Surplus	Invested Surplus	Contingent Surplus	Total
Balance, January 1, 2008 as restated		243,332,521	1,271,194	68,152	244,671,867
Net income as restated		25,357,458	-	-	25,357,458
<b>Balance, December 31, 2008 as restated</b>	10	<b>268,689,979</b>	<b>1,271,194</b>	<b>68,152</b>	<b>270,029,325</b>
Balance at January 1, 2009 as restated		268,689,979	1,271,194	68,152	270,029,325
Net income		28,197,983	-	-	28,197,983
<b>Balance, December 31, 2009</b>		<b>296,887,962</b>	<b>1,271,194</b>	<b>68,152</b>	<b>298,227,308</b>

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**EMPLOYEES' COMPENSATION COMMISSION**  
**CASH FLOW STATEMENT**  
For the Year Ended December 31, 2009  
(In Philippine Peso)

	Note	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt of loading fund from the SSS and GSIS		73,735,570	60,185,402
Collection of receivables (tenants/employees)		8,314,701	8,257,121
Return of cash advance		537,333	421,065
Cash receipts from International Labor Organization		241,435	-
Cash receipt from bidders		209,227	208,424
Cash receipts from overpayments/disallowance		37,283	119,359
Collection from sale of bid forms		32,000	33,500
Receipt from employees' personal calls		3,405	17,222
Cash receipts (miscellaneous)		3,074	54,297
Dividend - PLDT		1,050	2,100
Others		554	754
Payments to suppliers and employees		(53,485,027)	(50,603,929)
<b>Net cash provided by operating activities</b>		<b>29,630,605</b>	<b>18,695,315</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned on time deposits		4,230,807	3,340,590
Collection of receivables - LOI 1318		75,213	381,797
Interest from notes receivable		167,889	190,653
Interest earned on savings deposits		62,059	63,298
Purchase of equipment		(1,458,464)	(2,838,214)
<b>Net cash provided by investing activities</b>		<b>3,077,504</b>	<b>1,138,124</b>
<b>Net increase(decrease) in cash</b>		<b>32,708,109</b>	<b>19,833,439</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>179,524,294</b>	<b>159,690,855</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>3</b>	<b>212,232,403</b>	<b>179,524,294</b>

The Notes on pages 7 to 13 form part of these financial statements.