LEADING THE WAY FORWARD:
A Retrospective of the Year

ANNUAL REPORT
2022

Company Profile

COSMOPOLITAN CLIMBS LIFE PLAN INC. (CCLPI Plans) is a preneed company that was established in Mindanao on December 7, 2016. It is the first preneed company which is a joint venture between cooperatives and the private sector. It is the first preneed company to offer a fixed value life plan and registered under the Insurance Commission (IC). Up to date, CCLPI Plans has a total of approximately thirty-nine thousand six hundred twenty seven (39,627) plan holders all over the country and is accredited in almost all the mortuaries and funeral homes nationwide.

About the Theme

The 6th Annual Stockholder's Meeting Theme:

The theme "Leading the Way Forward: A Retrospective of the Year," is a sequential outlook on all the events, accomplishments, and progress made over the course of the entire year. This retrospective also depicts the challenges faced by CCLPI Plans as a whole.

2022 is the year that encouraged us be more innovative, proactive and vigilant on its entire operation and performance.

In this retrospective, the main point could be on how the year has been a time of growth and development, and how the lessons learned and experiences gained during the year have helped to shape the direction of CCLPI Plans for the future. It could also highlight the initiatives and efforts that has been undertaken to move forward and make positive changes.

OVERALL, the goal of this retrospective would be to look back on the past year with a sense of reflection and appreciation, while leading the way forward to the opportunities and possibilities that lie ahead.

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Message of the Insurance Commissioner

Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Cosmopolitan CLIMBS Life Plan, Inc. (CCLPI)
6th Annual Stockholders' Meeting
"Leading the way forward: A retrospective of the year"

MESSAGE

I am pleased to extend my warm greetings and felicitation to the officers, employees, and all the people behind the success of Cosmopolitan CLIMBS Life Plan, Inc. (CCLPI) as you conduct your 6th Annual Stockholders' Meeting. May this occasion be a fruitful endeavour, serving as an opportune event for your company to develop initiative that will further improve your services to your beneficiaries and stakeholders.

The theme for this year - ***Leading the way forward: A retrospective of the year*** - allows you to look back and reflect on the efforts, accomplishment and progress you've made in the past. Through the years, CCLPI has remained true to its vision of providing affordable memorial service coverage to the Filipino people. Your success in securing the future needs of approximately 39,000 plan holders across the country is a resounding proof of your quality and timely services. With that being said, I hope that your company's experiences and lessons from the past would provide an insight to help you map a road towards enhanced services.

Despite the challenges, always remember how CCLPI established its roots and went on to become an important player in the pre-need industry. Be assured that the Insurance Commission remains committed in strengthening the regulatory and supervisory policies that support the pre-need industry's growth. We aspire that CCLPI will continue to stand firm and grow beyond current horizons.

Congratulation and more power to CCLPI!

DENNIS B. FUNA
Insurance Commissioner

MESSAGE OF THE INSURANCE COMMISSIONER

Message of the City Mayor

Republic of the Philippines
City of Cagayan de Oro
OFFICE OF THE CITY MAYOR

MESSAGE

As we drive Cagayan de Oro City as the hub of the 4th metropolitan city in the country, we take pride in the pioneering spirits of Climbs Life Plan and the Cosmopolitan Funeral Homes.

We take pride in this first cooperative- private business venture, a first in the country, born right here in the city of golden friendship.

As a political leader and entrepreneur, I admire the robust growth of Cosmopolitan Climbs Life Plan Inc. (CCLPI). In just six years, despite the pandemic, you have registered solid growth and broadened your market base to around 40,000. You have also registered very high increase in your memorial service benefits, total life insurance coverage, and your total memorial service benefits.

Extreme life events take a toll on a family's resources. Pre-need services like those provided by the CCLPI prevent hard economic downfalls of families in distress. This no doubt protects the gains of our efforts toward economic growth and poverty alleviation. CCLPI, by no means small, plays a role in protecting our gains at recovering our economy which has been brought down to its knees by the Covid 19 pandemic.

More than the economics, the comfort provided by CCLPI to their plan holders who are in distress cannot be measured in numbers. The pre-need industry, where the CCLPI is shining bright plays the psycho-social role of placating sorrow so that the living continue to live meaningful lives and remain productive members of our society.

As a pre-need firm that is proudly Cagayanon, your existence and successes have become intrinsically weaved into the fibers of the city. You can count on the local government as your partner in making our community more livable.

God bless and mabuhay!

ROLANDO Klarex **A UY**
City Mayor
Cagayan de Oro City

MESSAGE OF THE CITY MAYOR

Message of the
CLIMBS President & CEO

CLIMBS Life and General Insurance Cooperative

1971-2021

Insuring 20 Million Lives by 2024

CLIMBS Life and General Insurance Cooperative sends its warmest greetings to Cosmopolitan CLIMBS Life Plan Inc. (CCLPI) on its 6th Annual Stockholder's Meeting in the spirit of your theme, **"Leading the way forward: A retrospective of the year"**, CLIMBS also congratulates its contribution to the community and the Cooperative Movement. Even in its early years, CCLPI has proven that it is indeed a sustainable, member-centered, and community-base cooperative fueled by hard work and determination – surely a work ethic which will yield many accomplishments down the road.

The union of two well-renowned institution CLIMBS Life and General Insurance Cooperative – the champion of micro and grassroots insurance, an Cosmopolitan Funeral Homes, Inc. – the company of choice for people around the world who expect excellent memorial services to provide comfort and care in a time of grief, has the Cooperative Values and Principles at its core, as well as committing to realize and uphold both. CCLPI's goal spotlights the importance of incorporating the ethical values of social responsibility and caring for others in order to help its client prepare for life's eventualities. Having the stockholder's meeting will benefit CCLPI clearer view of the future and the foresight to make sound decision-making. CCLPI will always be at the forefront of CLIMBS's advocacies in fulfilling the United Nation' (UN) 17 Sustainable Development Goals (SDG) and other philanthropic causes. CLIMBS will perpetually cheer for CCLPI to persevere in its service to the people and resilient whatever challenges it may face in the years to come!

Cosmopolitan CLIMBS Life Plan Inc. remains one of CLIMBS beloved subsidiaries, because annually CCLPI never fails to epitomize the spirit of cooperative and embody the Filipino tradition of bayanihan. Putting into practice its theme of, 'Leading the way forward...' CCLPI will establish a solid foundation for its legacy in the Cooperative Movement. CLIMBS honestly believes, considering the current leadership of CCLPI, it will attain an array of milestones and achievements on yearly basis.

CLIMBS Life and General Insurance Cooperative is unified with CCLPI as you celebrate your 6th Annual Stockholder's Meeting! We pray for unhindered success in every endeavor you decide to take, especially those done for the greater glory of God.

Mabuhay ang Cosmopolitan CLIMBS Life Plan Inc. (CCLPI)! Mabuhay ang Kooperatiba!

Cooperatively yours,

Noel D. Raboy, MBAEx
President and CEO
CLIMBS Life and General Insurance Cooperative

MESSAGE OF THE INSURANCE COMMISSIONER

The Chairmans's 2022 Statement

STATEMENT OF THE CHAIRMAN

Dear Fellow Shareholders,

Allow me to welcome you all to our 6th Annual Stockholder's Meeting.

2022 has been a momentous year in many aspects. With businesses slowly bouncing back from the economic turmoil from the Covid repurcussions, we at Cosmo Climbs have slowly seen more productive sales and performance in our company. Fruitful endeavors have been forged with our accredited mortuaries which now spans over 400+ nationwide. Partnerships with numerous coops have also been fostered allowing more of our fellow Filipinos to know more about our reputable product, Angelica.

To be honest, the roadmap to being a leader in our industry has been met with numerous challenges. Our annual theme, "Leading the Way Forward: A Retrospective of the Year" is indeed ideal as it continuously encourages us to remain strong with grit and determination to continue our mission.

Just like any insurance industry related business, uncollected premiums have been a major factor that has affected our efficiency in sales. Despite this, CCCLPI has remained a driving force in our industry. Our Board together with the Management team have worked diligently in creating new marketing techniques that focus on creating a more competitive option for better sales incentives for our sales teams. Another marketing aspect we are directing our efforts to is the continuous strategizing on involving the cooperatives by hiring competent individuals who have a clout over cooperatives to efficiently penetrate the coop sector.

Change is inevitable in life and despite the inconvenience it may cause during the transition process we need to adapt and grow from this to thrive. Our Board went through a transition period as one of our esteemed President & CEO, Mr. Fermin Gonzalez has decided to retire after many years of dedicated service and loyalty to our company. It is with heartfelt gratitude and appreciation that we wish him well for the next chapter he embarks upon. With his retirement, we have with us our newly appointed President and CEO, Mr. Mansueto V. Dela Pena, who is widely respected by our Board for his leadership and deep knowledge of CCLPI. We are confident that this progression will enhance the growth and vision of CCLPI to even greater heights.

So we are well positioned and set the bar high. Cosmo Climbs is on the road to leading the pre need industry race. Your company has worked hard and earned the right to pursue its ambition to being one of the best pre need insurance companies in the Philippines.

Wishing you all the best. Mabuhay!

