



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

***Report on the Audit of the Financial Statements***

**Opinion**

We have audited the financial statements of the Philippine Rice Research Institute, which comprise the Statement of Financial Position as of December 31, 2023, 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 *Bases 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, 2023, 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 (IPSASs).

**Bases for 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. Various errors/omissions in the recognition of Cash in Bank resulted to net understatement of Cash in Bank by ₱15,428,596.85, overstatement of non-cash assets by ₱16,112,406.85, understatement of Due from Other Funds by ₱1,000,000.00, and understatement of Accumulated Surplus/(Deficit) by ₱316,190.00.
2. Deficiencies in the recognition of transactions pertaining to Accounts Receivables (AR) resulting in the understatement of Accounts Receivable and Accumulated Surplus/Deficit by ₱2,982,692.41 and ₱1,467,340.75.
3. Recording errors in the Inventory accounts overstated both Inventory and Accumulated Surplus/Deficit accounts by ₱5,512,024.60.

4. Various errors/omissions in the recording of Property, Plant and Equipment (PPE) resulted to net understatement of Maintenance and Other Operating Expenses (MOOE) by ₱2,731,923.84, overstatement of PPE by ₱37,902,390.34 and understatement of Accumulated Surplus/Deficit by ₱261,029.42.

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 *Bases 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**

  
**TERESITA C. GUEVARRA**  
Supervising Auditor

April 25, 2024



**PHILIPPINE RICE RESEARCH INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION (All Funds)**  
**As at December 31, 2023 and 2022**  
(in Philippine Peso)

	<i>Notes</i>	<b>2023</b>	<b>2022</b>
<b>A S S E T S</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3.4, 4	<b>3,259,944,430.84</b>	3,019,888,136.30
Receivables, Net	3.5, 5	<b>363,257,751.73</b>	311,872,688.57
Inventories	3.6, 6	<b>625,026,519.87</b>	669,121,301.32
Other Assets	7	<b>21,295,175.72</b>	27,301,874.07
<b>Total Current Assets</b>		<b>4,269,523,878.16</b>	4,028,184,000.26
<b>Non-Current Assets</b>			
Property, Plant and Equipment, Net	3.7, 8	<b>1,085,816,850.11</b>	1,124,049,664.36
Biological Assets	9	<b>88,340.00</b>	88,340.00
<b>Total Non-Current Assets</b>		<b>1,085,905,190.11</b>	1,124,138,004.36
<b>Total Assets</b>		<b>5,355,429,068.27</b>	5,152,322,004.62
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	3.3b, 10	<b>545,467,273.91</b>	416,538,139.23
Inter-Agency Payables	3.3b, 11	<b>267,130,258.23</b>	318,493,476.36
Trust Liabilities	3.3b, 12	<b>4,098,945.69</b>	4,029,396.66
Deferred Credits/Unearned Income	3.3b, 13	<b>83,860,051.67</b>	17,666,593.43
Provisions	3.3b, 14	<b>135,928,210.59</b>	135,725,421.89
Other Payables	3.3b, 15	<b>421,285,219.72</b>	398,571,217.68
<b>Total Current Liabilities</b>		<b>1,457,769,959.81</b>	1,291,024,245.25
<b>Total Liabilities</b>		<b>1,457,769,959.81</b>	1,291,024,245.25
<b>Total Assets less Liabilities</b>		<b>3,897,659,108.46</b>	3,861,297,759.37
<b>NET ASSETS/EQUITY</b>			
Government Equity	25	<b>3,897,659,108.46</b>	3,861,297,759.37
<b>Total Net Assets/Equity</b>		<b>3,897,659,108.46</b>	<b>3,861,297,759.37</b>

*The notes on pages 9 to 49 form part of these financial statements.*

**PHILIPPINE RICE RESEARCH INSTITUTE**  
**STATEMENT OF FINANCIAL PERFORMANCE (All Funds)**  
**For the Years Ended December 31, 2023 and 2022**  
(in Philippine Peso)

