



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

## **INDEPENDENT AUDITOR'S REPORT**

### **The Board of Trustees**

Philippine Rice Research Institute  
Maligaya, Science City of Munoz  
Nueva Ecija

### **Unmodified Opinion**

We have audited the financial statements of the Philippine Rice Research Institute, which comprise the Statement of Financial Position as of December 31, 2018, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows and Statement of Comparison of Budget and Actual Amounts for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Philippine Rice Research Institute as of December 31, 2018, and its financial performance, its cash flows, and its statement of comparison of budget and actual amounts for the year then ended in accordance with Philippine Public Sector Accounting Standards (PPSAS).

### **Basis for Unmodified Opinion**

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.


Those charged with governance are responsible for overseeing the financial reporting process of the PhilRice.

## **Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **COMMISSION ON AUDIT**

By:

  
**MADONNA S. ATENCION**  
OIC – Supervising Auditor

February 28, 2019

Philippine Rice Research Institute  
**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 For the Year Ended December 31, 2018  
*(With Comparative Figures for CY 2017)*

	<i>Notes</i>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Service and Business Income	3.12, 18 ₱	19,765,403.96 ₱	21,123,347.45
Shares, Grants and Donations	3.12, 19	94,125,922.84	17,989,713.72
<b>Total Revenue</b>		<b>113,891,326.80</b>	<b>39,113,061.17</b>
<b>Current Operating Expenses</b>			
Personnel Services	20	204,603,101.73	188,715,968.31
Maintenance and Other Operating Expenses	21	320,030,470.38	324,886,050.14
Financial Expenses	22	1,340,282.09	57,072.96
Non-Cash Expenses	3.7, 3.15, 23	49,386,366.64	61,852,648.68
<b>Total Current Operating Expenses</b>		<b>575,360,220.84</b>	<b>575,511,740.09</b>
<b>Surplus/(Deficit) from Current Operations</b>		<b>(461,468,894.04)</b>	<b>(536,398,678.92)</b>
Net Assistance/Subsidy (Financial Assistance/Subsidy /Contribution)	26	778,359,000.00	561,000,000.00
Other Non-Operating Income	24.1	4,109,429.91	7,462,409.69
Gains	24.2	7,947,183.46	930,382.31
Losses	25	(3,123,510.81)	(30,242.88)
<b>Net Surplus/(Deficit) for the Period</b>	<b>₱</b>	<b>325,823,208.52 ₱</b>	<b>32,963,870.20</b>

*\*The notes on pages 9 to 41 form part of these statements.*

Philippine Rice Research Institute  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 As at December 31, 2018  
*(With Comparative Figures for CY 2017)*

	<i>Notes</i>	<b>2018</b>	<b>2017</b>
<b>A S S E T S</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3.4, 6	₱ 1,390,104,785.98	₱ 1,221,500,836.15
Receivables	3.5, 7	297,597,851.52	247,354,723.06
Inventories	3.6, 8	100,754,363.12	94,442,476.27
Other Current Assets	9	113,285,724.79	28,883,210.70
<b>Total Current Assets</b>		<b>1,901,742,725.41</b>	<b>1,592,181,246.18</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3.7, 10	1,030,512,197.26	820,769,750.12
Biological Assets	11	3,377,330.80	3,377,330.80
<b>Total Non-Current Assets</b>		<b>1,033,889,528.06</b>	<b>824,147,080.92</b>
<b>Total Assets</b>		<b>2,935,632,253.47</b>	<b>2,416,328,327.10</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	3.8, 3.14, 12	510,749,291.79	314,197,037.50
Inter-Agency Payables	13	428,546,914.40	422,127,526.68
Intra-Agency Payables	14	115,865,128.80	87,900,159.57
Trust Liabilities	15	2,330,398.38	2,313,122.49
Deferred Credits	16	10,336,654.39	11,405,527.77
Other Payables	17	335,690,633.71	368,666,827.36
<b>Total Current Liabilities</b>		<b>1,403,519,021.47</b>	<b>1,206,610,201.37</b>
<b>Total Liabilities</b>		<b>1,403,519,021.47</b>	<b>1,206,610,201.37</b>
<b>Total Assets less Liabilities</b>		<b>₱ 1,532,113,232.00</b>	<b>₱ 1,209,718,125.73</b>
<b>NET ASSETS/EQUITY</b>			
Government Equity	28	₱ 1,532,113,232.00	₱ 1,209,718,125.73
<b>Total Net Assets/Equity</b>		<b>₱ 1,532,113,232.00</b>	<b>₱ 1,209,718,125.73</b>