Renato S. Dychangco
CHAIRMAN OF THE BOARD

The President & CEO's Addresss

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

It is with great pride and joy to greet all the stockholders, partners, and policy holders of Cosmopolitan CLIMBS Life Plan Inc. as we celebrate our 6th Annual Stockholders Meeting.

The theme, **"Leading the Way Forward: A Retrospective of the Year"** encapsulates our reflection on the many events that brought us to where we are right now. Enduring the Covid-19 pandemic, the conflicting war among nations that affected the trade and industry, and the recent Philippine Presidential Elections and the break-up of our big partners have caused us to be more conscious, innovative and resilient.

In this retrospective, we reflect on the hard lessons met along the entire duration of 2022. The reflection allowed us to see the significance of how to stay relevant in the lives of our policy holders through the value of providing equitable memorial service benefits to families and the communities.

One key strategy in highlighting the initiatives and efforts made is through collaboration and partnership. Synergizing and engaging with partner entities and the cooperative sector is one game plan that builds CCLPI Plans unto the pinnacle of its success.

However, in every journey, one must end to start a new beginning. This year, we bade farewell to a great leader Mr. Fermin L. Gonzales, the immediate outgoing President and CEO of CCLPI Plans.

As we welcome a new time, we will be more hopeful and optimistic. We aim to be at the forefront of this change, by providing innovative, accessible, and affordable options for Filipinos. We will continue to evolve and adapt our services to keep pace with the changing trends, needs and preferences of our policy holders, ensuring that we are always meeting and even exceeding expectations. Our long-term goal is to make our services accessible to everyone, regardless of their financial situation.

We envision that all Filipinos can leave behind a personal, meaningful and memorable legacy that will continue to be celebrated and honored by their loved ones for the years to come.

We believe that by staying true to our vision, we will become the most trusted and respected provider of memorial service benefits in the industry, helping Filipinos across the country to honor their loved ones in a truly dignified, significant and relevant way.

Now, we are stepping ahead to what's coming and moving forward to new challenges. Together, we will reach the goal of insuring the lives of every Filipino!

Congratulations to our CCLPI Plans stockholders, partners and policy holders! Congratulations to us all!

FERMIN L. GONZALES
Immediate Outgoing President & CEO

MANSUETO V. DELA PEÑA
Incoming, President & CEO

Transforming Challenges Into Opportunities

2022 PERFORMANCE HIGHLIGHTS

The year 2022 is a year of awakening.

We have seen in 2022 the unexpected peaks and valleys of various challenges that allowed CCLPI Plans to work together in order to build a stronger foundation, strengthen relationships and nurture meaningful new partnerships. The scars of the past emboldened us to keep pace with the changing demands and high competition in the growing pre-need industry and braved the pressing issues and concerns in all the other aspects of operations.

In order to be empowered, relevant and sustainable, we held on the hope that all the challenges we face along the way be transformed into a process of appreciation and reflection, while also looking forward to the opportunities and possibilities that lie ahead.

The enactment of the Republic Act No. 9829 in 2009, commonly called as "The Pre-Need Code of the Philippines" plays a major role in regulating the pre-need industry setting its operation on sound, efficient and stable basis to derive the optimum advantage in the mobilization of savings and to prevent and mitigate, as far as practicable, practices prejudicial to public interest and the protection of plan holders in the country. This helps CCLPI Plans to be resilient in its targets and vigilant in its practices as well as in the implementation of its programs and benefits to all its plan holders.

The Insurance Commission (IC) has also been an effective regulatory entity serving its purpose to CCLPI Plans. IC remains prudent in implementing strict and compliant supervisory practices that is essential to the mission and vision of the institution to create lasting impact and to stay relevant to the lives of the Filipinos across the country.

CCLPI Plans continue to live up to its appellation to be the leading provider of mutual service benefits in the industry. In behalf of our more than 39,627 plan holders, and thus continue to expand horizons, soaring high and beyond to be a true testament of dedicated service. We will continue to fine tune and innovate all our strategies in response to the changing demands of time.

CLAIMS AND SERVICES

CCLPI has remained steadfast in its commitment to deliver quality after sales and claims services to all its plan holders. Despite the massive claims during the COVID-19 pandemic, CCLPI Plans did not fail in delivering its services to its plan holders. We have provided support to families in times of uncertainties that turned out to be the defining moment of our service – the moment we deliver our promise to all our plan holders.

Our thrust for the claims and services is to balance the challenges brought about by the stringent compliance with government regulations and increasing expectations on the part of the plan holders. Efficient claims management is one of our key strategies that keeps us moving in this industry. And we are very proud to say that we have been compliant with government regulations and the plan holders' expectations were met, thus claims were managed efficiently.

While CCLPI Plans is committed to educating our prospective clients about the inevitable event of their lives and the various options available so that they can make informed decisions on their choice of plans, it also strives to provide the highest level of customer service and support to our clients and their families during the most difficult time of their lives.

MEMORIAL SERVICE BENEFIT

For the year 2022, CCLPI Plans proudly rendered Memorial Service Benefits (MSB) to two hundred ninety one (291) plan holders significantly constituting to a total of Eleven Million Nine Hundred Thousand pesos (P11,900,000.00) of total monetary value of memorial service benefits.

The following are Memorial Service Benefits to be rendered by accredited mortuaries,

Availability of service on a 24-hour basis with just ONE PHONE CALL
(0998 953 4937) SMART
(0917 154 3459) GLOBE

Retrieval of the body from place of death using service vehicle of Mortuary

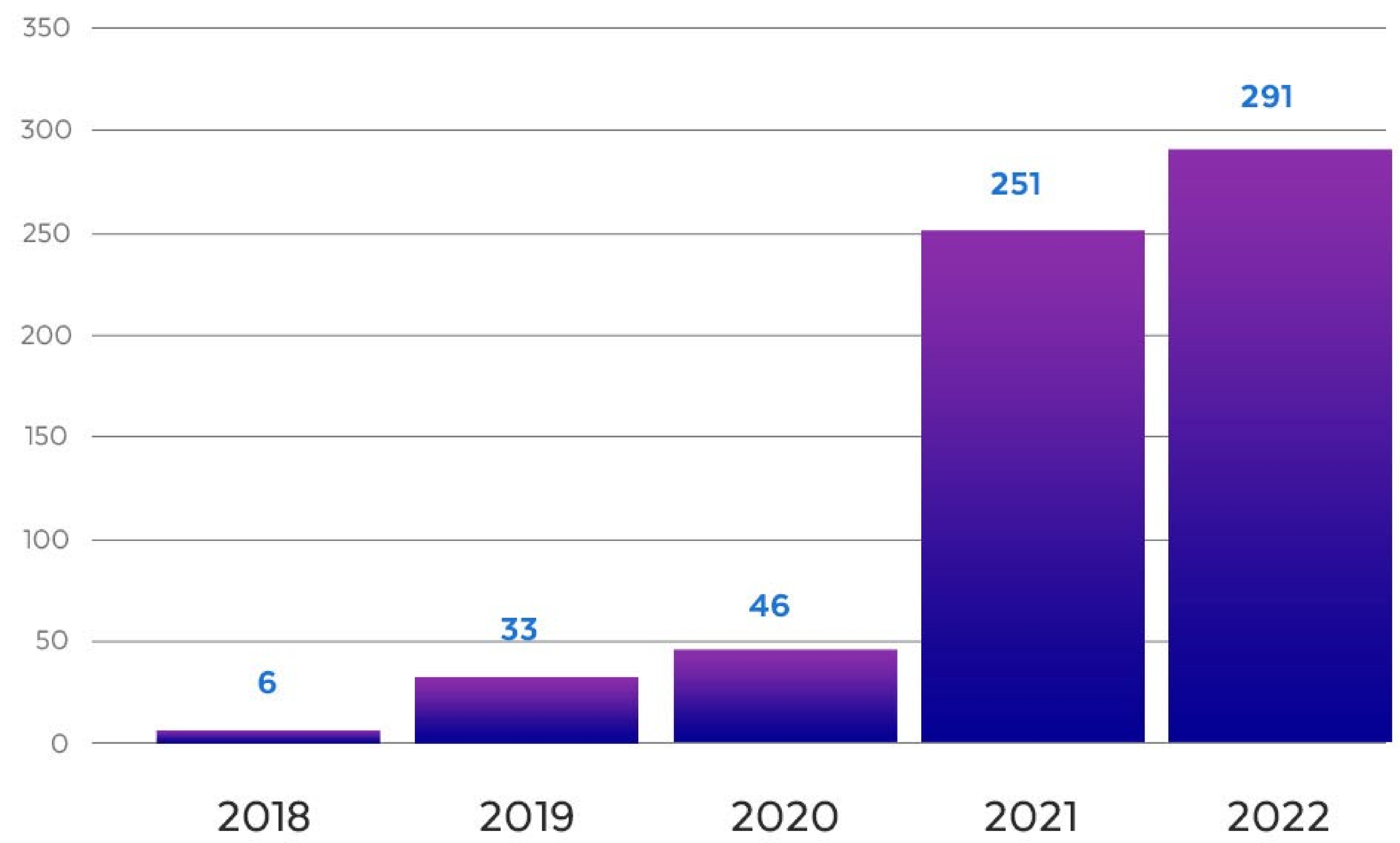
Embalming services
Sanitation and preservation of the body using local chemicals
Provide professional cosmetological care to details of appearance
Provide casket based on Angelica Life Plan option chosen