	<i>Notes</i>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>			
Service and Business Income	3.11, 16	222,412,045.09	209,361,078.35
Shares, Grants and Donations	3.10, 17	2,281,582.06	0.00
<b>Total Revenue</b>		<b>224,693,627.15</b>	<b>209,361,078.35</b>
<b>Current Operating Expenses</b>			
Personnel Services	18	338,202,644.38	310,375,208.20
Maintenance and Other Operating Expenses	19	3,586,213,312.16	3,182,123,021.03
Direct Costs	20	151,272,685.86	88,791,670.84
Non-Cash Expenses	21	87,245,596.70	97,159,389.25
<b>Total Current Operating Expenses</b>		<b>4,162,934,239.10</b>	<b>3,678,449,289.32</b>
<b>Surplus/(Deficit) from Current Operations</b>		<b>(3,938,240,611.95)</b>	<b>(3,469,088,210.97)</b>
Net Assistance/Subsidy (Financial Assistance/Subsidy /Contribution)	23	4,561,827,458.99	3,731,204,437.51
Other Non-Operating Income	22.1	4,788,751.98	4,361,491.09
Gains	22.2	0.00	27,138.75
Losses	22.3, 22.4	(9,487,578.57)	(1,564,104.71)
Discounts and Rebates			
<b>Net Surplus/(Deficit) for the Period</b>		<b>618,888,020.45</b>	<b>264,940,751.67</b>

*The notes on pages 9 to 49 form part of these financial statements.*

**PHILIPPINE RICE RESEARCH INSTITUTE**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**For the Years Ended December 31, 2023 and 2022**  
(in Philippine Peso)

	NOTE*	Accumulated Surplus/(Deficit)	Government Equity	Total
<b>BALANCE AT JANUARY 1, 2022</b>		<b>3,691,290,724.10</b>	<b>435,969,472.52</b>	<b>4,127,260,196.62</b>
<b>ADJUSTMENTS:</b>				
Add/(Deduct):				
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>RESTATED BALANCE AT JANUARY 1, 2022</b>		<b>3,111,089,447.21</b>	<b>485,267,560.49</b>	<b>3,596,357,007.70</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
<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>
<b>Changes in Net Assets/Equity for CY 2023</b>				
Add/(Deduct):				
Surplus/(Deficit) for the period	24-25	618,888,020.45	0.00	618,888,020.45
Changes in Accounting Policy	3.8, 3.15, 25	0.00	0.00	0.00
Prior Period Errors	3.8, 3.16, 25	363,366,280.30	0.00	363,366,280.30
Other Adjustments	3.8, 3.15, 3.16, 25	(979,540,720.42)	33,647,768.76	(945,892,951.66)
<b>BALANCE AT DECEMBER 31, 2023</b>		<b>3,378,743,779.21</b>	<b>518,915,329.25</b>	<b>3,897,659,108.46</b>

*The notes on pages 9 to 49 form part of these financial statements.*



**PHILIPPINE RICE RESEARCH INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**As of December 31, 2023 and 2022**  
(in Philippine Peso)