*\*The notes on pages 9 to 41 form part of these statements.*

Philippine Rice Research Institute  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 As at December 31, 2018  
*(With Comparative Figures for CY 2017)*

NOTE*		Accumulated Surplus/(Deficit)	Government Equity	Total
<b>BALANCE AT JANUARY 1, 2017</b>		<b>₱ 739,373,811.63</b>	<b>₱ 467,101,414.48</b>	<b>₱ 1,206,475,226.11</b>
<b>ADJUSTMENTS:</b>				
Add/(Deduct):				
Changes in accounting policy	3.9, 3.16, 28	(296,963.79)	0.00	(296,963.79)
Prior period errors	3.9, 3.15, 3.16, 28	(21,056,895.24)	0.00	(21,056,895.24)
Other adjustments	3.9, 3.15, 3.16, 28	(8,367,111.55)	0.00	(8,367,111.55)
<b>RESTATED BALANCE AT JANUARY 1, 2017</b>		<b>709,652,841.05</b>	<b>467,101,414.48</b>	<b>1,176,754,255.53</b>
<b>Changes in Net Assets/Equity for CY 2017</b>				
Add/(Deduct):				
Surplus/(Deficit) for the period	3.12	32,963,870.20	0.00	32,963,870.20
Issuances of share capital		0.00	0.00	0.00
Additional capital from National Government		0.00	0.00	0.00
Other adjustments		0.00	0.00	0.00
<b>BALANCE AT DECEMBER 31, 2017</b>		<b>742,616,711.25</b>	<b>467,101,414.48</b>	<b>1,209,718,125.73</b>
<b>Changes in Net Assets/Equity for CY 2018</b>				
Add/(Deduct):				
Surplus/(Deficit) for the period	3.12	325,823,208.52	0.00	325,823,208.52
Issuances of share capital		0.00	0.00	0.00
Additional capital from National Government		0.00	0.00	0.00
Other adjustments		(3,428,102.25)	0.00	(3,428,102.25)
<b>BALANCE AT DECEMBER 31, 2018</b>		<b>₱ 1,065,011,817.52</b>	<b>₱ 467,101,414.48</b>	<b>₱ 1,532,113,232.00</b>

\*The notes on pages 9 to 41 form part of these statements.

Philippine Rice Research Institute  
**CONDENSED STATEMENT OF CASH FLOWS**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 For the Year Ended December 31, 2018  
 (With Comparative Figures for CY 2017)

