



**COSMOPOLITAN CLIMBS  
LIFE PLAN INC.**

**2nd** *Annual  
Stockholder's  
Meeting*

**N-Hotel**

**April 16, 2018**

**Kauswagan Cagayan de Oro City**

**2017** *Annual  
Report*

# Who we are?



*The union of two well renowned institution CLIMBS life insurance cooperative and the Cosmopolitan the memorial services provider.*

*Giving assurance for the welfare of its people, CLIMBS life and general insurance cooperative the champion of micro and grassroots insurance continues to expand its horizon by listening to the growing demands and needs of its people.*

*CLIMBS Life & General Insurance Cooperative was founded by the late Atty. Mordino Cua and Atty. Aquilino Pimentel Sr., to provide social protection to the cooperative members. From humble beginnings to date, CLIMBS grew into a cooperative with assets worth 2.5 billion pesos, life confirmation of coverage of 3.6 million and non-life insurance of 39,609 policies (December 2016).*

*COSMOPOLITAN Memorial Chapel is the specialist in family care and service in times of need. Since 1950, Cosmopolitan has been the company of choice for people from around the world who expect world class comfort and care makes it more bearable in the most hurting time in the family. Increased the number of company branches at prime addresses in the country. To date, Cosmopolitan is located in over 20 different cities in the Philippines.*



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# *The Beginning*

**1st CLIMBS – Cosmo Preneed Forum  
May 24, 2016 Nhotel Cagayan de Oro City  
Attended 15 delegates from 8 Coop/Organization**



# The Launching



*Cosmopolitan CLIMBS Life Plan Inc. received the PRE-NEED LICENSE to sell from Insurance Commissioner Dennis B. Funa. The Certificate of Registration and License No. PN- 2017-19-0 issued last August 9, 2017.*





REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**INSURANCE COMMISSION**  
1071 United Nations Avenue, Ermita, Manila, Philippines

### MESSAGE OF THE COMMISSIONER



My warmest greetings to Cosmopolitan CLIMBS Life Plan, Inc. (CCLPI) on the occasion of its 2nd Annual Stockholders' Meeting.

This private-public partnership between Cosmopolitan Memorial Chapel and CLIMBS Life and General Insurance Cooperative is still very young, yet counting on the track record of the merging entities, we believe that CCLPI will go a long way in providing dignified but affordable pre-need plans to its plan holders.

As the pre-need industry continues to work hard to regain its financial health and public trust, we are carefully watching CCLPI, and how its presence would affect the industry. However, believing that the wide base of support enjoyed by CLIMBS Life and Gen. will spill over to CCLPI, we are confident that the latter will grow steadily fast.

In this important Stockholders' Meeting, I hope that you will be able to thresh out the company's birthing pains as well as formulate strategies that will help you meet your company's objectives. With your sustained commitment and sincerity to provide the best pre-need products and services, success cannot be far behind.

DENNIS B. FUNA  
Insurance Commissioner

**COSMOPOLITAN CLIMBS Life Plan Inc.**

*1st Annual  
General  
Assembly*

## 2018 LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

I begin this letter with a sense of gratitude and pride about Cosmopolitan Climbs Life Plan, Inc. Ours is an exceptional company with an extraordinary heritage and a promising future.

With 70 years of caring, Cosmopolitan Funeral Homes, Inc. has partnered with Climbs Life and General Insurance Cooperative, a 47 year old company. Together we are a 117 year old company with a tract record of dedication to the clients, communities and country we are serving while earning a fair return for our shareholders.




We want to share with you our fundamental management and decision-making approach so that you, our shareholders, may confirm that it is consistent with your investment philosophy:

- We will continue to focus relentlessly on our customers.
- We will continue to learn from both our successes and our failures.
- We will work hard to spend wisely and maintain our lean culture.
- We will balance our focus on growth with emphasis on long-term profitability and capital management. At this stage, we choose to prioritize growth because we believe that scale is central to achieving the potential of our business model.
- We will continue to focus on hiring and retaining versatile and talented employees, and marketing sales force.

With this foundation, we would like to turn to a review of our business focus, our initial progress in 2017, and our outlook for the future.

I feel enormously blessed to work for this great company. Thank you.

  
RENATO S. DYCHANGCO JR.  
Chairman

## *Chief Executive Officer's Message*



Success is the result of perseverance and selfless devotion of time and effort to accomplish goals. In this organization, it is recognized as a whole which is a result of unity, cooperation, camaraderie and faith among all the cooperators.

It is like a human body—we have brain as our goals and heart for compassion and love for our members. These two then empowers every part (different departments) of the whole body (the organization or cooperative, itself).

This is not only applicable for work but if we take time to ponder, this is happening in our daily lives. We all live with our personal goals which serve as the driving factor for us to work hard enough. This can be for ourselves, our family or friends. But whatever it may be, we must not forget to ask guidance and thank the Father Almighty for all the blessings he have endowed upon us all

On your 1st Annual General Assembly, in behalf of CLIMBS Life and General Insurance Cooperative, I whole-heartedly congratulate you. May the Almighty Father bless you more for your future endeavors as you go forth.

Mabuhay **COSMOPOLITAN-CLIMBS LIFE PLAN, INC.!**



**FERMIN L. GONZALES**  
CEO



## *President's Message*



CLIMBS Life and General Insurance Cooperative being the pioneer in grassroots insurance in the country, has marked another breakthrough by establishing a Pre-need company in partnership with Cosmopolitan Funeral Homes, Inc. With the union of two well-renowned institutions, is the birth of our Angelica Life Plan – indeed, the fruit of our labor. Angelica is a fixed-value life plan which provides prestigious and dignified burial services for the people. Angelica is now here to alleviate the financial burden especially in the marginalized sector of the society.

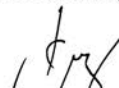
This humble concept of ours was based on the term insurance product namely Members Yearly Memorial Plan (MYMP), a funeral expense insurance that was first introduced to the market.

In order to become more relevant to our coop members and the general public, the plan has been improved and is significantly safer now because of the tighter regulations and closer monitoring by the government through the Insurance Commission. And with the existence of the Pre-Need Code, it safeguards and more stringent rules have been put in place.

With the synergy of CLIMBS together with its subsidiaries, affiliates, and partner mortuaries, I believe that we will be able to bridge the access to a decent yet affordable Angelica memorial service not only for the coop members but also the community in general despite the challenging industry of Pre-need. Thus, enabling products and services in order to protect life through Life Insurance, General Property Insurance, Hospitalization and Memorial Services.

Therefore, I am extending my warmest gratitude and salutations to all the stakeholders, consultants, management and staff in conceptualizing and making COSMO-CLIMBS Pre-need a reality and is now ready to be made known to the people and reap its benefits.

Let our Angelica be of great service to others. Thank you!