Viewing equipment and paraphernalia:
1 standards set of viewing lights, casket stand, announcement board and carpet

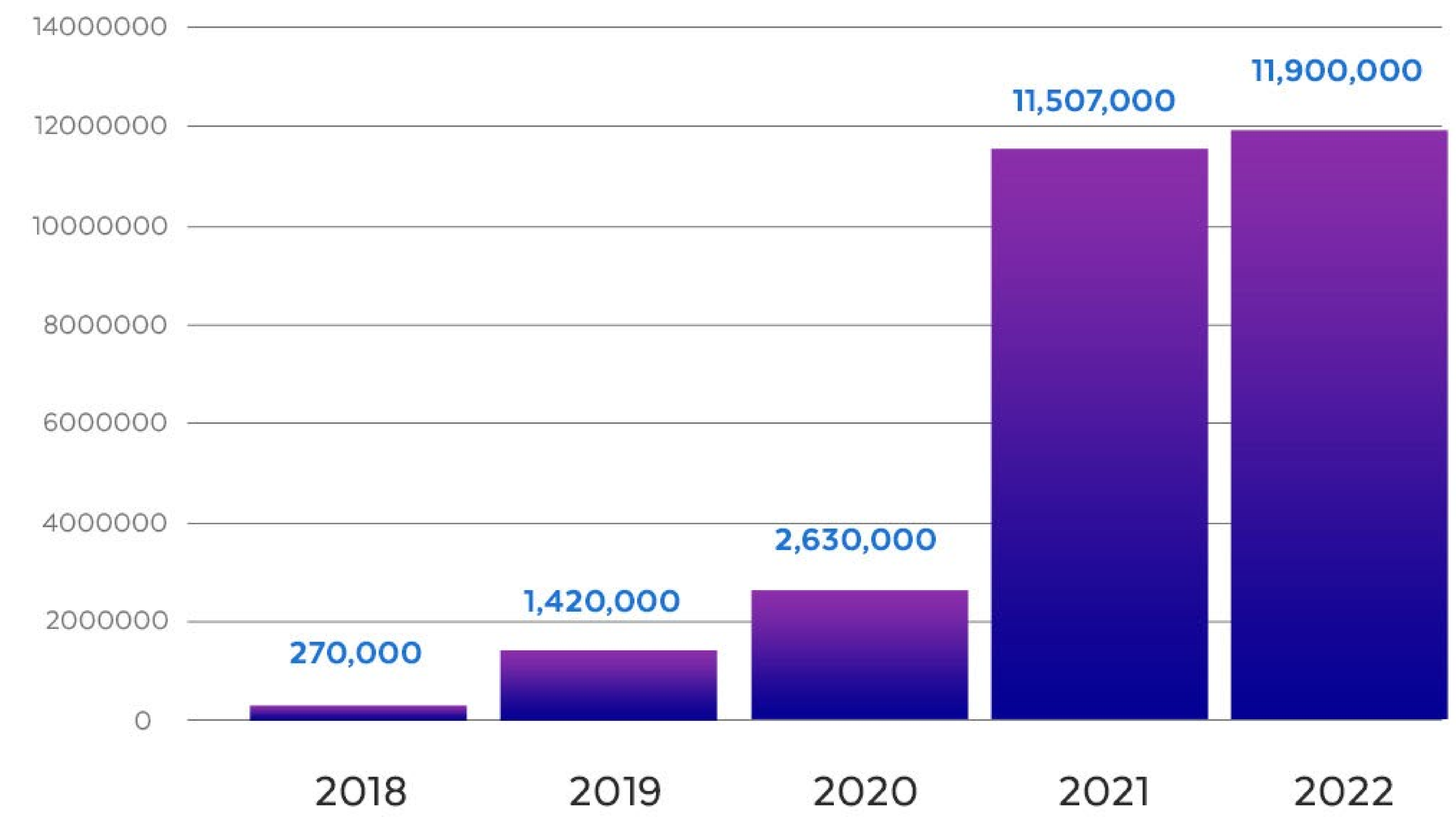
Interment
Use of 1 hearse to burial site within 25km radius of servicing mortuary

Total Memorial Service Benefit (MSB) Rendered for the Year 2022

No. Of Plan Holders Serviced



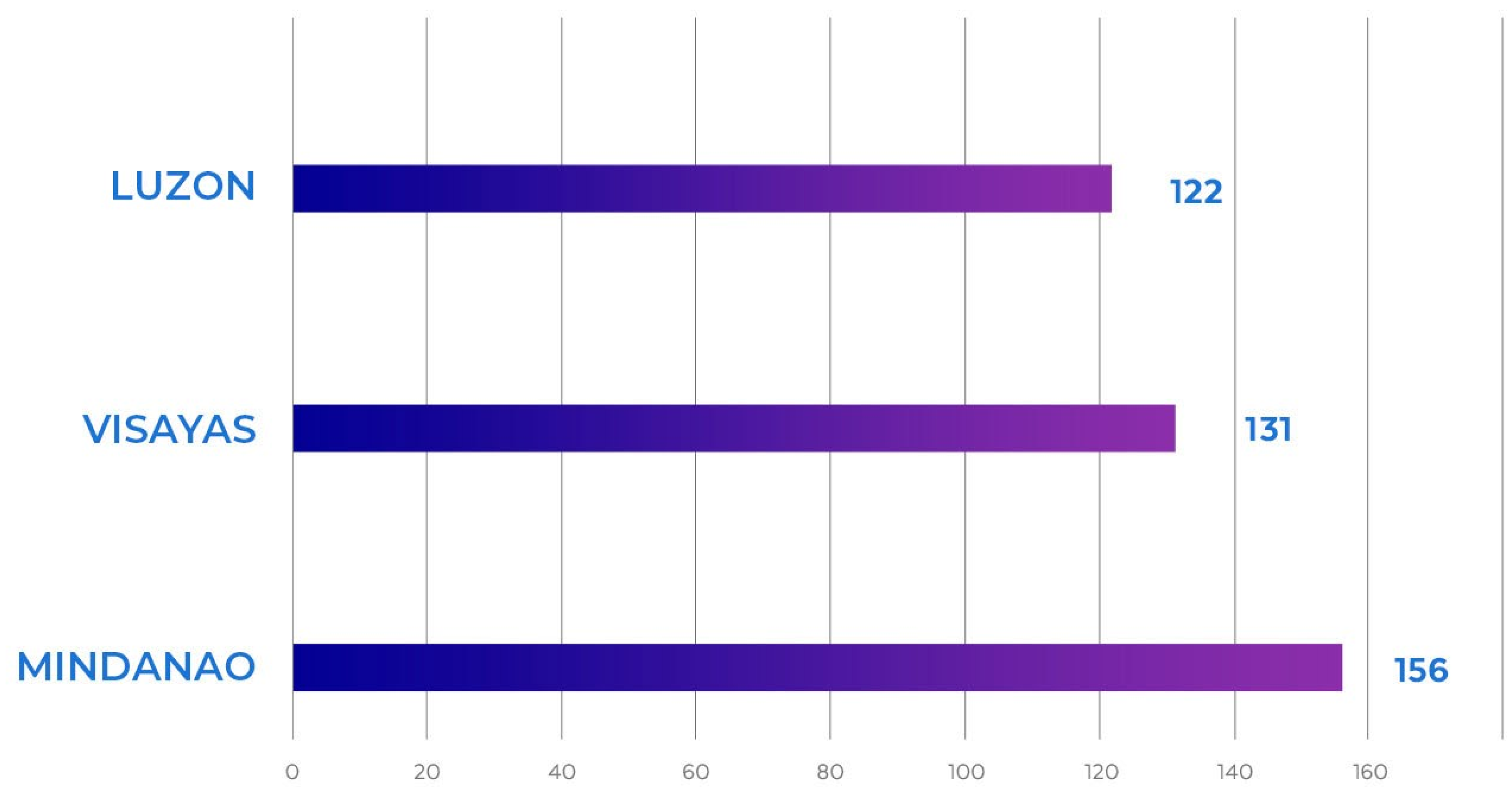
Total Memorial Service Benefit Rendered



ACCREDITATION OF MORTUARIES AND FUNERAL SERVICE

In order to provide a comprehensive solution to our claims services, CCLPI Plans have accredited mortuaries on all strategic key points in the Philippines in order to expedite the decision-making process, reduce costs, minimize risks, and improve customer service experience for all our plan holders.

