



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
Brgy. Maimpis, City of San Fernando, Pampanga

## **INDEPENDENT AUDITOR'S REPORT**

### **The Board of Trustees**

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

### **Qualified Opinion**

We have audited the financial statements of the Philippine Rice Research Institute, which comprise the Statement of Financial Position as of December 31, 2022, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly in all material respects, the financial position of the Philippine Rice Research Institute as of December 31, 2022, 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 International Public Sector Accounting Standards (IPSAS).

### **Basis for Qualified Opinion**

As discussed in Part II of this report, there were material accounting errors and omissions that affected the fairness of presentation of the accounts in the financial statements as follows:

1. Erroneous recording of collections and elimination of reciprocal accounts which is not in accordance with Annex B, Section 3.2. of COA Circular No. 2020-002 overstated both Other Payables and Receivables accounts by ₱13,704,017.00.
2. Issued semi-expendable properties amounting to ₱121,000.00 were not expensed overstating inventories and MOOE by the same amount. Misclassification of inventories amounting to ₱18,875,295.17 misstated the presented Agricultural and Marine Supplies Inventory and Merchandise Inventory by the same amount in the Notes to Financial Statements. Errors in recording of inventories resulted in the

overstatement of Agricultural and Marine Supplies Inventory, and Accounts Payable accounts by ₱2,292,750.00 which is not in accordance with Revised Chart of Accounts of COA Circular No. 2020-002 and International Public Sector Accounting Standards (IPSAS) 1.

3. Various errors/omissions in the recording of PPE resulted to net overstatement of MOOE by ₱11,980,077.28, understatement of PPE by ₱14,688,307.09 and understatement of Accumulated Surplus/Deficit by ₱2,708,229.81.
4. The erroneous recognition of accounts payable amounting to ₱10,303,984.80 resulted in overstatement of Accounts Payable (AP) and understatement of Accumulated Surplus/(Deficit) account by the same amount.

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 qualified opinion.

### **Key Audit Matters**

Except for the matters described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

### **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 International Public Sector Accounting Standards, 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 Agency's financial reporting process.


### **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:



**MARK C. SILLORIQUEZ**  
OIC - Supervising Auditor

June 05, 2023

Philippine Rice Research Institute  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 As at December 31, 2022  
*(With Comparative Figures for CY 2021)*

	Notes	2022	2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3.4, 4 P	3,019,888,136.30 P	2,945,475,452.05
Receivables, Net	3.5, 5	311,872,688.57	302,823,529.11
Inventories	3.6, 6	669,121,301.32	985,502,536.87
Other Assets	7	27,301,874.07	33,601,960.16
<b>Total Current Assets</b>		<b>4,028,184,000.26</b>	<b>4,267,403,478.19</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment, Net	3.7, 8	1,124,049,664.36	1,180,419,325.40
Biological Assets	9	88,340.00	103,740.00
<b>Total Non-Current Assets</b>		<b>1,124,138,004.36</b>	<b>1,180,523,065.40</b>
<b>Total Assets</b>		<b>5,152,322,004.62</b>	<b>5,447,926,543.59</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	3.3b, 10	416,538,139.23	382,762,663.04
Inter-Agency Payables	3.3b, 11	318,493,476.36	370,207,857.59
Trust Liabilities	3.3b, 12	4,029,396.66	5,897,003.00
Deferred Credits/Unearned Income	3.3b, 13	17,666,593.43	29,574,937.93
Provisions	3.3b, 14	135,725,421.89	136,054,411.82
Other Payables	3.3b, 15	398,571,217.68	396,169,473.59
<b>Total Current Liabilities</b>		<b>1,291,024,245.25</b>	<b>1,320,666,346.97</b>
<b>Total Liabilities</b>		<b>1,291,024,245.25</b>	<b>1,320,666,346.97</b>
<b>Total Assets less Liabilities</b>		<b>3,861,297,759.37 P</b>	<b>4,127,260,196.62</b>
<b>NET ASSETS/EQUITY</b>			
Government Equity	25 P	3,861,297,759.37 P	4,127,260,196.62
<b>Total Net Assets/Equity</b>	<b>P</b>	<b>3,861,297,759.37 P</b>	<b>4,127,260,196.62</b>

*\*This statement should be read in conjunction with the accompanying notes.*



Philippine Rice Research Institute  
**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 For the Year Ended December 31, 2022  
*(With Comparative Figures for CY 2021)*