	Notes	2023	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from Sale of Goods and Services	3.11, 16	197,887,467.23	132,847,492.18
Collection of Income/Revenues	3.11, 16, 22	23,509,165.88	72,789,172.66
Receipt of Assistance/Subsidy from NG	23	4,721,444,062.00	3,753,826,141.93
Collection of Receivables	3.5, 5.1, 5.4	68,846,591.53	30,003,139.18
Receipt of Inter-Agency Fund Transfers	5.2, 11	342,497,416.64	395,664,105.77
Receipt of Intra-Agency Fund Transfers	5.3	547,195,635.81	1,144,356,484.86
Trust Receipts	12	671,021,909.58	292,513,678.36
Other Receipts (Deferred Credits/payables)	13-14	775,833,580.97	1,960,327,904.03
<b>Total Cash Inflows</b>		<b>7,348,235,829.64</b>	<b>7,782,328,118.97</b>
Adjustments	3.8, 3.14-15	4,264,334,458.44	4,546,616,427.80
<b>Adjusted Cash Inflows</b>		<b>11,612,570,288.08</b>	<b>12,328,944,546.77</b>
<b>Cash Outflows</b>			
Remittance to National Treasury		0.00	0.00
Payment of Expenses	18-21	3,978,981,002.57	4,382,794,339.36
Purchase of Inventories	3.6, 6	4,015,404,180.03	3,442,179,512.80
Grant of Cash Advances	3.5, 7	47,435,546.99	42,088,305.22
Prepayments	3.5, 7	239,729.02	464,358.26
Refund of Deposits (receivables)	3.5, 5, 7	0.00	2,000.00
Payment of Accounts Payable	10	418,399,785.57	389,673,616.33
Remittance of Personnel Benefit	3.13	97,056,765.87	102,367,556.48
Grant of Financial Assistance/Subsidy to Stations	5.3, 23	0.00	0.00
Release of Inter-Agency Fund Transfers	3.5, 5.2	451,908,076.63	442,662,438.41
Release of Intra-Agency Fund Transfers	3.5, 5.3	752,896,771.64	1,083,664,281.47
Other Disbursements	18-19	1,473,852,272.74	2,114,395,859.89
<b>Total Cash Outflows</b>		<b>11,236,174,131.06</b>	<b>12,000,292,268.22</b>
Adjustments	3.8, 3.14-15	33,616,855.31	15,621,812.93
<b>Adjusted Cash Outflows</b>		<b>11,269,790,986.37</b>	<b>12,015,914,081.15</b>
<b>Net Cash Provided by Operating Activities</b>	24	<b>342,779,301.71</b>	<b>313,030,465.62</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Purchase of Property & Equipment		0.00	0.00
Receipt of Interest	3.7, 8	10,630.17	0.00
<b>Cash Outflows</b>			
Purchase of Property & Equipment	3.7, 8	102,733,654.18	238,617,781.37
Purchase of Consumable Biological Assets	9	0.00	0.00
<b>Total Cash Outflows</b>		<b>102,723,024.01</b>	<b>238,617,781.37</b>
<b>Net Cash Used in Investing Activities</b>		<b>102,723,024.01</b>	<b>238,617,781.37</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>240,056,277.70</b>	<b>74,412,684.25</b>
<b>Cash and Cash Equivalents, January 1</b>	3.4, 4	<b>3,019,888,153.14</b>	<b>2,945,475,452.05</b>
<b>Cash and Cash Equivalents, December 31</b>	3.4, 4	<b>3,259,944,430.84</b>	<b>3,019,888,136.30</b>

The notes on pages 9 to 49 form part of these financial statements.

PHILIPPINE RICE RESEARCH INSTITUTE  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
For the Year Ended December 31, 2023  
(in Philippine Peso)

PARTICULARS		Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
Notes					
RECEIPTS					
Services and Business Income Assistance and Subsidy	3.11, 16	29,847,394.00	251,174,824.30	244,609,424.72	6,565,399.58
Continuing Fund from Prior Years Subsidy/Income	3.12, 3.13, 29	18,079,501.99	18,079,501.99	18,079,501.99	0.00
Subsidy from the National Government	23, 29	4,580,912,000.00	4,608,712,000.00	4,545,692,258.01	63,019,741.99
Others	22	0.00	4,258,054.70	4,258,054.70	0.00
Total Receipts		4,628,838,895.99	4,882,224,380.99	4,812,639,239.42	69,585,141.57
PAYMENTS					
Personnel Services	3.13, 18	331,710,475.04	328,456,817.95	338,202,644.42	(9,745,826.47)
Maintenance and Other	19, 29	4,266,240,420.95	4,445,165,824.53	3,759,935,105.70	685,230,718.83
Operating Expenses					
Capital Outlay	3.7, 8	30,888,000.00	25,503,735.12	25,503,735.12	0.00
Total Payments		4,628,838,895.99	4,799,126,377.60	4,123,641,485.24	675,484,892.36
NET RECEIPTS/PAYMENTS		0.00	83,098,003.39	688,997,754.18	(605,899,750.79)

The notes on pages 9 to 49 form part of these financial statements.