Current Accredited Funeral Service Providers as of December 31, 2022



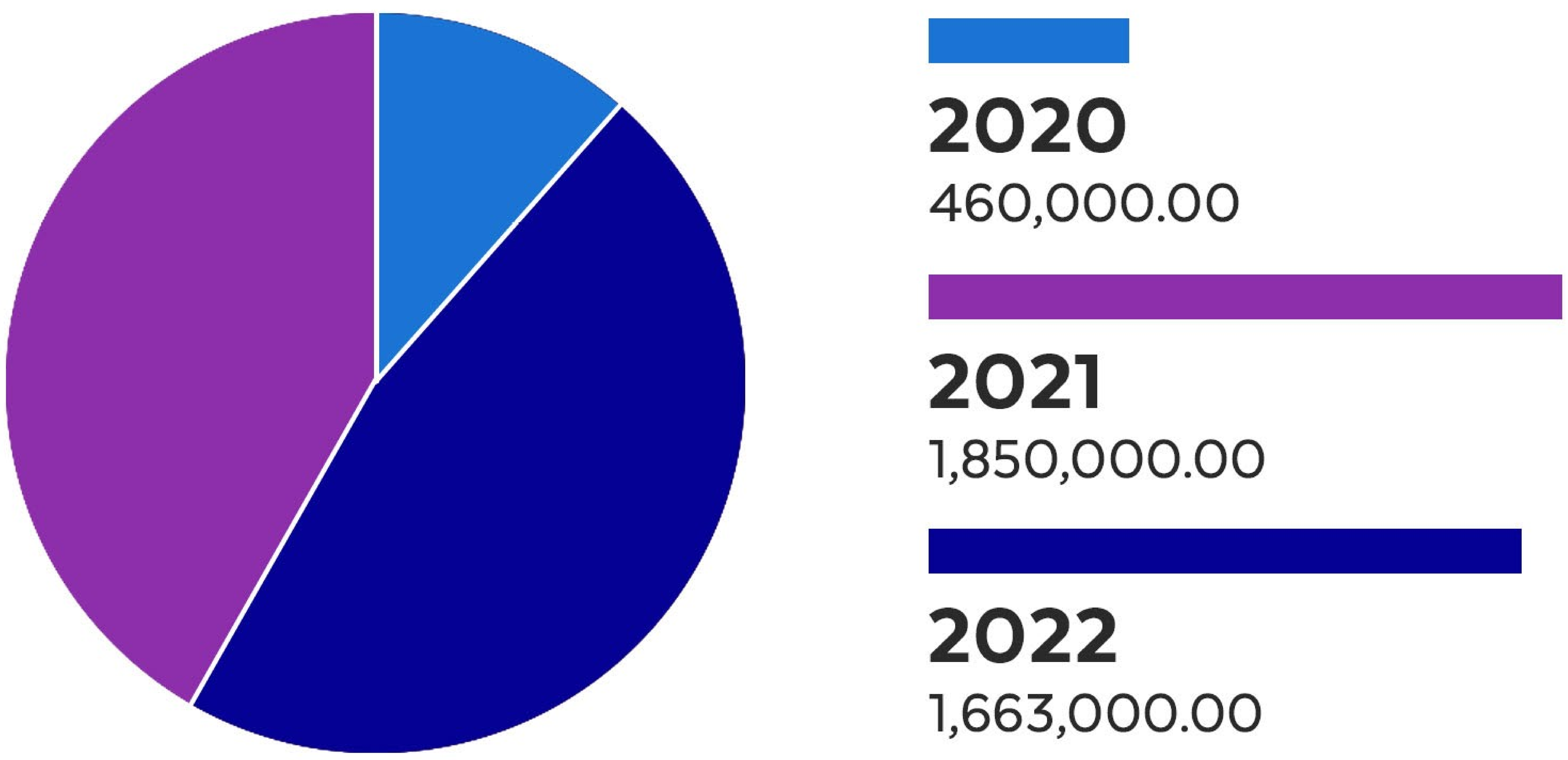
Photos of Selected Mortuaries

VALUE ADDED BENEFITS

Insurance is one of the value added benefits of Angelica Life Plan. Unlike other pre need life plan, Angelica uniquely bundled in its salient features the assurance of financial coverage in times of losses.

As of December 31, 2022, the total life insurance coverage covered by CCLPI Plans reaches over One million six hundred sixty three thousand pesos (1,663,000.00).

Total Life Insurance Coverage as of December 2022

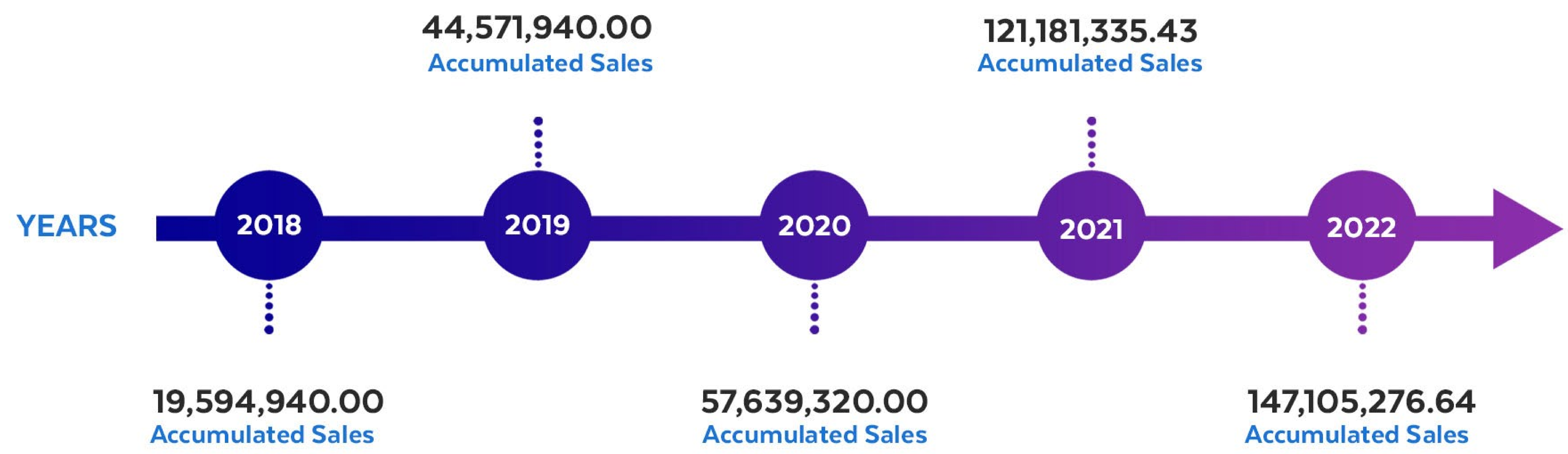


NEW ACCREDITED MORTUARIES IN THE PHILIPPINES

SALES AND MARKETING

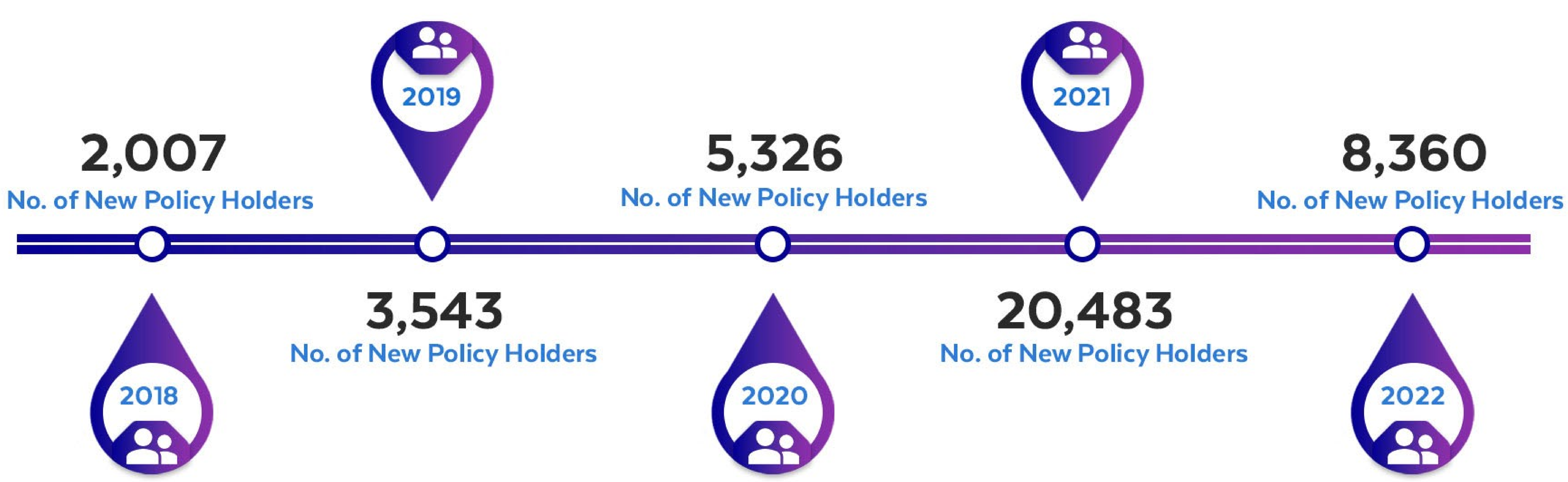
Branded as the face of Angelica Life Plan and the lifeblood of Cosmopolitan Climbs Life Plan Inc., the sales and marketing have been the driving force of the institution in the last six years of its existence. Sales and marketing strives to build a culture of top caliber vending and promotional arm of CCLPI Plans, exceeding in performance and effectiveness when it comes to sales and income generation.