	<i>Notes</i>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Service and Business Income	<i>3.11, 16</i> P	209,361,078.35 P	161,371,408.20
<b>Total Revenue</b>		<b>209,361,078.35</b>	<b>161,371,408.20</b>
<b>Current Operating Expenses</b>			
Personnel Services	<i>17</i>	310,375,208.20	298,383,024.88
Maintenance and Other Operating Expenses	<i>18, 29</i>	3,182,123,021.03	2,413,513,633.19
Financial Expenses	<i>19</i>	-	61,220.00
Direct Costs	<i>20</i>	88,791,670.84	88,783,085.21
Non-Cash Expenses	<i>21</i>	97,159,389.25	91,982,739.62
<b>Total Current Operating Expenses</b>		<b>3,678,449,289.32</b>	<b>2,892,723,702.90</b>
<b>Surplus/(Deficit) from Current Operations</b>		<b>(3,469,088,210.97)</b>	<b>(2,731,352,294.70)</b>
Net Assistance/Subsidy (Financial Assistance/Subsidy /Contribution)	<i>23, 29</i>	3,731,204,437.51	3,764,759,690.84
Other Non-Operating Income	<i>22.1</i>	4,361,491.09	4,305,396.33
Gains	<i>22.2</i>	27,138.75	995.75
Losses	<i>22.3</i>	(1,564,104.71)	(599,945.33)
<b>Net Surplus/(Deficit) for the Period</b>	P	<b>264,940,751.67 P</b>	<b>1,037,113,842.89</b>

*\*This statement should be read in conjunction with the accompanying notes.*

**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**ALL FUNDS (Corporate, BDD and Trust Funds)**  
**For the Year Ended December 31, 2022**  
*(With Comparative Figures for CY 2021)*

NOTE*	Accumulated Surplus/(Deficit)	Government Equity	Total
<b>BALANCE AT JANUARY 1, 2021</b>	<b>₱ 2,291,388,926.23</b>	<b>₱ 454,886,063.22</b>	<b>₱ 2,746,274,989.45</b>
<b>ADJUSTMENTS:</b>			
Add/(Deduct):			
Prior Period Errors 3.8, 3.16, 25	1,175,850,231.05	0.00	1,175,850,231.05
Other Adjustments 3.8, 3.15, 3.16, 25	(813,062,276.07)	(18,916,590.70)	(831,978,866.77)
<b>RESTATED BALANCE AT JANUARY 1, 2021</b>	<b>2,654,176,881.21</b>	<b>435,969,472.52</b>	<b>3,090,146,353.73</b>
<b>Changes in Net Assets/Equity for CY 2021</b>			
Add/(Deduct):			
Surplus/(Deficit) for the period 24-25	1,037,113,842.89	0.00	1,037,113,842.89
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>3,691,290,724.10</b>	<b>435,969,472.52</b>	<b>4,127,260,196.62</b>
<b>Changes in Net Assets/Equity for CY 2022</b>			
Add/(Deduct):			
Surplus/(Deficit) for the period 24-25	264,940,751.67	0.00	264,940,751.67
Changes in Accounting Policy 3.8, 3.15, 25	(25,185,018.74)	0.00	(25,185,018.74)
Prior Period Errors 3.8, 3.16, 25	(4,893,393.89)	0.00	(4,893,393.89)
Other Adjustments 3.8, 3.15, 3.16, 25	(550,122,864.26)	49,298,087.97	(500,824,776.29)
<b>BALANCE AT DECEMBER 31, 2022</b>	<b>₱ 3,376,030,198.88</b>	<b>₱ 485,267,560.49</b>	<b>₱ 3,861,297,759.37</b>

\*This statement should be read in conjunction with the accompanying notes.

Philippine Rice Research Institute  
**CONDENSED STATEMENT OF CASH FLOWS**  
 ALL FUNDS (Corporate, BDD and Trust Funds)  
 For the Year Ended December 31, 2022  
 (With Comparative Figures for CY 2021)

