



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

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 (ECC), which comprise the statement of financial position as at December 31, 2010, 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 Financial Reporting 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 International 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ECC as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

COMMISSION ON AUDIT


DELIA D. AGATEP
Supervising Auditor

March 29, 2011

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF FINANCIAL POSITION

December 31, 2010

(In Philippine Peso)

	Note	2010	2009 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	3	235,398,102	212,232,403
Receivables, net	4	27,461,561	26,937,394
Other current assets	5	861,116	591,933
		263,720,779	239,761,730
Non-Current Assets			
Investment property	6	2,500,000	2,500,000
Property and equipment, net	7	52,615,707	55,736,140
Other assets	8	226,692	434,074
		55,342,399	58,670,214
TOTAL ASSETS		319,063,178	298,431,944
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	9	22,950,038	19,997,707
Inter-agency payables	9	314,801	12,274
Other liabilities	9	518,387	468,530
TOTAL LIABILITIES	9	23,783,226	20,478,511
EQUITY		295,279,952	277,953,433
TOTAL LIABILITIES AND EQUITY		319,063,178	298,431,944

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

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2010
(In Philippine Peso)

	2010	2009 (As Restated)
INCOME		
Service income	66,451,000	58,130,230
Interest income	5,286,027	4,460,755
Rent income	4,688,476	4,480,799
Dividend income	1,050	1,050
Subsidy from other funds	-	241,435
Miscellaneous income	38,866	53,598
TOTAL INCOME	76,465,419	67,367,867
EXPENSES		
Personal Services		
Salaries and wages	14,676,364	12,891,797
Personnel benefits contribution	2,065,205	1,846,915
Other compensation	11,589,946	12,991,554
Other personnel benefits	3,360,587	5,429,899
	31,692,102	33,160,165
Maintenance and Other Operating Expenses		
Depreciation expense	8,512,720	8,452,752
Professional/other services	6,558,533	6,212,376
Utility expenses	2,583,699	2,407,882
Training and scholarship expenses	1,787,559	1,715,703
Communications expenses	1,411,188	1,670,935
Advertising expenses	1,323,727	1,741,943
Travelling expenses	1,224,286	930,372
Supplies and materials expenses	1,136,181	990,829
Repairs and maintenance	1,079,059	748,803
Confidential, intelligence and miscellaneous expenses	644,383	737,621
Taxes, insurance premiums and other fees	162,407	150,913
Subsidies and donations	103,426	27,900
Others	634,541	489,018
	27,161,709	26,277,047
Loss on disposal of other assets	285,089	6,547
TOTAL EXPENSES/LOSS	59,138,900	59,443,759
NET INCOME	17,326,519	7,924,108

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, 2010
(In Philippine Peso)

	Note	Current Surplus	Invested Surplus	Contingent Surplus	Total
Balance at January 1, 2010 as restated	10	276,614,087	1,271,194	68,152	277,953,433
Net income		17,326,519	-	-	17,326,519
Balance, December 31, 2010	10	293,940,606	1,271,194	68,152	295,279,952

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

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010
(In Philippine Peso)

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of loading fund from the SSS and GSIS		65,732,458	73,735,570
Collection of receivables		9,779,768	8,314,701
Return of cash advance		394,488	537,333
Cash receipt from bidders		135,998	209,227
Collection from sale of bid forms		38,000	32,000
Cash receipts from overpayments/disallowance		3,933	37,283
Dividend		1,050	1,050
Receipt from employees' personal calls		728	3,405
Miscellaneous cash receipts		92,014	3,074
Others		335	554
Cash receipts from International Labor Organization		-	241,435
Payments to suppliers and employees		(52,743,313)	(53,485,027)
Net cash provided by operating activities		23,435,459	29,630,605
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on time deposits		5,179,941	4,230,807
Interest earned on savings deposits		106,086	62,059
Collection of receivables - LOI 1318		-	75,213
Interest from notes receivable		-	167,889
Purchase of equipment		(5,555,787)	(1,458,464)
Net cash (used in)/provided by investing activities		(269,760)	3,077,504
NET INCREASE IN CASH		23,165,699	32,708,109
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3	212,232,403	179,524,294
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	235,398,102	212,232,403

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