



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, 2011, 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, 2011, 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, 2012

**EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF FINANCIAL POSITION**

December 31, 2011

(In Philippine Peso)

	Note	2011	2010
ASSETS			
Current Assets			
Cash and cash equivalents	2.2; 3	257,015,519	235,398,102
Receivables, net	2.3; 4	26,553,240	27,461,561
Other current assets	5	735,432	861,116
		<u>284,304,191</u>	<u>263,720,779</u>
Non-Current Assets			
Investment property	6	2,500,000	2,500,000
Property and equipment, net	7	44,513,764	52,615,707
Other assets	8	226,692	226,692
		<u>47,240,456</u>	<u>55,342,399</u>
TOTAL ASSETS		<u>331,544,647</u>	<u>319,063,178</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	9	25,812,601	22,950,038
Inter-agency payables	9	59,136	314,801
Other liabilities	9	564,033	518,387
		<u>26,435,770</u>	<u>23,783,226</u>
TOTAL LIABILITIES		<u>26,435,770</u>	<u>23,783,226</u>
EQUITY		<u>305,108,877</u>	<u>295,279,952</u>
TOTAL LIABILITIES AND EQUITY		<u>331,544,647</u>	<u>319,063,178</u>

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, 2011

(In Philippine Peso)

	2011	2010
INCOME		
Service income	65,633,548	66,451,000
Rent income	6,239,462	4,688,476
Interest income	4,504,336	5,286,027
Dividend income	-	1,050
Miscellaneous income	1,063,067	38,866
TOTAL INCOME	77,440,413	76,465,419
EXPENSES		
Personal Services		
Salaries and wages	16,497,323	14,676,364
Personnel benefits contribution	2,313,222	2,065,205
Other compensation	12,199,586	11,589,946
Other personnel benefits	4,834,771	3,360,587
	35,844,902	31,692,102
Maintenance and Other Operating Expenses		
Depreciation expense	8,621,762	8,512,720
Professional/other services	7,733,898	6,558,533
Advertising expenses	2,993,275	1,323,727
Utility expenses	2,672,495	2,583,699
Training and scholarship expenses	2,407,089	1,787,559
Travelling expenses	1,755,724	1,224,286
Communications expenses	1,576,856	1,411,188
Supplies and materials expenses	1,434,041	1,136,181
Repairs and maintenance	1,066,453	1,079,059
Confidential, intelligence and miscellaneous expenses	445,546	644,383
Subsidies and donations	241,500	103,426
Taxes, insurance premiums and other fees	157,521	162,407
Others	660,426	634,541
	31,766,586	27,161,709
TOTAL EXPENSES	67,611,488	58,853,811
NET INCOME	9,828,925	17,611,608
Other Comprehensive Income		
Loss on disposal of other assets	-	285,089
COMPREHENSIVE INCOME	9,828,925	17,326,519

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, 2011
(In Philippine Peso)

	Note	Current Surplus	Invested Surplus	Contingent Surplus	Total
Balance at January 1, 2011, as restated	10	293,940,606	1,271,194	68,152	295,279,952
Comprehensive income		9,828,925	-	-	9,828,925
Balance, December 31, 2011	10	303,769,531	1,271,194	68,152	305,108,877

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, 2011
(In Philippine Peso)

	Note	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of loading fund from the SSS and GSIS		65,878,813	65,732,458
Collection of receivables		10,342,833	9,779,768
Return of cash advance		527,971	394,488
Cash receipt from bidders		216,961	135,998
Cash receipts from overpayments/disallowance		79,832	3,933
Collection from sale of bid forms		73,000	38,000
Dividend		-	1,050
Receipt from employees' personal calls		-	728
Miscellaneous cash receipts		-	92,014
Payments to suppliers and employees		(61,248,670)	(52,743,313)
Others		314	335
Net cash provided by operating activities		15,871,054	23,435,459
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on time deposits		6,173,789	5,179,941
Interest earned on savings deposits		68,035	106,086
Collection of receivables - LOI 1318		26,722	-
Purchase of equipment		(519,820)	(5,555,787)
Net cash (used in)/provided by investing activities		5,748,726	(269,760)
NET INCREASE IN CASH		21,619,780	23,165,699
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		235,395,739	212,232,403
CASH AND CASH EQUIVALENTS AT END OF YEAR		257,015,519	235,398,102

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