Total New Sales generated ending December 31, 2022



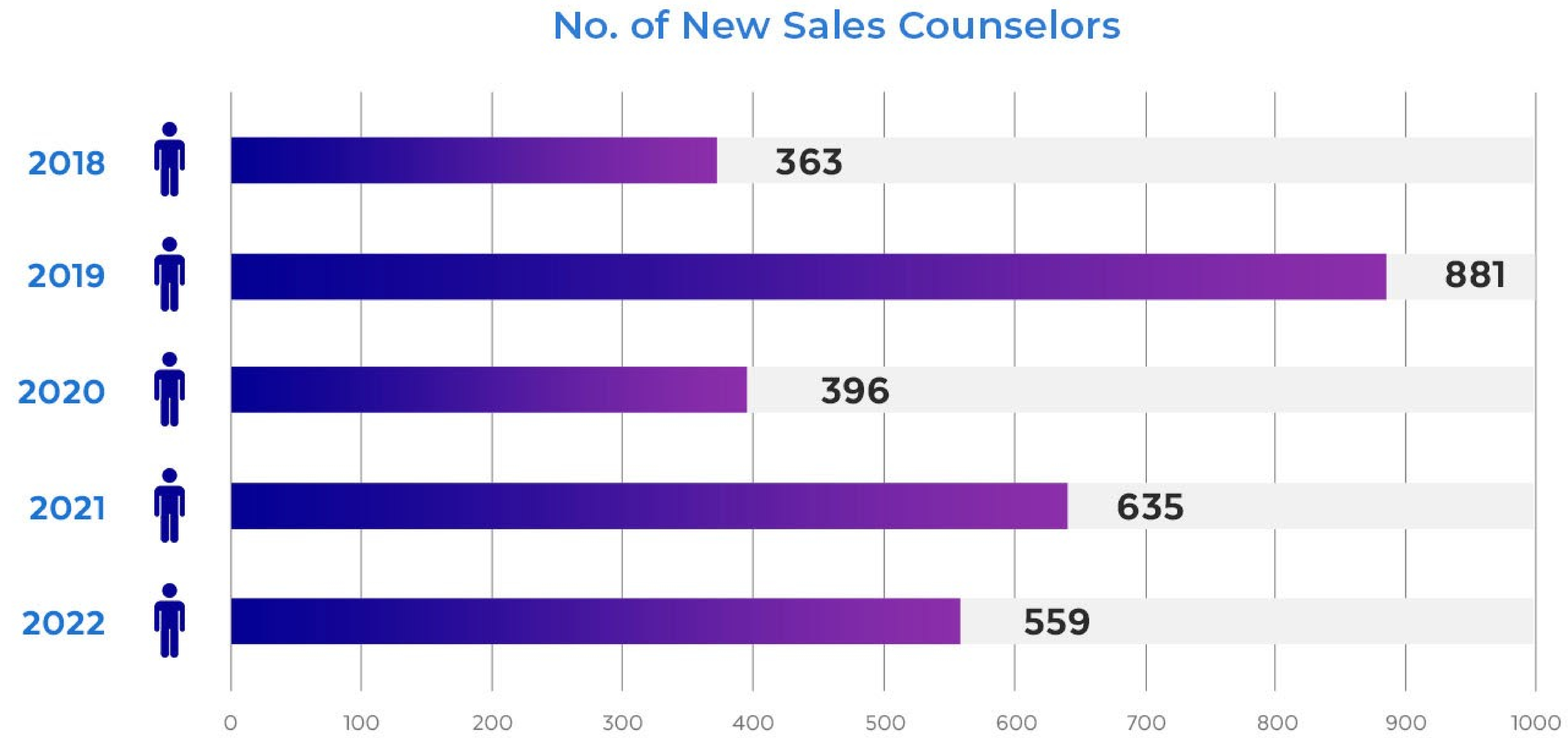
Through the years, the sales and marketing strategies continues to evolve to compliment the changing demands of consumers and the pre-need market.

Total No. of New Policy Holders generated ending December 31, 2022



In testament of its bold and persistent efforts, CCLPI Plans reached 147 M gross sales at the end of December 2022 that garnered 8,360 new policy holders and 559 new sales counselors.

Total No. of New Sales Counselors generated ending December 31, 2022



COOPERATIVE STRATEGIC MARKETING

Over the course of its inception in 2016, CCLPI Plans clamored to synergize with cooperative sectors as one of its key marketing strategies. True to its vision, the cooperative sector have been one of the trusted and unassailable ally and partner of CCLPI Plans.

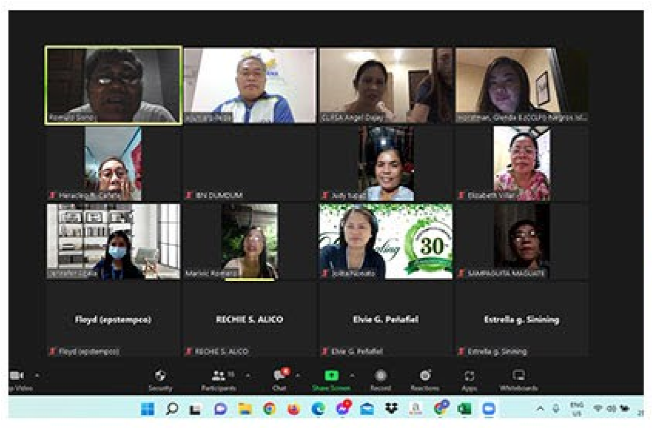
To fully probe the cooperatives in its mutual benefit services to its members, we have develop schemes as part of its cooperative strategic marketing program.

In this scheme, the cooperative will act as a distribution channel of Angelica Life Plan selling to their coop members, officers, employees and extended family/community through the *Coop Assurance Center (CAC).*

Cooperative Strategic Marketing Schemes

TRAINING AND EDUCATION

The mandate to present an accurate, appealing, comprehensive and retentive modules on Sales Orientations and Programs have motivated CCLPI Plans and its marketing team to continue to develop and fine tune its brand presentation designs to gain more policy holders and sales counselors, as well as to fully reached out to Filipino families and the communities.



Advocacy Program and Initiatives

We Change the World, With Our Small Actions

CCLPI Plans EMPLOYEES

participated in the global challenge of caring for the environment.

Last October 8, 2022, the officers and staff of CCLPI Plans headed by its Chief Operating Officer, Mansueto V. Dela Peña, took part in the Mangrove Planting activity along the coastline of Punta Bonbon, Cagayan de Oro City. An estimate of more than a thousand mangrove propagules were successfully planted during the said activity.

Spearheaded by the Cooperative Council of Cagayan de Oro City (CCDC), the activity aims to: 1) To rehabilitate the mangrove ecosystem of Barangay Punta Bonbon; 2) To instill and educate the importance of mangroves within the area; 3) To help prevent soil erosion and storm surge impacts during heavy rains and typhoons; and 4) To help lessen the impacts of climate change by restoring mangrove communities and providing habitats for fishes and wildlife that is beneficial on the balance of the ecosystem.

The Governance Structure

Chairman
Renato S. Dychangco Jr.
Cosmopolitan Funeral Homes Inc.

Vice-Chairperson
Atty. Antonio Manuel A. Alcantara
Perpetual Help Community Cooperative

Director
Fr. Elmo P. Manching
CLIMBS Life and General Insurance Cooperative

Director
Atty. Daniel O. Evangelio Jr.
Toril Community Cooperative

Director
Engr. Ronald G. Chan
Independent Cooperative Movement of Employees of Davao

Treasurer/ Director
Alvin Y. Tan Unjo
Cebu International Finance Corporation

Director
Ferdinand Matthew D. Reyes
San Fernando Funerals

Director
Atty. Kerwin K. Tan
Tan Hassani & Counsels Law Offices

Director
Bgen. Fred M. Payawan
ACDI Multipurpose Cooperative

Director
Exequiel D. Robles
Sta. Lucia Realty & Development, Inc.

Assist. Treasurer/ Independent Director
Floriano R. Hilot
Oro Integrated Cooperative

Independent Director
Augustus J.V Ferreria

Corporate Board Secretary
Atty. Isidro Q. Lico

Outgoing President & CEO
Fermin L. Gonzales

Incoming President & CEO
Mansueto V. Dela Peña

Our Stockholder's &
Partners Profile

CLIMBS Life and General Insurance Cooperative

Cosmopolitan Funeral Homes Inc.

Oro Integrated Cooperative

Perpetual Help Community Cooperative

Toril Community Cooperative

ACDI Multipurpose Cooperative

Cebu International Finane Corporation

San Fernando Funerals

Sta. Lucia Realty & Development, Inc.