  
**Noel D. Raboy**  
President/COO

# Board of Directors



# Management Team



# CCLPI Dept/Section

## Admin Team



**Mea Anne Dyserie L. Ogsid**  
Executive Sec/Admin Officer

**Gabrielle Mari A. Gelido**  
Admin Assist/Cashier  
Luzon

**Sheila Marie Vallejos**  
Admin Assist/Cashier  
Visayas

**Jecthel P. Salac**  
Admin Assist/Acctg. Clerk  
Mindanao

## Accounting & Finance



**Junmar N. Verdejo, CPA**  
Bookkeeper/Accountant

**Shiela Mae A. Alindajao**  
Cashier

## Marketing Team



**Anthony Nicholas H. Alcantara**  
Marketing Officer

**Dolly Jane Argabio**  
Marketing Assistant

## IT Team



**Romeo U. Odarve**  
IT/EDP/Claims

**Gio A. Perez**  
IT/Claims

**Alvin J. Damasco**  
IT/Claims

# Marketing Activities



*ACDI April 04, 2018*



*San Fernando Lipa March 5, 2018*



*Product Presentation at San Fernando Funeral Homes in Lipa City, Batangas March 5, 2018*



*Atienza Funeral Homes March 10, 2018*



*Product Orientation at Cosmo-SF Tandang Sora March 19, 2018*



*Product Presentation at Cosmopolitan Araneta, QC March 26, 2018*



*Cooperative Union of Cavite 33rd Annual General Assembly, Tagaytay City Feb. 24, 2018*



*Meeting with DILG Coop Officers February 21, 2018*

*Luzon*



*Bayawan community mpc Product Orientation  
March 17, 2018*



*Mactan Island Multi-Purpose Coop. GA  
March 18, 2018*



*Nschwee Product Orientation  
February 24, 2018*



*Plicci General Assembly Product Orientation  
March 18, 2018*



*PACCI Product Orientation  
February 17, 2018*



*Cosmo Sales Cebu Product Orientation*



*Bohol Community MPC Product Orientation  
March 24*



*Nschwee Product Orientation February 24, 2018*



*PACCI March 18, 2018*



*Slencoop Product Orientation  
February 22, 2018*

# Visayas



*Philtown Trainings with 220 Attendees  
February 7, 2018*



*Signing Agency Agreement  
Diamond Agency February 7, 2018*



*Signing Agency Agreement  
Summit Gen. Agency February 7, 2018*



*OIC General Assembly Product Orientation  
March 4, 2018*



*Tagum Coop CAC Madeco  
Product Orientation*



*Madeco Product Orientation  
March 25, 2018*



*Madeco Product Orientation  
March 25, 2018*



*Madeco March 24, 2018  
Tagum CAC Main Building*



*Cosmo Iligan Product Orientation*



*Sales During OIC GA March 11, 2018*



*Cosmo Davao March 15, 2018*



*Cosmo Davao Product Orientation  
March 15, 2018*



*CLIMBS GAMS Product Orientation  
February 7, 2018*



*1st Outside Sale*



*Cosmo Davao*



*CCLPI Staff 1st General Meeting  
February 8, 2018*



*3 new sales*

# Mindanao

## ATTENDANCE

### Present:

Mr. Renato "Oly" Dychangco Jr.	-	Chairman
MGen. Gilbert S. Llanto	-	Vice-Chairman
Atty. Antonio Manuel S. Alcantara	-	Member
Mr. Alvin Yap Tan Unjo	-	Member
Mr. Exequiel Robles	-	Member
Engr. Ronald G. Chan	-	Member
Atty. Kerwin K. Tan	-	Member
Mr. Fermin L. Gonzales	-	Member/Chief Executive Officer/President
Mr. Mansueto V. Dela Peña	-	Member/Chief Marketing Officer

### Excused:

Mr. Napoleon Sentillas	-	Member
Mr. Ferdinand Matthew D. Reyes	-	Member
Mr. Augustus Ferreria	-	Member

### Also Present:

Mr. Noel D. Raboy	-	Chief Operations Officer
Atty. Daniel O. Evangelio, Jr.	-	Corporate Secretary, Board of Directors
Ms. Rosalina V. Bactol	-	Corporate Consultant
Ms. Mea anne Dyserie L. Ogsid	-	Admin/Cashier
Mr. Junmar N. Verdejo, CPA	-	Bookeeper/Accountant
Mr. William A. Owensby Jr.	-	Consultant
Mr. John Lerry Dionio	-	Consultant
Mr. Thamas Sorronda	-	Consultant

## I. CALL TO ORDER

The Chairman called the meeting to order at 9:00 O'clock in the morning after the opening prayer.

## II. APPROVAL OF THE AGENDA

The proposed agenda of the meeting are as follows:

- I. Call to Order / Preliminaries
- II. Approval of Agenda
- III. Management Report and Updates
- IV. New Business
- V. Resolution re-electing the incumbent directors and officers of the corporation and the Proposed Amendment for the change of the registered address from "CLIMBS Bldg., Upper Zone 5, National Highway, Brgy. Bulua, Cagayan de Oro City, Philippines



9000,” to conform to the actual address at : 4/F CLIMBS Building, Tiano Street corner Pacana Street, Barangay 11, Cagayan de Oro City, Philippines 9000

- VI. Other matters
- VII. Communications
- VIII. Adjournment

On Motion of Director Antonio Alcantara and duly seconded by Director Alvin Yap it was:

**Resolution No. 01, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, to approve the agenda of the 1<sup>st</sup> Stockholders Meeting for the year of March 2017.

UNANIMOUSLY APPROVED.

**III. MANAGEMENT REPORT AND UPDATES**

COO Noel D. Raboy gave the updates of the status of the registration of the corporation as well as the status of the requirements of the directors for submission to the Insurance Commission (IC)

**IV. NEW BUSINESS**

The chairman proceeded to item number V for the CCLPI's annual election of the Board of Directors and appointment of the officers. Director Alcantara moved for the retention/re-election of the chairman Renato Dychangco for the ensuing corporate year. It was seconded by Director Tan Unjo, thus, it was-

**Resolution No. 02, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, to approve the Re-Election of Board of Directors Chairman Renato “Oly” Dychangco of the Corporation.

UNANIMOUSLY APPROVED.

Director Alcantara likewise moved for the retention/re-election of the members of the board of directors, its Officers, and the existing Management set-up of the corporation. The motion was duly seconded by Director Tan Unjo, and it was-

**Resolution No. 03, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, to approve and confirmed the Re-Election of all Board of Directors, Officers and Management of the Corporation.

UNANIMOUSLY APPROVED.

Director Alcantara manifested for the new rank of the company's executive officers and Moved for the appointment of Noel D. Raboy as President and Chief Operation Officer of the corporation. The motion was duly seconded by Director Tan Unjo and, it was-

**Resolution No. 04, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, to approve the appointment of Noel D. Raboy as President and Chief Operations Officers of the Corporation.

