



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, 2012, and the statement of profit or loss, 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

COMMISSION ON AUDIT


ELENITA D.V. LUMONGSOD
Supervising Auditor

March 29, 2013

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

December 31, 2012
(In Philippine Peso)

	Note	2012	2011 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	3	304,933,481	257,015,519
Receivables, net	2.5, 4	8,236,975	26,553,240
Other current assets	2.6, 5	631,534	735,432
		313,801,990	284,304,191
Non-Current Assets			
Investment property	6	167,483	-
Property and equipment, net	2.7, 7	41,567,584	44,513,764
Other assets	8	2,965,789	2,726,692
		44,700,856	47,240,456
TOTAL ASSETS		358,502,846	331,544,647
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	9	34,227,266	25,812,601
Inter-agency payables		212,522	59,136
Other liabilities		350,162	564,033
TOTAL LIABILITIES		34,789,950	26,435,770
EQUITY		323,712,896	305,108,877
TOTAL LIABILITIES AND EQUITY		358,502,846	331,544,647

The Notes on pages 7 to 16 form part of these financial statements.

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF PROFIT OR LOSS
For the Year Ended December 31, 2012
(In Philippine Peso)

	Note	2012	2011
INCOME	2.8		
Service income		80,954,000	65,633,548
Interest income		6,680,035	4,504,336
Rent income		5,554,046	6,239,462
Miscellaneous income		36,413	1,063,067
		93,224,494	77,440,413
EXPENSES	2.9		
Personal Services			
Salaries and wages		19,281,342	16,497,323
Personnel benefits contribution		2,717,850	2,313,222
Other compensation		10,178,779	12,199,586
Other personnel benefits		5,484,342	4,834,771
		37,662,313	35,844,902
Maintenance and Other Operating Expenses			
Depreciation expense		10,228,742	8,621,762
Professional/other services		9,128,562	7,733,898
Training and scholarship expenses		3,391,519	2,407,089
Advertising expenses		2,714,967	2,993,275
Utility expenses		2,487,176	2,672,495
Travelling expenses		2,179,772	1,755,724
Communications expenses		1,442,624	1,576,856
Repairs and maintenance		1,236,483	1,066,453
Supplies and materials expenses		1,208,179	1,434,041
Confidential, intelligence and miscellaneous expenses		514,921	445,546
Taxes, insurance premiums and other fees		271,981	157,521
Subsidies and donations		171,000	241,500
Others		1,982,236	660,426
		36,958,162	31,766,586
		74,620,475	67,611,488
NET PROFIT		18,604,019	9,828,925

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EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2012
(In Philippine Peso)

	Current Surplus	Invested Surplus	Contingent Surplus	Total
Balance at January 1, 2011	293,940,606	1,271,194	68,152	295,279,952
Net profit	9,828,925	-		9,828,925
Balance at January 1, 2012	303,769,531	1,271,194	68,152	305,108,877
Net profit	18,604,019	-	-	18,604,019
Balance, December 31, 2012	322,373,550	1,271,194	68,152	323,712,896

The Notes on pages 7 to 16 form part of these financial statements.

**EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2012

(In Philippine Peso)

	Note	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of loading fund from the SSS and GSIS		100,644,036	65,878,813
Collection of receivables		8,853,255	10,342,833
Return of cash advance		578,739	527,971
Cash receipts from overpayments/disallowance		260,918	79,832
Cash receipts from bidders		89,039	216,961
Interest earned on savings deposits		41,015	68,035
Collection from sale of bid forms		36,100	73,000
Miscellaneous cash receipts		5,950	-
Payments to suppliers		(31,515,246)	(29,727,048)
Payments to employees		(30,226,967)	(31,521,622)
Others		313	314
Net cash provided by operating activities		48,767,152	15,939,089
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on time deposits		6,639,019	6,173,789
Collection of receivables - LOI 1318		33,450	26,722
Building renovation		(5,399,999)	-
Purchase of equipment		(2,121,660)	(519,820)
Net cash (used in)/provided by investing activities		(849,190)	5,680,691
NET INCREASE IN CASH		47,917,962	21,619,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		257,015,519	235,395,739
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	304,933,481	257,015,519

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