Bohol Diocesan Multi-Purpose Cooperative

Tan Hassani & Counsels Law Offices

Tagum Cooperative

Aurora Integrated Multi-Purpose Cooperative

Independent Coocperative Movement of Employees of Davao

Metro Ormoc Community Multi-Purpose Coopeative(OCCCI)

Guadalupe Community Multi-Purpose Cooperative

Sta. Catalina Multi-Purpose Cooperative

Meet the Team

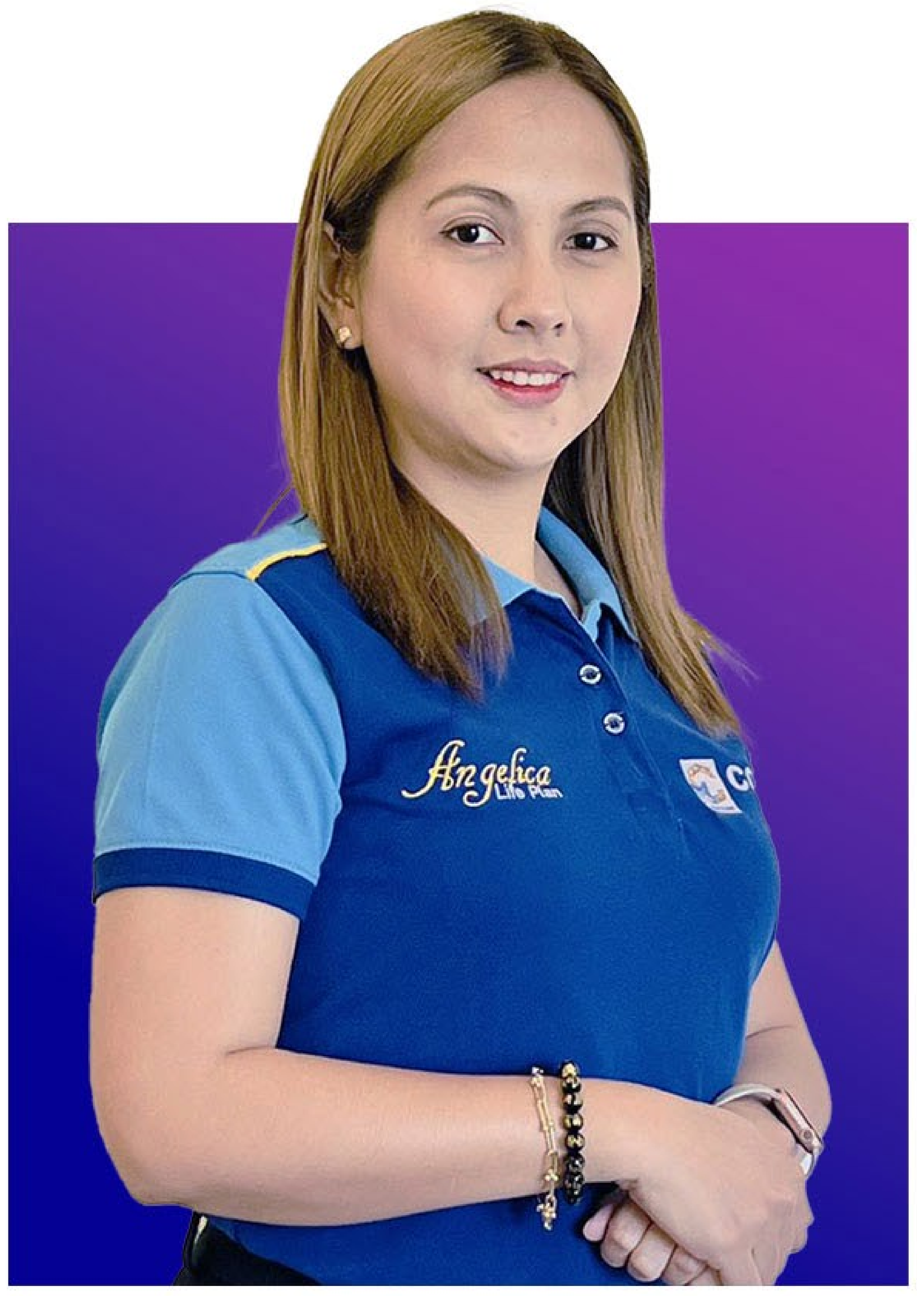
Management Committee

Fermin L. Gonzales
Immediate outgoing President & CEO

Mansueto V. Dela Peña
Chief Operating Officer,
Incoming President & CEO

Severino B. Pedroza Jr.
Chief Financial Officer(CFO)

Revecita P. Salarda
Operations Manager,
Incoming Business Development
Manager - VisMin



Katrina Amor Corpuz
Incoming Business Development
Manager - Luzon

Sales & Marketing

LUZON

Vida Marie V. Generao
Area Marketing Manager

Ronald A. Esguerra
Business Development Manager

Juan Antonio F. De Dios
Marketing Coordinator

Wilson T. Bayangat
Marketing Assistant

VISAYAS

Aljun R. Arpilleda
Area Marketing Manager

Glenda Marie B. Horstman
Marketing Coordinator

Ivy Marie T. Baylon
Marketing Assistant

MINDANAO

Christine P. Olalo
Area Marketing Manager

Salve Amor S. Sudario
Marketing Officer

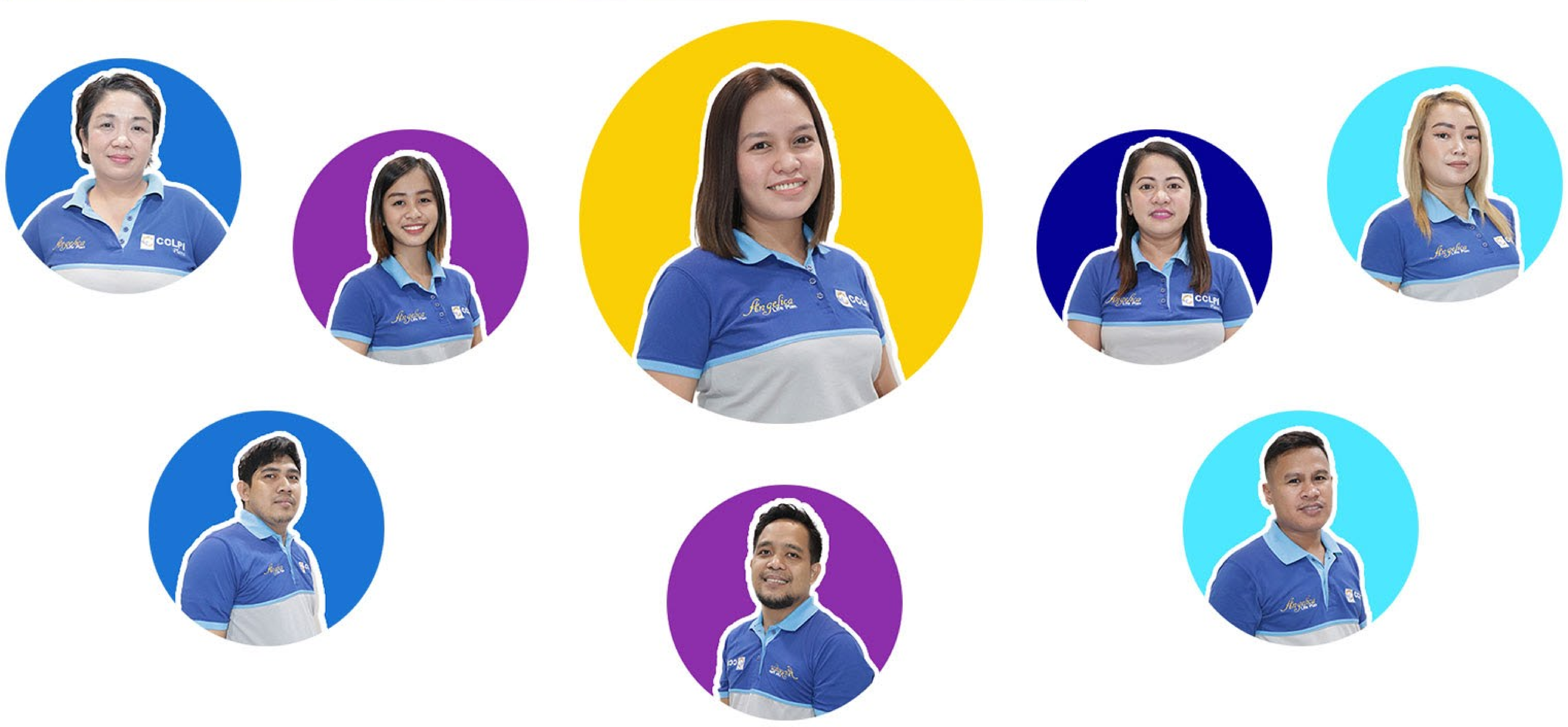
Maria Rowena G. Bañas
Marketing Coordinator

Jubairah M. Sultan
Training Officer

Gernie B. Magnanao
Marketing Assistant

Diana L. Boborol
Marketing Support Assistant

Operations



HRAD DEPARTMENT

Jecthel P. Salac
HRAD Manager

Hervie Ivy O. Saquilayan
HR Assistant

Jeanlou O. Apdian
Admin Assistant

Vannesa B. Padla
Admin Assistant/
Executive Secretary

Dianne M. Adlaon
Executive Secretary

John Michael M. Ura-ura
Driver/ Messenger

Cyrus G. Guerrero
Driver/ Messenger

Ronald G. Tagarda
Utility/ Messenger

ACCOUNTING DEPARTMENT

Junmar N. Verdejo, CPA
Accountant

Grace A. Falle
Bookkeeper

Leizel B. Babia
Accounting Clerk







FINANCE DEPARTMENT

Dolly Jane B. Argabio
Finance, Billing & Collection Officer

Mylene T. Padillo
Finance Clerk

Genevieve R. Tagaylo
Finanace Assistant

Eva M. Edpalina
Billing and Collection Clerk

Katherine C. Misiona
Cashier

CLAIMS DEPARTMENT

Shiela Mae A. Balundo
Claims Officer

Jazcyl M. Periodico
Insurance & Claims Assistant

Jed Francis V. Bullecer
Funeral Service Coordinator





IT DEPARTMENT

Romeo U. Odarve, Jr.
System Analyst/Developer

Alvin J. Damasco
Web Admin/Layout Artist

Gio A. Perez
Jr IT Programmer

LUZON

Creshiela A. Lapasandra
Admin Assistant

Reynalyn L. Reonico
Data Encoder

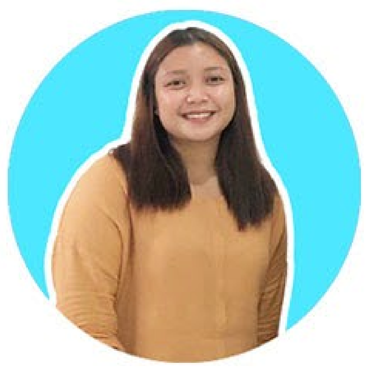

VISAYAS

Sheila Marie B. Vallejos
Admin Cashier

MINDANAO

Abbegail B. Gatbunton
Admin Cashier

Charina D. Fernandez
Admin Assistant

Our

Sales Partners

ACTIVE 2022 AGENCIES

GENERAL AGENCIES:

