



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, 2013, 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.

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
EMPLOYMENT COMPENSATION COMMISSION
1001 S. O. R. St. C. I. Road, Manila, Philippines


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ECC as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulation No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 13 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion the information is fairly stated, in all material respects, in the basic financial statements taken as a whole.

COMMISSION ON AUDIT


ROCHIE J. FELICES
Officer-in-Charge
Supervising Auditor

March 31, 2013



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
EMPLOYEES' COMPENSATION COMMISSION
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Employees' Compensation Commission (ECC) is responsible for all information and representations contained in the Financial Statements for Calendar Year 2013. The financial statements have been prepared in conformity with generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate considerations to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities recognized.


MARIA TERESA M. URBANO
Chief, Finance Division


STELLA ZIPAGAN-BANAWIS
Executive Director

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF FINANCIAL POSITION

December 31, 2013
(In Philippine Peso)

	Note	2013	2012
ASSETS			
Current Assets			
Cash and cash equivalents	3	330,730,547	304,933,481
Receivables	2.5, 4	11,380,935	3,231,952
Other current assets	5	714,538	631,534
		342,826,020	308,796,967
Non-current Assets			
Receivables, net	2.5, 4	5,329,254	5,005,023
Investment property	6	167,483	167,483
Property and equipment, net	2.7, 7	31,991,059	41,567,584
Other assets	8	3,088,564	2,965,789
		40,576,360	49,705,879
TOTAL ASSETS		383,402,380	358,502,846
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable - trade	2.8, 9	1,505,072	1,666,403
Due to officers and employees		146,402	1,408,088
Inter-agency payables		48,832	212,522
Other liabilities		5,297,758	5,052,798
		6,998,064	8,339,811
Non-current Liabilities			
Leave benefits payable	2.8, 9	11,468,938	10,728,237
Accounts payable - trade		949,175	674,625
Due to officers and employees		114,289	113,669
Other liabilities		19,961,224	14,933,608
		32,493,626	26,450,139
TOTAL LIABILITIES		39,491,690	34,789,950
EQUITY		343,910,690	323,712,896
TOTAL LIABILITIES AND EQUITY		383,402,380	358,502,846

The Notes on pages 7 to 18 form part of these financial statements.

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012
INCOME			
	2.9		
Service income		90,388,000	80,954,000
Rent income		6,317,027	5,554,046
Interest income		3,759,107	6,680,035
Miscellaneous income		34,313	36,413
		100,498,447	93,224,494
EXPENSES			
	2.10		
Personal Services			
Salaries and wages		20,372,931	19,281,342
Other compensation		14,265,887	10,178,779
Personnel benefits contribution		2,883,465	2,717,850
Other personnel benefits		3,320,111	5,484,342
		40,842,394	37,662,313
Maintenance and Other Operating Expenses			
Depreciation expense		11,368,721	10,228,742
Professional/other services		10,689,409	9,128,562
Training expenses		5,795,130	3,391,519
Utilities expenses		2,620,769	2,487,176
Travelling expenses		2,130,033	2,179,772
Communications expenses		1,534,963	1,442,624
Supplies and materials expenses		1,231,142	1,208,179
Repairs and maintenance		1,132,337	1,236,483
Representation expenses		681,759	498,014
Advertising expenses		646,054	2,714,967
Printing and binding expenses		607,320	258,274
Extraordinary and miscellaneous expenses		512,080	514,921
Taxes, insurance premiums and other fees		106,042	271,981
Subsidies and donations		131,000	171,000
Transportation and delivery expenses		109,933	64,177
Membership dues and contribution to organizations		100,000	200,000
Subscription expenses		44,736	53,788
Rent expense		21,600	-
Other maintenance and other operating expenses		573,661	907,983
		40,036,689	36,958,162
		80,879,083	74,620,475
NET PROFIT		19,619,364	18,604,019

The Notes on pages 7 to 18 form part of these financial statements.

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2013
(In Philippine Peso)

	Current Surplus	Invested Surplus	Total
Balance, January 1	322,441,702	1,271,194	323,712,896
Prior period adjustments	578,430	-	578,430
Adjusted Balance, January 1	323,020,132	1,271,194	324,291,326
Net profit	19,619,364	-	19,619,364
Balance, December 31, 2013	342,639,496	1,271,194	343,910,690
Balance at January 1, 2012	303,837,683	1,271,194	305,108,877
Net profit	18,604,019	-	18,604,019
Balance at December 31, 2012	322,441,702	1,271,194	323,712,896

The Notes on pages 7 to 18 form part of these financial statements.

EMPLOYEES' COMPENSATION COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of loading fund from the SSS and GSIS		81,486,250	100,644,036
Collection of receivables from tenants		12,161,585	8,853,255
Return of cash advance		549,295	578,739
Cash receipts from bidders		186,200	89,039
Cash receipts from overpayments/disallowance		43,922	260,918
Collection from sale of bid forms		34,000	36,100
Interest earned on savings deposits		23,088	41,015
Miscellaneous cash receipts		7,338	6,263
Payments to suppliers		(34,431,835)	(31,515,246)
Payments to employees		(36,128,425)	(30,226,967)
Net cash provided by operating activities		23,931,418	48,767,152
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on time deposits		3,736,019	6,639,019
Collection of receivables - LOI 1318		44,600	33,450
Purchase of motor vehicle		(1,298,500)	-
Purchase of furniture, fixture and equipment		(616,471)	(2,121,660)
Building renovation		-	(5,399,999)
Net cash provided by (used in) investing activities		1,865,648	(849,190)
NET INCREASE IN CASH		25,797,066	47,917,962
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		304,933,481	257,015,519
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	330,730,547	304,933,481

The Notes on pages 7 to 18 form part of these financial statements.