UNANIMOUSLY APPROVED.

Director Alcantara further moved for the appointment of Mansueto V. Dela Pena as Vice-President and Chief Marketing Officer of the corporation. Being duly seconded and hearing no objection it was-

**Resolution No. 05, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, to approve the appointment of Mansueto V. Dela Peña as the Vice-President and Chief Marketing Officer of the corporation.

UNANIMOUSLY APPROVED.

Director Alcantara moved for the re-appointment of Mr. Fermin L. Gonzales as the Group's Chief Executive Officer of the corporation. The motion was seconded by Director Tan Unjo and there being no objection, it was-

**Resolution No. 06, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, to approve the Re-appointment of Fermin L. Gonzales as a Group Chief Executive Officer of the Corporation.

UNANIMOUSLY APPROVED.

The chairman proceeded to the same item about the need to change the registered address of the corporation in the Securities and Exchange Commission to the current address where it is actually holding its principal office address, thus, on Motion of Director Alcantara duly seconded by Director Tan Unjo, and there being objection, it was-

**Resolution No. 07, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, to approve the amendment of change in the principal office address from CLIMBS Bldg., Upper Zone 5, National Highway, Brgy. Bulua, Cagayan de Oro City, Philippines 9000 to **4/F CLIMBS Building, Tiano Street corner Pacana Street, Barangay 11, Cagayan de Oro City, Philippines 9000.**

RESOLVED FURTHER, that the Third Article of the Articles of Incorporation of the Corporation be and the same is hereby amended to read as follow:

THIRD: The place where the principal office of the corporation is to be established is at: 4/F CLIMBS Building, Tiano Street corner Pacana Street, Barangay 11, Cagayan de Oro City, Philippines 9000.

UNANIMOUSLY APPROVED.

**Resolution No. 08, Series of 2017**

**RESOLVED, AS IT IS HEREBY RESOLVED**, that the annual meeting of the shareholders for the election of directors and for the transaction of such other business as may come before the meeting be changed from first Monday of March of each year to last Friday of April each year.

“RESOLVED FURTHER, that Section 2 of the Third Article of the By-Laws of the Corporation (ARTICLE III: Meetings of Shareholders) be and the same is hereby amended to read as follows:

Section2. Annual Meetings.- The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may come before the meeting shall be held on the last Friday of April of each year.

UNANIMOUSLY APPROVED.

## VII. OTHER MATTERS

The Chair announced that there will be a Board of Directors meeting this coming April 3, 2017 at 3:00 pm to be held in Cebu City. Venue will be at ANZANI restaurant in Lahug, Cebu City.

## VIII. COMMUNICATIONS RECEIVED

The Chair asked for any communication received for the information of everybody. There was none so far.

## IX. ADJOURNMENT

There being no other matters to discuss, the meeting was adjourned at 11:15 am , on the motion of Director Tan Unjo duly seconded by Director Alcantara.

### Resolution No. 09, Series of 2017

**RESOLVED, AS IT IS HEREBY RESOLVED**, to adjourn the 1<sup>st</sup> Stockholder's meeting for the year of 2017 as there are no other matters to discuss.

UNANIMOUSLY APPROVED.

## CERTIFICATION

This is to certify that the aforementioned minutes of the 1st Stockholder's Meeting of Cosmopolitan Climbs Life Plan, Inc. (CCLPI) held on March 17, 2017 is true and correct.

  
**ATTY. DANIEL O. EVANGELIO, JR.**

*Secretary , Board of Directors*

  
**MR. RENATO "OLY" DYCHANGCO JR.**

*Chairman , Board of Directors*



# Cosmopolitan CLIMBS Life Plan Inc.

4/f CLIMBS Bldg Tiano-Pacana Sts., Cagayan de Oro City, Philippines 9000

Tel. No: (088) 880-1574, Hotline No: 0998 953 4937.

Email add: cclpi.preneed@gmail.com, Website: www.cclpi.com.ph

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Cosmopolitan CLIMBS Life Plan, Inc., is responsible for the preparation and fair presentation of its financial statements for the year ended December 31, 2017, in accordance with Philippine Financial Reporting Standards (PFRSs), 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.

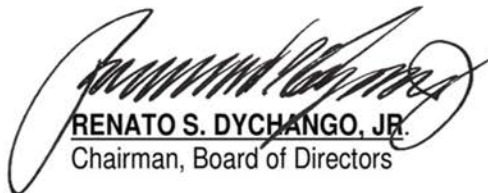
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing (as applicable) matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Quilab & Garsuta, CPAs, the independent auditors appointed by the Board of Directors for the period December 31, 2017, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors, have expressed their opinion on the fairness of presentation upon completion of such audit.

March 23, 2018, Cagayan de Oro City, Philippines.

  
**RENATO S. DYCHANGO, JR.**  
Chairman, Board of Directors

  
**NOEL D. RABOY**  
President/COO

  
**RONALD G. CHAN**  
Treasurer

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
**Cosmopolitan CLIMBS Life Plan, Inc.**

### Opinion

We have audited the financial statements of **Cosmopolitan CLIMBS Life Plan, Inc.**, which comprise the statement of financial position as at December 31, 2017, and the related statement of pre-operating expenses and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cosmopolitan CLIMBS Life Plan, Inc. as of December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSAs 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.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

As explained in Note 1 to the financial statements, the Company was incorporated by the Securities and Exchange Commission (SEC) on December 7, 2016 and obtained its secondary license from the Insurance Commission (IC) on August 9, 2017. It has not started commercial operations in 2017 as it received from IC its Permit to Offer Pre-Need Plans only on December 22, 2017, after IC approve it on December 6, 2017. The Company started commercial operations only at the beginning of 2018.

*Quilab & Garsuta, CPAs*

PTR No. 2668893 A  
January 3, 2018  
Cagayan de Oro City

March 23, 2018  
Cagayan de Oro City, Philippines

December 31

2017

**STATEMENT OF FINANCIAL POSITION**

Cosmopolitan CLIMBS Life Plan, Inc.

December 31	2017	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	P123,350,526	
Trade and other receivables (Note 5)	99,559	
Prepaid expenses (Note 6)	1,188,147	
<b>Total Current Assets</b>		<b>124,638,232</b>
<b>Non-Current Assets</b>		
Property and equipment (Note 7)	1,211,875	
Investment in Trust Fund – Life Plans (Note 8)	12,031,723	
Other assets (Note 9)	446,357	
<b>Total Non-Current Assets</b>	<b>13,689,955</b>	
<b>Total Assets</b>		<b>P138,328,187</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 10)	P1,708,091	
<b>Total Current Liabilities</b>		<b>1,708,091</b>
<b>Shareholders' Equity</b>		
Share capital (Note 11)		145,050,000
Revaluation reserve on AFS financial assets (Note 8)		31,723
Deficit		(8,461,627)
<b>Total Shareholders' Equity</b>		<b>136,620,096</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>P138,328,187</b>

See Notes to Financial Statements.