	<i>Notes</i>	<b>2018</b>	<b>2017</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from Sale of Goods and Services	3.12, 18	₱ 4,554,316.09	₱ 14,982,354.55
Collection of Income/Revenues	3.12, 18	55,246,801.06	72,174,773.78
Receipt of Assistance/Subsidy from NG	26	778,359,000.00	561,000,000.00
Collection of Receivables	3.5, 7	20,735,074.44	56,965,252.54
Receipt of Inter-Agency Fund Transfers	3.8, 13	72,924,322.03	298,987,285.17
Receipt of Intra-Agency Fund Transfers	3.5, 7.3, 14	257,590,491.28	147,256,110.47
Other Receipts (Deferred Credits/payables)	16	61,600,609.27	165,957,594.61
<b>Total Cash Inflows</b>		<b>1,251,010,614.17</b>	<b>1,317,323,371.12</b>
Adjustments	5	463,885,471.97	33,379,706.33
<b>Adjusted Cash Inflows</b>		<b>1,714,896,086.14</b>	<b>1,350,703,077.45</b>
<b>Cash Outflows</b>			
Payment of Expenses	20,21,22	496,904,299.62	473,387,421.46
Purchase of Inventories	3.6, 8	44,687,948.37	23,842,432.60
Grant of Cash Advances	3.5	3,414,887.34	13,610,743.39
Prepayments	3.5, 9	27,080,261.78	2,829,562.03
Refund of Deposits (receivables)	3.5, 7, 9	77,542,015.21	1,213,916.98
Payment of Accounts Payable	3.8, 12	163,845,523.42	214,785,813.76
Remittance of Personnel Benefit			
Contributions and Mandatory Deductions	3.8, 13	108,140,801.20	83,099,581.72
Grant of Financial Assistance/Subsidy to	7.3	148,563,238.61	0.00
Release of Inter-Agency Fund Transfers	3.8, 7.2	46,836,343.59	248,759,724.71
Release of Intra-Agency Fund Transfers	3.8, 7.3	126,857,034.66	164,713,917.56
Other Disbursements	3.14, 3.15, 20-22	30,385,949.15	40,636,755.02
<b>Total Cash Outflows</b>		<b>1,274,258,302.95</b>	<b>1,266,879,869.23</b>
Adjustments	3.9, 3.16, 3.17	7,146,613.32	10,647,438.22
<b>Adjusted Cash Outflows</b>		<b>1,281,404,916.27</b>	<b>1,277,527,307.45</b>
<b>Net Cash Provided by Operating Activities</b>	27	<b>433,491,169.87</b>	<b>73,175,770.00</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase of Property & Equipment	3.7, 10	264,887,220.04	85,633,202.93
<b>Total Cash Outflows</b>		<b>264,887,220.04</b>	<b>85,633,202.93</b>
<b>Net Cash Used in Investing Activities</b>		<b>(264,887,220.04)</b>	<b>(85,633,202.93)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>168,603,949.83</b>	<b>(12,457,432.93)</b>
<b>Cash and Cash Equivalents, January 1</b>	3.4, 6	<b>1,221,500,836.15</b>	<b>1,233,958,269.08</b>
<b>Cash and Cash Equivalents, December 31</b>		<b>₱ 1,390,104,785.98</b>	<b>₱ 1,221,500,836.15</b>

\*The notes on pages 9 to 41 form part of these statements.

Philippine Rice Research Institute  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 As at December 31, 2018

PARTICULARS	Budgeted Amount		Actual Amounts on Comparable Basis	Difference in Final Budget and Actual	
	Original	Final			
Notes					
RECEIPTS					
Services and Business Income	3.12, 3.13, 18	P 47,731,000.00	P 23,874,833.87	P 23,874,833.87	P 0.00
Assistance and Subsidy Continuing Fund from Prior Years Subsidy/Income	3.12, 3.13	0.00	0.00	0.00	0.00
Subsidy from the National Government	26	778,359,000.00	778,359,000.00	778,359,000.00	0.00
Total Receipts		826,090,000.00	802,233,833.87	802,233,833.87	0.00
PAYMENTS					
Personnel Services	3.13, 20	232,329,000.00	206,957,208.99	204,603,101.73	2,354,107.26
Maintenance and Other Operating Expenses**	21, 22	332,770,000.00	327,367,211.88	321,370,752.47	5,996,459.41
Capital Outlay	3.7, 10	260,991,000.00	267,909,413.00	265,015,416.34	2,893,996.66
Total Payments		826,090,000.00	802,233,833.87	790,989,270.54	11,244,563.33
NET RECEIPTS/PAYMENTS	P	0.00	P 0.00	P 11,244,563.33	P (11,244,563.33)

\*The notes on pages 9 to 41 form part of these statements.

The notes referred were assumed.

\*\* Financial Expenses included in MOOE