1. CLIFSA General Agency
2. Cosmopolitan General Pre-Need Agency Inc.
3. Desa General Insurance And Financial Services Agency, Inc.
4. Memorial Services Cooperative Federation
5. OIC Preneed General Agency Inc
6. S.F San Fernando Cares, Inc.
7. Summit General Micro Insurance Agency
8. Sunshine General Insurance And Financial Services

AGENCIES:

1. Agusan Del Norte Teachers Retirees & Employees Community Cooperative
2. ARF General Care Insurance Agent Services
3. Benabaye Primary Cooperative
4. Bernales Agency
5. Cebu International Finance Corporation
6. CLIFSA Agency - Luzon
7. CLIFSA Agency - Visayas
8. CLIFSA Agency - Mindanao
9. Community Care Service Cooperative (CCSC)
10. Cosmopolitan Funeral Homes, Inc. - Araneta
11. Cosmopolitan Funeral Homes, Inc. - CDO
12. Cosmopolitan Funeral Homes, Inc. - Cebu
13. Cosmopolitan Funeral Homes, Inc. - Davao
14. Cosmopolitan Funeral Homes, Inc. - Iligan
15. Cosmopolitan Funeral Homes, Inc. - LapuLapu
16. Cosmopolitan Funeral Homes, Inc. - Pasig
17. Cosmopolitan Funeral Homes, Inc. - SF Tandang Sora
18. Dennis Castro Agency – Luzon
19. Desa General Insurance And Financial Services Agency, Inc. - Cdo
20. Desa General Insurance And Financial Services Agency, Inc. - Luzon
21. Desa General Insurance And Financial Services Agency, Inc. - Visayas
22. Diamond Agency
23. Divine Care Memorial Services Agency
24. E.Y. TEVES ETERNA FUNERAL CHAPELS
25. Eight Finity Insurance Services
26. ERA Development and Consultancy Services Inc.
27. Fonus – Antique
28. Fonus Cebu Federation Of Cooperatives
29. Funeraria Villa
30. Goodlife Damayan Insurance Agency Co.
31. GW Insurance Agency (Temporary)
32. Haven Of Rest Memorial Park (HRMP)
33. Hilcare Life Insurance Services
34. Instapro Insurance Agency
35. Kelp Financial Life Insurance Services
36. Mactan Island Multi-Purpose Cooperative
37. Memorial Service Cooperative Federation
38. OIC Preneed General Agency Inc.
39. Perpetual Protection Insurance Agency Inc.
40. REALCARE MANAGEMENT CONSULTANCY SERVICES
41. RRA Insurance Agency
42. S.F San Fernando Cares, Inc.- Luzon
43. Smartlife Insurance Agency
44. Summit Agency
45. Sunshine General Insurance And Financial Services Agency - Mindanao
46. Sunshine General Insurance And Financial Services Agency - Visayas
47. Unlad Management Consultancy Services - Davao
48. Unlad Management Consultancy Services - Luzon
49. Unlad Management Consultancy Services - Visayas

Highlights of the 5th Annual Stockholder’s Meeting

Board Resolutions passed and approved during the 5th Annual Stockholder’s Meeting

1. Approval of the Proposed Agenda of the 5th Annual Stockholder’s Meeting
2. Approval of the Minutes of the 4th Annual Stockholder’s Meeting
3. Approval of the Management Financial Report provided by Senior Audit Manager Ana Mariae Quilab of Quilab & Garsuta CPA
4. Approval of the appointment of Mr. Rey Gauran as the Chairman of the Committee with members Ms. Marjorie Cavan and Ms. Ma. Milagros Deloyola
5. Approval of the 2022 Annual Budget
6. Approval of the re-appointment of Quilab and Garsuta CPAs as the External Auditor of CCLPI Plans for the year 2022
7. Approval of the implementation of Money Laundering and Terrorist Financing Prevention Program (MTPP) in compliance with the Insurance Commission






2022 Service Awards

Mansueto V. Dela Peña
Chief Operating Officer,
Incoming President & CEO

Revecita P. Salarda
Operations Manager,
Incoming Business Development
Manager(VisMin)

Junmar N. Verdejo, CPA
Accountant

Gio A. Perez
Jr Programmer

Alvin J. Damasco
Web-Admin/Layout Artist

Financial Statements of

Cosmopolitan CLIMBS Life Plan, Inc.

December 31, 2022 and 2021

And

Report of Independent Auditors

QUILAB & GARSUTA
CERTIFIED PUBLIC ACCOUNTANTS

quilabgarsuta.com

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 years ended December 31, 2022 and 2021, 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 periods December 31, 2022 and 2021, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing (PSAs), and in its report to the Board of Directors, have expressed their opinions on the fairness of presentation upon completion of such audits.

April 24, 2023, Cagayan de Oro City, Philippines.

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

MANSUETO V. DELA PEÑA
President and Chief Executive Officer

ALVIN Y. TAN UNJO
Treasurer

SEVERINO B. PEDROZA, JR.
Chief Finance Officer

QUILAB & GARSUTA
Certified Public Accountants

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(063) 88-8564401, 8822-727515
quilabgarsuta.com
Accreditations, Expiry
BIR 16-007506-000-2022, 2022-2024
NEA 2020-12-00070, 2020-2023
7787-SEC Group B, 2020-2024
7787-BSP Group B, 2020-2024
7787-IC Group A, 2020-2024
PRC/BOA 7787, 2020-2023
CDA 119 AF, 2021-2023
MISEREOR

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. (Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes (collectively referred to as 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cosmopolitan CLIMBS Life Plan, Inc. as of December 31, 2022 and 2021, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion
We conducted our audits 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 audits 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 Company's 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 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 audits.

Quilab & Garsuta, CPAs

PTR No. 5474076 A
January 3, 2023
Cagayan de Oro City

April 24, 2023
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Cosmopolitan CLIMBS Life Plan, Inc.

December 31,	**2022**	2021
ASSETS		
Current Assets		
Cash and cash equivalents *(Note 4)*	**₱51,350,826**	₱74,087,297
Investments in financial instruments *(Note 8)*	**10,000,000**	10,000,000
Trade and other receivables *(Note 5)*	**3,011,107**	1,656,633
Prepaid expenses *(Note 6)*	**4,040,841**	3,219,278
Total Current Assets	**68,402,774**	88,963,208
Non-Current Assets		
Property and equipment – net *(Note 7)*	**12,008,883**	6,304,463
Investment in Trust Fund – Life Plan *(Note 9)*	**117,209,654**	65,544,304
Investments in financial instruments *(Note 8)*	**106,811,494**	74,624,112
Insurance Premium Fund *(Note 10)*	**6,060,516**	4,367,530
Other assets *(Note 11*	**1,492,447**	836,067
Total Non-Current Assets	**243,582,994**	151,676,476
	₱311,985,768	₱240,639,684
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables *(Note 12)*	**₱32,702,303**	₱17,517,248
Deposits for future subscriptions *(Note 15)*	**7,000,000**	7,000,000
Lease liability *(Note 7)*	**1,027,143**	33,333
Total Current Liabilities	**40,729,446**	24,550,581
Non-Current Liabilities		
Aggregate reserves for risks *(Note 13)*	**98,263,891**	55,234,324
Lease liability *(Note 7)*	**3,599,997**	–
Retirement benefit obligation *(Note 14)*	**1,628,499**	1,511,772
Total Non-Current Liabilities	**103,492,387**	56,746,096
Total Liabilities	**144,221,833**	81,296,677
Shareholders' Equity		
Share capital *(Note 15)*	**157,612,500**	156,050,000
Revaluation reserves on FVTOCI investments *(Note 9)*	**(4,762,704)**	(212,683)
Net earnings of Trust Fund – Life Plan *(Note 16)*	**3,771,168**	1,024,987
Retained earnings *(Note 16)*	**11,142,971**	2,480,703
Total Shareholders' Equity	**167,763,935**	159,343,007
	₱311,985,768	₱240,639,684

See Notes to Financial Statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Cosmopolitan CLIMBS Life Plan, Inc.