**LIABILITIES AND SHAREHOLDERS' EQUITY****Current Liabilities**Trade and other payables (Note 10) **P1,708,091****Shareholders' Equity**

Share capital (Note 11)	145,050,000
Revaluation reserve on AFS financial assets (Note 8)	31,723
Deficit	(8,461,627)
<b>Total Shareholders' Equity</b>	<b>136,620,096</b>

**P138,328,187**

See Notes to Financial Statements.

Note: The Company was registered with the Securities and Exchange Commission (SEC) on December 7, 2016. It obtained its secondary license from the Insurance Commission (IC) on August 9, 2017 and has not yet started operations during 2017 since it received from IC its Permit to Offer Pre-Need Plans only on December 22, 2017. The Company started commercial operations only at the beginning of 2018.



## STATEMENT OF PRE-OPERATING EXPENSES AND OTHER COMPREHENSIVE INCOME

Cosmopolitan CLIMBS Life Plan, Inc.

Year Ended December 31,

2017

### PRE-OPERATING EXPENSES

Salaries, wages, and employees' benefits <i>(Note 12)</i>	P3,855,604
Promotions and marketing	1,072,947
Taxes, licenses and fees <i>(Note 19)</i>	1,047,230
Travel and transportation	950,394
Meetings and conferences	681,696
Rent <i>(Note 7)</i>	378,000
Depreciation and amortization <i>(Notes 7 and 9)</i>	234,340
Office supplies	135,845
Repairs and maintenance	135,416
Dues and subscriptions	70,290
Insurance	52,126
Communications	24,313
Trainings and seminars	22,580
Light and water	10,301
Professional fees	5,882
Miscellaneous	36,227
	8,713,191
Interest income <i>(Note 4)</i>	(251,564)

**NET PRE-OPERATING LOSS** 8,461,627

**INCOME TAX EXPENSE – Current** *(Note 13)* –

**NET PRE-OPERATING LOSS FOR THE YEAR** 8,461,627

### OTHER COMPREHENSIVE INCOME

Fair value gain on AFS securities *(Note 8)* (31,723)

**TOTAL COMPREHENSIVE LOSS** P8,429,904

*See Notes to Financial Statements.*

*Note: The Company was registered with the Securities and Exchange Commission (SEC) on December 7, 2016. It obtained its secondary license from the Insurance Commission (IC) on August 9, 2017 and has not yet started operations during 2017 since it received from IC its Permit to Offer Pre-Need Plans only on December 22, 2017. The Company started commercial operations only at the beginning of 2018.*

## STATEMENT OF CHANGES IN EQUITY

Cosmopolitan CLIMBS Life Plan, Inc.

December 31

2017

### SHARE CAPITAL

#### Ordinary Shares

Authorized – 150 million shares, ₱1.00 par value

Issued and outstanding, 125,306,000 shares

₱125,306,000

#### Preference Shares

Authorized – 200 thousand shares, ₱100.00 par value

Issued and outstanding, 197,440 shares

19,744,000

Total Share Capital

145,050,000

### REVALUATION RESERVE ON AFS FINANCIAL ASSETS

Comprehensive income for the year (Note 8)

31,723

### DEFICIT

Net pre-operating loss for the year

(8,461,627)

₱136,620,096

See Notes to Financial Statements.

Note: The Company was registered with the Securities and Exchange Commission (SEC) on December 7, 2016. It obtained its secondary license from the Insurance Commission (IC) on August 9, 2017 and has not yet started operations during 2017 since it received from IC its Permit to Offer Pre-Need Plans only on December 22, 2017. The Company started commercial operations only at the beginning of 2018.

## STATEMENT OF CASH FLOWS

Cosmopolitan CLIMBS Life Plan, Inc.

Year Ended December 31

2017

### CASH FLOWS FROM PRE-OPERATING ACTIVITIES

Net pre-operating expenses for the year	(P8,461,627)
Add adjustment on depreciation (Note 7)	234,340
Changes in working capital, excluding cash and cash equivalents:	
Increase in trade and other receivables (Note 5)	(99,559)
Increase in prepaid expenses (Note 6)	(1,188,147)
Increase in trade and other payables (Note 10)	1,708,091
<b>Net Cash Used for Pre-operating Activities</b>	<b>(7,806,902)</b>

### CASH FLOW FROM FINANCING ACTIVITY

Payments received from capital stock subscriptions	145,050,000
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### CASH FLOWS FOR INVESTING ACTIVITIES

Investment in Trust Fund – Life Plans (Note 8)	(12,000,000)
Acquisition of property and equipment (Note 7)	(1,446,215)
Increase in other non-current assets (Note 9)	(446,357)
<b>Net Cash Used for Investing Activities</b>	<b>(13,892,572)</b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 123,350,526

**OPENING CASH AND CASH EQUIVALENTS** –

**CLOSING CASH AND CASH EQUIVALENTS** (Note 4) **P123,350,526**

See Notes to Financial Statements.

Note: The Company was registered with the Securities and Exchange Commission (SEC) on December 7, 2016. It obtained its secondary license from the Insurance Commission (IC) on August 9, 2017 and has not yet started operations during 2017 since it received from IC its Permit to Offer Pre-Need Plans only on December 22, 2017. The Company started commercial operations only at the beginning of 2018.

## NOTES TO FINANCIAL STATEMENTS

Cosmopolitan CLIMBS Life Plan, Inc.

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### Note 1

#### General Information

The Cosmopolitan CLIMBS Life Plan, Inc. (referred to as 'Company' in the following sections) was registered by the Securities and Exchange Commission (SEC) on December 7, 2016, 'to engage in the pre-need business and develop and sell contractual plans for the benefit of planholders, subscribers, or purchasers thereof, which provide for the performance of future service/s, payments of monetary considerations, and/or delivery of other benefits at the time of actual need or agreed maturity date, as specified therein, in exchange for cash or instalment amounts with or without interest or insurance coverage and includes life, pension, education, interment and other plans, instruments, contracts or deeds as may in the future be determined by applicable law, rule or regulation'.

The Company embodies the synergy of the cooperative system and a private funeral company and will be in a strong position to break the pre-need industry's growth of only 2.97% as played by the top 3 major companies in the industry. CLIMBS Life and General Insurance Cooperative, a grassroots insurance cooperative with national network of primary cooperative members and Cosmopolitan Funeral Homes, Inc., a corporation providing funeral, mortuary and allied services with branches nationwide, joined together to ensure that the Company delivers to the cooperative members and the community at large affordable, efficient and reliable care and service in times of need. The Company will initially sell memorial life plans.

