



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS
Sugar Regulatory Administration
North Avenue, Quezon City

We have audited the accompanying financial statements of the **Sugar Regulatory Administration (SRA)**, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, 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 State accounting principles in the Philippines, 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 disclosure 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.

Basis for Qualified Opinion

As discussed in Item No. 2 of the Observations and Recommendations portion of the report, inclusion of various unserviceable property and equipment of P10.624 million and unaccounted discrepancy of P8.265 million between the book and inventory count balances rendered the year-end balance of Property, Plant and Equipment account inaccurate/ doubtful.

Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of SRA as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with State accounting principles.

COMMISSION ON AUDIT

Annie L. Recabo
ANNIE L. RECABO
State Auditor IV
OIC-Supervising Auditor
Audit Group C
Cluster 5-Agricultural and Natural Resources
Corporate Government Sector

May 26, 2014

SUGAR REGULATORY ADMINISTRATION
STATEMENT OF FINANCIAL POSITION

December 31, 2013
(In Philippine Peso)

	Note	2013	2012 (As restated)
ASSETS			
Current assets			
Cash	3	325,936,331	293,555,226
Short-term investments	4	31,545,483	31,362,381
Receivables - net	5	12,648,750	4,761,676
Prepaid expenses	6	4,050,876	3,613,504
		374,181,440	333,292,787
Property, plant and equipment - net	7	121,627,074	121,824,830
TOTAL ASSETS		495,808,514	455,117,617
LIABILITIES AND EQUITY			
Current liabilities			
Payables		5,518,781	7,563,228
Due to officers and employees		7,262,199	9,216,331
Due to government agencies	8	29,530,595	56,467,587
Due to National Sugar Trading Corporation (NASUTRA) creditors	9	16,549,224	16,549,224
Due to Liberty Aviation Corporation	10	4,527,586	4,527,586
Other current liabilities	11	46,571,124	16,774,594
		109,959,509	111,098,550
Equity	14,15	385,849,005	344,019,067
TOTAL LIABILITIES AND EQUITY		495,808,514	455,117,617

The Notes on pages 11 to 19 form part of these Financial Statements.

SUGAR REGULATORY ADMINISTRATION
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012 (As restated)
INCOME			
Monitoring fees		201,095,084	191,198,349
Clearance and certification fees		48,300,138	27,292,495
Permit fees		45,622,372	45,082,033
Stabilization fees		37,803,792	39,287,816
Rent income		35,619,719	31,720,893
Regular and swapping fees		29,212,046	48,962,567
Sale of sugar product		8,871,987	7,640,082
Registration fees		5,468,468	5,301,500
Special milling fee		3,778,962	3,929,388
Fines and penalties		2,981,748	2,754,319
Others		8,671,164	6,357,815
		427,425,480	409,527,257
EXPENSES			
	12; 13		
Personal services		246,831,840	233,023,428
Taxes, insurance premiums and other fees		31,284,549	32,596,797
Professional services		26,605,975	27,234,638
Depreciation		18,392,029	18,626,393
Utilities		11,441,733	12,358,415
Supplies		10,034,448	10,006,991
Local travel		9,979,398	9,297,696
Repairs and maintenance		3,753,446	5,739,931
Communication		2,835,789	2,905,927
Transportation and delivery		845,862	1,725,184
Other maintenance and other operating expenses (MOOE)		12,067,007	7,375,220
		374,072,076	360,890,620
INCOME FROM OPERATION		53,353,404	48,636,637
OTHER INCOME			
Gain on sale of property		8,367,984	5,969,858
Interest income		3,360,546	4,206,696
		11,728,530	10,176,554
NET INCOME AFTER TAX		65,081,934	58,813,191

The Notes on pages 11 to 19 form part of these Financial Statements.

SUGAR REGULATORY ADMINISTRATION
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012 (As restated)
GOVERNMENT CONTRIBUTION			
	14		
Balance at beginning of year		58,745,638	58,745,638
Donation of equipment		5,438,134	-
		64,183,772	58,745,638
RETAINED EARNINGS			
Balance at beginning of year	15	285,273,429	226,460,238
Net income after taxes		65,081,934	58,813,191
2012 Dividends remitted/paid to National Government during the year		(28,690,130)	-
		321,665,233	285,273,429
EQUITY		385,849,005	344,019,067

The Notes on pages 11 to 19 form part of these Financial Statements.

SUGAR REGULATORY ADMINISTRATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013
(In Philippine Peso)

	Note	2013	2012 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees and penalties received		378,119,398	261,032,087
Rent received		35,619,719	32,437,215
Performance bond received, net of refunds		19,610,444	-
Refund of light, water, telephone, etc.		13,542,256	15,015,395
Proceeds from sale of sugar products		7,843,211	6,456,830
Miscellaneous receipts		6,513,090	3,451,382
Receipts held in trust		4,726,553	120,898,150
Fund received from DAR for Block Farming Project		3,377,500	2,412,500
Fund received from DOST for Molecular Techniques Project		1,962,617	-
Payments to or on behalf of employees		(225,627,334)	(214,227,446)
Payments to or on behalf of suppliers and other claims		(77,585,139)	(81,482,913)
Payment/remittances of taxes due to BIR		(69,910,981)	(28,065,997)
Dividends paid to NG (BTr) for CY 2012		(28,690,130)	-
Disbursements/cash entrusted- NGOs paid from trust funds (NG)		(16,652,707)	(10,137,559)
Funds for the SRA-UPLBFI Joint Scholarship Grant Project (5-year) net of liquidation		(6,704,369)	-
Remittance to SMPF, SIFI, etc. of fees collected/held in trust		(5,335,172)	(24,356,025)
Payment of COLA to retired employees		(12,376)	(257,831)
Refund of fund received from Bureau of Agricultural Research (BAR)		(1,339)	-
Disbursements paid from funds held in trust		-	(2,908,642)
Net cash provided by operating activities		40,795,241	80,267,146
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property		7,817,362	5,969,858
Interest received		3,111,235	2,630,242
Dividends received		-	1,130
Payments for purchase of equipment		(19,342,733)	(16,873,361)
Net cash used in investing activities		(8,414,136)	(8,272,131)
NET INCREASE IN CASH		32,381,105	71,995,015
CASH AT BEGINNING OF YEAR		293,555,226	221,560,211
CASH AT END OF YEAR	3	325,936,331	293,555,226

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