	<i>Notes</i>	<b>2022</b>	<b>2021</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from Sale of Goods and Services	3.11, 16 P	132,847,492.18 P	107,831,074.87
Collection of Income/Revenues	3.11, 16, 22	72,789,172.66	49,205,598.58
Receipt of Assistance/Subsidy from NG	23	3,753,826,141.93	3,765,998,522.03
Collection of Receivables	3.5, 5.1, 5.4	30,003,139.18	13,407,748.99
Receipt of Inter-Agency Fund Transfers	5.2, 11	395,664,105.77	889,919,429.71
Receipt of Intra-Agency Fund Transfers	5.3	1,144,356,484.86	862,710,574.60
Trust Receipts	12	292,513,678.36	271,650,171.23
Other Receipts (Deferred Credits/payables)	13-14	1,960,327,904.03	2,749,747,634.97
<b>Total Cash Inflows</b>		<b>7,782,328,118.97</b>	<b>8,710,470,754.98</b>
Adjustments	3.8, 3, 14-15	4,546,616,427.80	2,609,790,857.28
<b>Adjusted Cash Inflows</b>		<b>12,328,944,546.77</b>	<b>11,320,261,612.26</b>
<b>Cash Outflows</b>			
Remittance to National Treasury		0.00	0.00
Payment of Expenses	17-20	4,382,794,339.36	2,727,334,044.98
Purchase of Inventories	3.6, 6	3,442,179,512.80	2,815,263,543.52
Grant of Cash Advances	3.5, 7	42,088,305.22	20,843,333.20
Prepayments	3.5, 7	464,358.26	-
Refund of Deposits (receivables)	3.5, 5, 7	2,000.00	86,207.18
Payment of Accounts Payable	10	389,673,616.33	1,027,334,953.28
Remittance of Personnel Benefit Contributions	3.13	102,367,556.48	116,964,493.02
Grant of Financial Assistance/Subsidy to Stations	5.3, 23	0.00	0.00
Release of Inter-Agency Fund Transfers	3.5, 5.2	442,662,438.41	367,853,930.73
Release of Intra-Agency Fund Transfers	3.5, 5.3	1,083,664,281.47	797,294,929.10
Other Disbursements	17-18	2,114,395,859.89	1,614,341,419.19
<b>Total Cash Outflows</b>		<b>12,000,292,268.22</b>	<b>9,487,316,854.20</b>
Adjustments	3.8, 3, 14-15	15,621,812.93	11,414,562.49
<b>Adjusted Cash Outflows</b>		<b>12,015,914,081.15</b>	<b>9,498,731,416.69</b>
<b>Net Cash Provided by Operating Activities</b>	24	<b>313,030,465.62</b>	<b>1,821,530,195.57</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Purchase of Property & Equipment	3.7, 8	0.00	33,497.00
<b>Cash Outflows</b>			
Purchase of Property & Equipment	3.7, 8	238,617,781.37	385,147,682.84
Purchase of Consumable Biological Assets	9	0.00	18,000.00
<b>Total Cash Outflows</b>		<b>(238,617,781.37)</b>	<b>(385,132,185.84)</b>
<b>Net Cash Used in Investing Activities</b>		<b>(238,617,781.37)</b>	<b>(385,132,185.84)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>74,412,684.25</b>	<b>1,436,398,009.73</b>
<b>Cash and Cash Equivalents, January 1</b>	3.4, 4	<b>2,945,475,452.05</b>	<b>1,509,077,442.32</b>
<b>Cash and Cash Equivalents, December 31</b>	3.4, 4 P	<b>3,019,888,136.30 P</b>	<b>2,945,475,452.05</b>

\*This statement should be read in conjunction with the accompanying notes.

Philippine Rice Research Institute  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
 ALL FUNDS (Corporate, BIDD and Trust Funds)  
 For the Year Ended December 31, 2022

PARTICULARS	Budgeted Amount		Actual Amounts on Comparable Basis	Difference in Final Budget and Actual	
	Original	Final			
Notes					
RECEIPTS					
Services and Business Income	3.11, 16 P	22,000,000.00 P	230,605,515.44 P	224,958,121.44 P	5,647,394.00
Assistance and Subsidy					
Continuing Fund from Prior Years Subsidy/Income	3.12, 3.13, 29	17,933,688.56	17,933,688.56	17,933,688.56	-
Subsidy from the National Government	23, 29	3,721,796,000.00	3,721,796,000.00	3,721,404,000.00	392,000.00
Other	22	-	3,261,235.85	3,261,235.85	-
Total Receipts		3,761,729,688.56	3,973,596,439.85	3,967,557,045.85	6,039,394.00
PAYMENTS					
Personnel Services	3.13, 17	276,728,000.00	302,856,546.50	310,362,208.20	(7,505,661.70)
Maintenance and Other					
Operating Expenses	18-19, 29	3,464,737,688.56	3,598,488,477.47	3,290,551,992.72	307,936,484.75
Capital Outlay	3.7, 8	20,264,000.00	17,643,291.52	17,643,291.52	-
Total Payments		3,761,729,688.56	3,918,988,315.49	3,618,557,492.44	300,430,823.05
NET RECEIPTS/PAYMENTS	P	- P	54,608,124.36 P	348,999,553.41 P	(294,391,429.05)

<sup>a</sup>This statement should be read in conjunction with the accompanying notes.