The Company obtained its secondary license as a pre-need firm from the Insurance Commission (IC) on August 9, 2017. It obtained its Permit to Offer Pre-Need Plans from IC only on December 22, 2017. It has not started commercial operations until at the beginning of 2018.

The Company's address is located at the 4<sup>th</sup> Floor, CLIMBS Building, Tiano-Pacana Streets, Cagayan de Oro City.

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### Note 2

#### Significant Accounting Policies

The following policies have been adopted from the start of the Company's pre-operating activities which covered the whole of 2017.

#### Statement of Compliance

The financial statements of the Company under its pre-operating status have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

This financial reporting framework may change when the Company starts operating commercially; in which case, its financial statements would be prepared in accordance with accounting principles generally accepted in the Philippines for pre-need companies as set forth in the Pre-need Rule 31, As Amended: *Accounting Standards for Pre-Need Plans and Pre-need Uniform Chart of Accounts (PNUCA)*, and applicable Insurance Commission (IC) Circular Letters and accounting requirements. The specifics of these accounting policies would be disclosed as these are used by the Company under its commercial operating status.

### Basis of Preparation

The financial statements have been prepared using the historical cost basis, except for investment in trust fund which is measured at fair values. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency and all values are recorded to the nearest peso except when otherwise indicated.

The preparation of the financial statements made use of estimates, assumptions and judgments by management based on management's best knowledge of current and historical facts as at the end of the year. These estimates and judgments affect the reported amounts of assets and liabilities and contingent liabilities as at the end of the year, as well as affecting the reported net pre-operating expenses for the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### New and Amended Standards and Interpretations

The Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB), which are adopted by the Philippines Financial Reporting Standards Council (PFRSC) and approved by the Securities and Exchange Commission (SEC) as Philippine Financial Reporting Standards (PFRSs) that are mandatorily effective for accounting period that begins on or after January 1, 2017.

### Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company has no external borrowings hence the amendments are not applied in these financial statements.

### Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference. The application of these amendments has had no impact on the Company's financial statements as the Company's transactions are still tax-exempt.

### New and Revised IFRSs in Issue but not yet Effective

The Company has not yet applied the following new and revised IFRSs that have been issued but not yet effective:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers (and the related Clarifications)'
- IFRS 16 'Leases'
- Amendments to IFRS 2 'Classification and Measurement of Share-based Payment Transactions'
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate of Joint Venture'
- Amendments to IAS 40 Transfer of Investment Property
- Amendments to IFRSs
- IFRIC 22

### IFRS 9 'Financial Instruments'

IFRS 9 issued on November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category by certain simple debt instruments. IFRS 9 will become effective for annual periods beginning on or after January 1, 2018.

The Company management is presently conducting analysis on the impact of IFRS 9 to the Company's financial statements.

#### IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 'Revenue', IAS 11 'Construction Contracts' and the related interpretations when it becomes effective for annual periods beginning on or after January 1, 2018.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The management of the Company is still in the process of assessing the full impact of the application of IFRS 15 on the Company's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the completion of the detailed review.

#### IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The management of the Company is still in the process of assessing the full impact of the application of IFRS 16 on the Company's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the completion of the detailed review.

#### Amendments to IFRS 2 'Classification and Measurement of Share-based Payment Transactions'

The amendments clarify the following:

- 1) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

- 2) Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
- 3) A modification of a share-based payment that changes the transactions from cash-settled to equity-settled should be accounted for as follows: (i) the original liability is derecognized; (ii) the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and (iii) any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. Specific transition provisions apply.

The management of the Company does not anticipate that the application for the amendments in the future will have a significant impact on the Company's financial statements as the Company does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

*Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture'*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The management of the Company does not anticipate any impact on the Company's financial statements of the amendments since there are no such transactions presently.

*Amendments to IAS 40 Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in PAS/IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The management of the Company does not anticipate any impact on the Company's financial statements of the amendments since it has no investment property presently.

*Annual Improvements to IFRSs 2014-2016 Cycle*

The Annual Improvements include amendments to PFRS 1 and PAS/IAS 28 which are not yet mandatorily effective for the Company. The package also includes amendments to PFRS 12 which is mandatorily effective for the current year but is not applicable to the Company as it has no associates or joint ventures.

The amendments to IAS 28 clarify that the option for a venture capital organization and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or

joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to PFRS 1 and PAS/IAS 28 are effective for annual periods beginning on or after January 1, 2018. The management of the Company does not anticipate that the application of the amendments in the future will have any impact on the Company's financial statements as the Company is not a venture capital organization. Furthermore, the Company does not have any associate or joint venture that is an investment entity.

#### IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary liability (e.g. a non-refundable deposit or deferred revenue.)

The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transaction provisions apply to prospective application.

The management of the Company does not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements. This is because the Company has no foreign currency transactions.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.



- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Cash and Cash Equivalents

Cash and cash equivalents are carried in the financial statements at cost. Cash comprise unrestricted cash on hand, deposits held at call with banks, and time deposits with banks that can be pre-terminated anytime without significant risk of change in value. Cash equivalents (including those invested in a trust fund) represent short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Financial Instruments

##### Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

##### Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- (a) Loans and receivables,
- (b) Financial assets at fair value through profit or loss (FVTPL);
- (c) Held-to-maturity (HTM) investments, and
- (d) Available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The Company has no financial assets at FVTPL and HTM investments. The available financial assets of the Company are loans and receivables and AFS financial assets.

##### ○ Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost

using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

○ AFS Financial Assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's AFS financial assets include quoted debt and equity securities, as well as unquoted non-marketable equity securities. The equity investments in non-marketable securities are measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognized in profit or loss. All other AFS financial assets are measured at fair value.

Gains and losses are recognized in other comprehensive income and recognized directly in equity under the account 'Revaluation Reserve on AFS Financial Assets', except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognized in profit or loss within finance income.

Reversals of impairment losses for AFS debt securities are recognized in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognized. For AFS equity investments impairment reversals are not recognized in profit loss and any subsequent increase in fair value is recognized in other comprehensive income.

Classification and Subsequent Measurement of Financial Liabilities

Financial liabilities presently include trade and other payables, which are measured subsequently at amortized cost using the effective interest method.

Financial liabilities are recognized when the Company becomes a party to the contractual agreement of the instrument. All interest and related charges are recognized as an expense in the statement of profit or loss under the caption Interest Expense. Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

Impairment of Financial Assets

The Company assesses at each time it prepares its financial statements whether there is any objective evidence that its financial assets are impaired. For assets carried at amortized cost, the Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data

indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decrease, and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

When a decline in the fair value of an AFS security is recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized directly in equity shall be removed from equity and recognized in profit or loss even though the security has not been derecognized. The amount of the cumulative loss that is removed from equity and recognized in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that security previously recognized in profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as AFS shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss. The amount of impairment loss for the period shall be recognized in profit or loss under the account "Provision for Credit Losses".

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

#### Property and Equipment

The property and equipment are carried at cost less accumulated depreciation and any impairment in value, if any. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred, if the recognition criteria are met. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows: a) transportation equipment, 10 years; (b) furniture, fixtures and equipment, 3 to 5 years, and (c) leasehold rights and improvement, over the estimated useful lives of the improvements or the term of the lease, whichever is shorter.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits arising from the renovations will flow to the organization.

The carrying values of property and equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction.

#### Equity

Capital stock represents the nominal value of shares that have been issued. Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits. Treasury shares are stated at cost of reacquiring such shares. Retained earnings (Deficit) include all current results of operations as disclosed in the statement of changes in equity.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be measured reliably. The Company's revenue recognition policy will be defined in 2018 when it shall be operating in full. Such policies are expected to be in accordance with PFRS15, *Revenue from Contracts with Customers*, which will be effective beginning January 1, 2018.

The Company recognized the revenue earned in 2017, representing interests earned from investments and bank deposits, as the interest accrues (taking into account the effective yield on the asset);

#### Start-Up Costs

The Company recognizes start-up costs in accordance with the provisions of PAS/IAS 38, which provides the recognition of start-up expenditures as expenses unless these expenditures are included in the costs of an item of property and equipment in accordance with IAS 16. Start-up costs may consist of establishment costs such as legal and secretarial costs incurred in incorporating the entity, expenditure to open a new facility or business (i.e. pre-opening costs) or expenditures for starting new operations or launching new products or processes (i.e. pre-operating costs). In the case of the Company, pre-operating costs includes, among others, the cost of mobilizing support from the cooperative networks, as well as promotion expenses to drum-up awareness and support from the public.

#### Leases

The Company determines whether an arrangement is, or contains a lease based on the substance of the arrangements. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset. The Company is a lessee of the building it uses as its Head Office.

The Company accounts for this lease as follows:

Leases which transfer to the Company substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statements of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are directly charged against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of profit or loss on a straight-line basis over the lease term. The existing leases of all branch offices are treated as operating leases.

### Compensation and Benefit Expense

The Company, being newly organized, still has no other post-employment benefits in place. Its employees however are enjoying the following benefits:

- Termination Benefits  
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period date are discounted to present value.
- Compensated Absences  
Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting period date. The amounts recognized are included in Trade and Other Payables account in the reporting period at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

### Subsequent Events

Post period-end events that provide additional information about the Company's position at reporting date (adjusting events), are reflected in the financial statements. Post period-end events that are not adjusting events are disclosed in the notes to financial statements when material.

### Provisions and Contingent Liabilities

Provisions, if any, are recognized when the Company has legal or constructive obligations as a result of a past event: it is probable that an outflow of resources will be required to settle the obligation and estimate can be made of the amount obligation. Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of the economic resources as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Probable inflows of economic benefits that do not yet meet the recognition criteria of the asset are considered contingent assets, hence, are not recognized in the financial statements. No contingent liabilities have been incurred during the period.

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### **Note 3**

#### **Significant Accounting Judgment and Estimates**

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Estimates and

judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following critical accounting estimates and judgments may be applicable, among many other possible areas not presented in the Company's financial statements:

#### Impairment Losses on Trade and Receivables

The Company reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Company makes judgment as to whether there is any observable data indicating that there has been measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Company or local economic condition that correlates with defaults on assets in the Company. Management uses estimates based on historical loan experience and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

#### Impairment of AFS Securities

The Company follows the guidance of PAS 39 in determining when an investment is permanently impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. For investments issued by counterparty under bankruptcy or financial distress, the Company determines permanent impairment based on the price of the most recent transaction and on latest indications obtained from reputable counterparties (which regularly quote prices for distressed securities) since current bid prices are no longer available.

#### Estimating Useful Lives of Property and Equipment

The Company reviews annually the estimated useful lives of its property and equipment based on expected asset utilization. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of these properties would increase recorded depreciation and amortization expense and decrease the related asset accounts.

#### Impairment of Non-Financial Assets

The Company assesses the impairment of its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific asset, the recoverable amount represents the net selling price. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the Company's financial statements.

### Provision and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision are discussed in Note 2.

#### **Note 4**

##### **Cash and Cash Equivalents**

This account consists principally of the following:

<i>December 31</i>	<b>2017</b>
Cash on hand and revolving funds	<b>₱35,000</b>
Cash in banks	<b>33,313,859</b>
Short-term placements in banks	<b>90,001,667</b>
	<b>₱123,350,526</b>

Cash banks earn interest rates ranging from .10% to .25% per annum, and short-term placements in banks earn interest rate from 2.5% to 3.0% per annum. A special deposit placed in a cooperative bank earns interest at 6.0% per annum. Interest income earned in 2017 amounted ₱251,564.

#### **Note 5**

##### **Trade and Other Receivables**

This consists of the following:

<i>December 31,</i>	<b>2017</b>
Advances to officers and employees	<b>₱93,000</b>
Accounts receivable – others	<b>6,559</b>
	<b>₱99,559</b>

Management believes the accounts were not impaired at the end of the year.

#### **Note 6**

##### **Prepaid Expenses**

This account consists of the following:

<i>December 31</i>	<b>2017</b>
Deferred filing fees with the Insurance Commission (IC)	<b>₱1,000,000</b>
Input taxes	<b>188,147</b>
	<b>₱1,188,147</b>

The deferred filing fees with IC represent the .01% filing fee of the ₱1 billion worth of Angelica Life Plan that the Company applied with and subsequently obtained permission to sell from IC. It will be amortized to expense as part of the product cost which is matched at every sale of a unit of the plan.

Input value-added tax (VAT) pertains to the 12% indirect tax paid by the Company in the course of its trade or business on local purchase of goods and services which the Company intends to offset against any output value-added tax (VAT) that may be due from its products in the future.

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**Note 7**  
**Property and Equipment**

This consists of the following:

<i>December 31,</i>	<i>Cost</i>	<i>Acc. Depreciation</i>	<i>Net Book Value</i>
Transportation equipment	₱1,168,482	₱194,747	₱973,735
Furniture, fixtures and equipment	253,251	28,013	225,238
Leasehold improvement	15,482	2,580	12,902
	₱1,437,215	₱225,340	₱1,211,875

The Company leases the property it is using as its Head Quarters from a major shareholder. Total rental for the year amounted ₱378,000.

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**Note 8**  
**Investment in Trust Fund – Life Plans**

The Company established a Trust Fund in anticipation of its obligations under the pre-need life plan agreements it intends to sell beginning 2018. On October 30, 2017, the Company signed a Trust Agreement with BOD Unibank, Inc. – Trust and Investment Group (Trustee) for the initial trust fund amount of ₱12 million.

Among the salient features of the Trust Agreement are the following:

- (1) The Trust Fund is established exclusively and solely for life plans pursuant to the Pre-Need Code. In compliance with Chapter VIII, Section 30 of the Pre-need Code and in accordance with the terms of the trust agreement, no withdrawal shall be made from the trust funds except for the payment of: (a) the cost of benefits or services; (b) the termination values payable to the planholders; and (c) the insurance premium payments for insurance-funded benefits of memorial life plans and other costs necessary to ensure the delivery of benefits or services to planholders.
- (2) The initial amount of the Trust Fund shall be augmented by deposits to be made by the Company representing 45% of life plans sold or such higher amounts as determined by the actuary. In case of installment payments, such deposits will be based on rates of contributions required under the Pre-Need Code and which are also specified in the Trust Agreement.
- (3) The Trustee's investment strategies are limited to fixed income instruments, equities and real estate (which are all defined in the Trust Agreement), except for other investments that are authorized by the IC.
- (4) The Trust Fund, inclusive of earnings, shall be administered and managed by the Trustee who will have the right at any time to sell, convert, invest, change, transfer or change or dispose of the assets comprising the Trust Fund within the parameters that are compliant with IC regulations.
- (5) The investment in Trust Fund – Life Plans is not a deposit account and a fixed rate of interest or a fixed return is neither assured nor guaranteed by the Trustee. The investment is not covered by PDIC, and losses, if any, shall be for the Account of the Company.
- (6) The Trustee shall not be liable for any loss or depreciation in the value of the assets of the Trust Fund resulting from any of the investment or reinvestment operations made by it and the exercise



of discretionary powers given to it by the Trust Agreement. In case of fraud, gross negligence or bad faith however it shall be liable to the extent of the actual and/or incidental losses to the Trust Fund proven to be the result of such fraud, gross negligence or bad faith.

- (7) For services rendered under the Trust Agreement, the Trustee shall charge a trust fee of 0.50% per annum for the peso component of the Fund, based on the average month-end market value of the peso component of the Fund, which shall be deducted from the Fund on a quarterly basis. In no case, however, shall the trust fees be lower than ₱10 thousand per annum.

As at December 31, 2017, the Company's investment in Trust Fund – Life Plans consisted of the following:

<i>December 31</i>	<b>2017</b>
<b>Assets</b>	
Cash in bank	₱8,077,478
Investment in quoted equity securities	254,780
Investment in quoted debt securities	3,672,620
Interest receivable	37,108
Total Assets	12,041,986
<b>Liabilities</b>	
Trust fees payable	10,261
Accrued expenses	2
	10,263
<b>Net Assets</b>	<b>₱12,031,723</b>
<b>Net Assets Accounted as Follows:</b>	
Trust fund principal	₱12,000,000
Unrealized gain on sale on AFS financial assets	31,723
	<b>₱12,031,723</b>

## **Note 9**

### **Details of Other Non-Current Assets**

This account consists of the following:

<i>December 31</i>	<b>2017</b>
Computer software, at cost	₱330,357
Amortization during the year	(9,000)
Net	321,357
Refundable deposits (Note 14)	125,000
	<b>₱446,357</b>

The cost of computer software is amortized over a period of 5 years, beginning 2017.

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**Note 10**  
**Trade and Other Payables**

This account consists of the following:

<i>December 31</i>	<b>2017</b>
Accounts payable to a major stockholder (Note 14)	<b>₱1,261,052</b>
Accrued expenses	<b>286,774</b>
Unremitted contributions to Government agencies	<b>160,265</b>
	<b>₱1,708,091</b>

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The accounts payable to a major stockholder represents unpaid charges for expenses advanced by CLIMBS Life and General Insurance Cooperative. The advances are interest-free. (See Note 14.) Trade and other payables are generally non-interest bearing and are usually settled from 30 to 60 days.

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**Note 11**  
**Share Capital****Compliance with Capitalization Requirements**

In accordance with the provisions of Section 9 of R. A. 9829, *An Act Establishing the Pre-Need Code of the Philippines*, a pre-need company incorporated after the effectivity of the Code shall have a minimum paid-up capital of P100 million. The Company has complied with this requirement by having authorized common share capital of ₱150 million and paid up capital of ₱125.306 million at the end of 2017. The Company also has authorized preference shares of ₱20 million of which ₱19.744 million have been fully issued.

**Capital Management Objectives, Policies and Procedures**

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its planholders. The level of capital maintained is higher than the minimum capital requirements of the IC. The Company considers the entire equity in determining the capital.

The Company manages its capital to ensure that it has the ability to continue as a going concern while maximizing the return to shareholders. The Company's Board of Directors reviews regularly its capital structure on the basis of the carrying amount of equity, less cash and cash equivalents, as presented on the face of the statement of financial position. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

**Other Disclosures**

As at December 31, 2017, the Company has six (6) shareholders owning 100 or more ordinary (common) and preference shares each.

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**Note 12**  
**Details of Salaries, Wages and Employees Benefits**

<i>Year Ended December 31</i>	<b>2017</b>
Salaries and wages	<b>₱2,174,186</b>
Honoraria	<b>1,064,471</b>
Employee benefits	<b>616,947</b>
	<b>₱3,855,604</b>

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**Note 13**  
**Income Taxes**

The Company has no income tax liability at the end of 2017, given that it has no operating revenue. The Company's net pre-operating loss however is qualified for net-loss-carry-over (NOLCO) for income tax purposes. In accordance with BIR regulations, for purposes of carry-over, the following rules should be observed:

- 1) Any net loss incurred in a taxable year during which the taxpayer was exempt from income tax shall not be allowed as a deduction;
- 2) The Corporation cannot enjoy the benefit of NOLCO for as long as it is subject to Minimum Corporate Income Tax (MCIT) in any taxable year. However, the running of the 3-year period for the expiry of NOLCO shall not be interrupted by the fact that the Corporation is subject to MCIT in any taxable year during such three-year period.
- 3) If the Company claims the 10% Optional Standard Deduction for income tax purposes, it shall not simultaneously claim deduction of NOLCO. However, the 3-year reglementary period for carry-over shall still continue to run.
- 4) The carry over shall be allowed only if there has been no substantial change in the ownership of the business in that not less than 75% in nominal value of outstanding issued shares or not less than 75% of the paid-up capital of the Company, is held by or on behalf of the same person.

The Company has NOLCO amounting ₱8.7 million for which no deferred tax assets have been recognized as of December 31, 2017. Deferred tax assets are recognized only to extent that taxable income will be available against which the deferred tax assets can be used. NOLCO be can be used to offset against future taxable income for three succeeding years, beginning 2018. The Company assesses any unrecognized deferred tax assets at every end of year and will recognize it to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

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**Note 14**  
**Related Party Transactions**

In the ordinary course of trade or business, the Company has transactions with its related parties which include its directors, officers, related interests and employees. These transactions were made substantially on the same terms and conditions as with other parties. None of the transactions incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash. Moreover, the revenue from these related parties are insignificant.

The significant related party transactions are summarized below:

- a) The Company is a lessee to the building owned by its major stockholder. The lease, which is taken up in the books of the Company as an operating lease, required the Company to deposit advance rental of ₱125,000 (see Note 9) and to settle the monthly fixed rental during the first week of each month. Total lease payments in 2017 amounted ₱378,000.
- b) The major stockholder also undertook the financing of some of the major events in organizing the Company, thereby incurring payables to the major stockholder amounting ₱1,261,052 as at the end of 2017. (See Note 10.)
- c) The Company has no associates, affiliates and joint venture projects.

d) The key management compensation during 2017 follows:

<i>Year Ended December 31</i>	<b>2017</b>
Salaries and wages	<b>₱1,605,941</b>
Employee benefits	<b>414,471</b>
	<b>₱2,020,412</b>

## **Note 15**

### **Fair Value Measurement**

#### *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table in the following page summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the 2017 statement of financial condition but for which fair value is disclosed.

<i>December 31, 2017</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial assets</b>				
Cash and cash equivalents <i>(Note 4)</i>	₱123,350,526	₱-		<b>₱123,350,526</b>
Trade and other receivables <i>(Note 5)</i>			₱99,559	<b>99,559</b>
Investment in Trust Fund–Life Plans <i>(Note 8)</i>			12,031,723	<b>12,031,723</b>
	<b>₱123,350,526</b>	<b>₱-</b>	<b>₱12,131,282</b>	<b>₱135,481,808</b>
<b>Financial liabilities</b>				
Trade and other payables <i>(Note 10)</i>			₱1,708,091	<b>₱1,708,091</b>
	<b>₱-</b>	<b>₱-</b>	<b>₱1,708,091</b>	<b>₱1,708,091</b>

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments equal their fair values. The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counter-parties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

#### *Fair Value Measurement for Non-Financial Assets*

The table in the following page shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of December 31, 2017.

<i>December 31, 2017</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Non-financial assets</b>				
Prepaid expenses <i>(Note 6)</i>			₱1,188,147	<b>₱1,188,147</b>
Property and equipment <i>(Note 7)</i>			1,211,875	<b>1,211,875</b>
Other non-current assets <i>(Note 9)</i>			446,357	<b>446,357</b>
			<b>₱2,846,379</b>	<b>₱2,846,379</b>

The Level 3 fair value of the property and equipment was determined using the cost approach that reflects the cost to a market participant to acquire such assets. These inputs were derived from various suppliers' quotes, and price catalogues. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the assets.

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#### **Note 16**

##### **Risk Management Objectives and Policies**

The Company is exposed to a variety of financial risks in performing its activities. Its risk management is coordinated by its Board of Directors and focuses principally on securing short to medium term cash flows by minimizing exposures to financial markets. The Company does not actively engage in the trading of financial assets nor does it write options. It has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency. It likewise has little exposure to interest rate risk as its loans and receivables have fixed interest rates. Its exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting period date.

The Company is likewise exposed to liquidity risk, the risk that it will encounter difficulty in meeting its obligation as they become due without incurring unacceptable losses or costs. The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs, and (c) to be able to access funding when needed at the least possible cost. The Company manages its liquidity by carefully monitoring its scheduled servicing payments for financial liabilities as well as its cash flows due on its day-to-day business.

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#### **Note 17**

##### **Events After Reporting Date**

There were no events after reporting date that would require disclosures or adjustments on the financial statements of the Company.

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#### **Note 18**

##### **Approval of Financial Statements**

The financial statements of Cosmopolitan CLIMBS Life Plan, Inc. for the period ended December 31, 2017, were authorized for issue by its management on March 23, 2018.

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#### **Note 19**

##### **Details of Taxes, Licenses and Fees**

In accordance with RR 15-2010, the Company discloses the following information regarding taxes, licenses and fees paid during 2017:

<i>Year Ended December 31</i>	<b>2017</b>
Documentary stamp taxes	<b>₱751,000</b>
Preneed Company License	<b>146,450</b>
SEC registration and other fees	<b>61,200</b>
Business permit and licenses	<b>46,430</b>
Legal, notarial fees and others	<b>42,150</b>
	<b>₱1,047,230</b>

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# COSMOPOLITAN CLIMBS Life Plan Inc.

## *2nd Annual Stockholder's Meeting*

April 16, 2018

N-Hotel, Kauswagan Cagayan de Oro City

### *Schedule of Activities*

10:00-12:00am - REGISTRATION

12:00-1:00pm - LUNCH

1:00-4:00pm - PROGRAM (Emcee: Christine & Jecthel)

- Invocation
- Welcome Address - CEO Fermin L. Gonzales
- Acknowledgement of Guests & Stockholders-  
Pres/COO Noel D. Raboy
- Chairman's Message -  
Mr. Renato S. Dychangco Jr.

#### **-STOCKHOLDER'S MEETING 2018**

-CLOSING REMARKS

Mr. Renato S. Dychangco Jr. - Chairman

*Angelica* is a fixed value life plan with increasing memorial benefit.

**Benefits:**

The memorial benefit increases by 5% of the contract price starting on the sixth policy year up to a maximum of 150% of the contract price.

Additional benefit equivalent to the Gross Contract Price (GCP) if the plan holder dies within the following conditions:

- i. insurable age up to age 65
- ii. within the 10-year period

The plan is considered fully paid in case of planholder's death or total and permanent disability during the paying period.

Transferable and assignable.

Payable in five year installments.

**PREMIUM SCHEDULE**

Contract Price:	30,000.00
Monthly	540.00
Quarterly	1,590.00
Semi-Annual	3,120.00
Annual	6,000.00

Contract Price:	60,000.00
Monthly	1,080.00
Quarterly	3,180.00
Semi-Annual	6,240.00
Annual	12,000.00

Contract Price:	90,000.00
Monthly	1,620.00
Quarterly	4,770.00
Semi-Annual	9,360.00
Annual	18,000.00

Contract Price:	120,000.00
Monthly	2,160.00
Quarterly	6,360.00
Semi-Annual	12,480.00
Annual	24,000.00

*Spot Cash: Less 10% of the contract price.*

*We can customize your plan according to your needs from 30,000 and above.*



## **Luzon**

Room 1410, AIC Burgundy Empire Tower  
1908 ADB Avenue, San Antonio, Ortigas  
Pasig City, Philippines

## **Visayas**

6/f, Cebu CFI Bldg., Capitol Compound,  
Cebu City, Philippines

## **Mindanao**

4/f CLIMBS Bldg., Tiano-Pacana Sts.,  
Cagayan de Oro City Philippines



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