Years Ended December 31,	**2022**	2021
REVENUE		
Premiums *(Note 17)*	**₱138,615,490**	₱113,052,633
Investment income *(Note 18)*	**5,850,817**	5,422,006
Trust fund income *(Note 9)*	**1,613,081**	2,053,781
Miscellaneous	**3,361,318**	2,090,436
Total Revenue	**149,440,706**	122,618,856
COSTS AND EXPENSES		
Cost of contracts issued:		
Collection costs (commissions) *(Note 19)*	**39,298,699**	39,147,894
Increase in aggregate reserves for risks *(Note 13)*	**43,029,567**	26,529,924
Plan benefits paid *(Note 13)*	**12,355,457**	11,265,794
Other direct costs and expenses *(Note 19)*	**4,313,170**	3,859,794
Total cost of contract issued	**98,996,893**	80,803,406
Salaries, wages and employees' benefits *(Note 20)*	**20,356,389**	17,185,123
General and administrative *(Note 21)*	**14,040,400**	10,065,868
Depreciation and amortization *(Notes 7 and 11)*	**3,145,795**	2,058,655
Total Costs and Expenses	**136,539,477**	110,113,052
PROFIT BEFORE INCOME TAX EXPENSE	**12,901,229**	12,505,804
INCOME TAX EXPENSE *(Note 22)*		
Current	**(1,686,569)**	(1,506,958)
Deferred	**193,789**	11,802
Net	**(1,492,780)**	(1,495,156)
PROFIT FOR THE YEAR *(Notes 15 and 23)*	**11,408,449**	11,010,648
OTHER COMPREHENSIVE INCOME		
Item that will not be recycled subsequently to profit or loss		
Fair value gain on investment in Trust Fund – Life Plan *(Note 9)*	**(4,550,021)**	(2,181,715)
TOTAL COMPREHENSIVE INCOME	**₱6,858,428**	₱8,828,933

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

Cosmopolitan CLIMBS Life Plan, Inc.

December 31,	**2022**	2021
SHARE CAPITAL *(Note 15)*		
Ordinary (Common) Shares		
Opening balances	**₱136,250,000**	₱136,250,000
Additional subscriptions received during the year	**1,562,500**	–
Closing balances	**137,812,500**	136,250,000
Preference Shares	**19,800,000**	19,800,000
Total Share Capital	**157,612,500**	156,050,000
REVALUATION RESERVE ON FVTOCI INVESTMENTS		
Opening balances	**(212,683)**	1,969,032
Other comprehensive income for the year *(Note 9)*	**(4,550,021)**	(2,181,715)
Closing balances	**(4,762,704)**	(212,683)
RETAINED EARNINGS OF TRUST FUND – LIFE PLAN *(Note 15)*		
Opening balances	**2,480,703**	837,678
Income from investments in trust fund *(Note 16)*	**1,290,465**	1,643,025
Closing balances	**3,771,168**	2,480,703
RETAINED EARNINGS – UNAPPROPRIATED		
Opening balances	**1,024,987**	(8,342,636)
Profit for the year	**10,117,984**	9,367,623
Closing balances	**11,142,971**	1,024,987
	₱167,763,935	₱159,343,007

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

Cosmopolitan CLIMBS Life Plan, Inc.

Years Ended December 31,	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	**₱12,901,229**	₱12,505,804
Add (deduct) adjustments:		
Depreciation and amortization *(Notes 7 and 11)*	**2,396,667**	1,678,366
Depreciation of right-of-use assets *(Note 7)*	**749,128**	380,289
Increase in actuarial reserve liabilities *(Note 13)*	**43,029,567**	26,529,923
Provision for impairment on trade and other receivables *(Note 5)*	**221,414**	17,129
Interest expense on lease liability *(Note 7)*	**260,827**	21,587
Provision for retirement benefits *(Note 14)*	**116,727**	1,511,772
Investments and trust fund income *(Notes 9 and 17)*	**(4,237,736)**	(3,368,225)
Net cash provided from operations	**42,536,593**	39,276,645
Changes in working capital, excluding cash and cash equivalents:		
Decrease (increase) in trade and other receivables *(Note 5)*	**(1,575,888)**	(273,810)
Increase in prepaid expenses *(Note 6)*	**(821,563)**	(1,944,282)
Increase in trade and other payables *(Note 12)*	**15,150,054**	7,764,668
Net cash generated from operations	**68,190,426**	44,823,221
Income taxes paid *(Note 22)*	**(1,696,569)**	(1,506,958)
Net Cash Provided from Operating Activities	**66,503,857**	43,316,263
CASH FLOWS FOR INVESTING ACTIVITIES		
Increase in investments in financial instruments *(Note 8)*	**(32,187,382)**	(2,570,925)
Increase in investment in Trust Fund – Life Plan *(Note 9)*	**(56,215,371)**	(38,179,816)
Additions to Insurance Premium Fund *(Note 10)*	**(1,692,986)**	(2,145,934)
Investments and trust fund income *(Notes 9 and 17)*	**4,237,736**	3,368,225
Acquisition of property and equipment *(Note 7)*	**(3,442,212)**	(1,765,773)
Increase in other non-current assets *(Note 11)*	**(687,388)**	101,605
Net Cash Used for Investing Activities	**(89,987,603)**	(41,192,618)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease principal and interest *(Note 7)*	**(815,225)**	(420,000)
Payments received from capital stock subscriptions *(Note 15)*	**1,562,500**	–
Net Cash Provided from (Used for) Financing Activities	**747,275**	(420,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(22,736,471)**	1,703,645
OPENING CASH AND CASH EQUIVALENTS	**74,087,297**	72,383,652
CLOSING CASH AND CASH EQUIVALENTS *(Note 4)*	**₱51,350,826**	₱74,087,297

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Cosmopolitan CLIMBS Life Plan, Inc.
As of and for the Years Ended December 31, 2022 and 2021

Note 1
General Information

The Cosmopolitan CLIMBS Life Plan, Inc. (henceforth referred to as 'Company') was registered by the Securities and Exchange Commission (SEC) on December 7, 2016. It obtained its secondary license from the Insurance Commission (IC) on August 9, 2017. It received from IC its Permit to Offer Pre-Need Plans on December 22, 2017. The Company officially started commercial operations at the beginning of 2018.

The Company was organized 'to engage in the pre-need business and develop and sell contractual plans for the benefit of plan-holders, subscribers, or purchasers thereof'. It embodies the synergy of the cooperative system and a private funeral company and strongly positioned itself 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 grassroot 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 initially sells memorial life plans.

The Company's area of operations covers the whole country. The Company's Head Office is located at the 4th Floor, CLIMBS Building, Tiano-Pacana Streets, Cagayan de Oro City. It maintains sub-offices in key cities and regions of the country.

Note 2
Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

Statements of Compliance
The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) and Philippine Interpretations-IFRIC. PFRSs include statements named PFRSs and Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (BOA) and adopted by the Securities and Exchange Commission (SEC).

Because the Company is a supervised entity by the Insurance Commission (IC), it also abides by the regulations of the Commission particularly those that are 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 all applicable IC Circular Letters and accounting requirements. These regulations and requirements are substantially compliant with PFRSs.

New and Amended PFRS Standards that are Effective for Current Year
The Company has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective. The following Standards were developed and issued by the International Accounting Standards Board (IASB), an independent, private-sector body that develops and approves International Financial Reporting Standards (IFRSs). The IASB was formed in 2001 to replace the International Accounting Standards Committee (IASC).

These standards were reviewed by the FSRSC which was established under the Implementing Rules and Regulations of the Philippine Accountancy Act of 2004 to assist the Board of Accountancy (BOA) in carrying out its power and function to promulgate accounting standards in the Philippines. The FSRSC's main function is to establish generally accepted accounting principles in the Philippines through its review and adoption of the Standards issued by the IASB. The FSRSC formed the PIC in August 2006 to assist the FSRSC in establishing and improving financial reporting standards in the Philippines. The role of the PIC is principally to issue implementation guidance on PFRSs which are then forwarded to the FSRSC and BOA/PRC for approval before issuance to the public as final guidance.

The Securities and Exchange Commission (SEC) has the authority to prescribe the financial reporting framework to be used by corporations in the Philippines. These general financial reporting requirements are set out in Rule 68 of the Securities Regulation Code (SRC).

The following new and amended IFRS Standards have been reviewed and/or adopted in the Philippines by the FSRSC for the BOA/PRC.

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the FSRSC (as Philippine Financial Reporting Standards) that are mandatorily effective for an accounting period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to PFRS 3 Reference to the Conceptual Framework
The Company has adopted the amendments to PFRS 3 *Business Combinations* for the first time in the current year. The amendments updated PFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS/IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies PAS/IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The foregoing amendments were adopted by the FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

Amendments to PAS/IAS 16 Property, Plant and Equipment— Proceeds before Intended Use
The Company has adopted the amendments to PAS/IAS 16 *Property, Plant and Equipment* for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS/IAS 2 *Inventories.*

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS/IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The foregoing amendments were adopted by FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

Amendments to PAS/IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
The Company has adopted the amendments to PAS/IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The foregoing amendments were adopted by FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

Annual Improvements to PFRS Accounting Standards 2018-2020 Cycle
The Company has adopted the amendments included in the *Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle* for the first time in the current year. The Annual Improvements include amendments to four standards.

- *PFRS 1 First-time Adoption of International Financial Reporting Standards*
  The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

- *PFRS 9 Financial Instruments*
  The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *PFRS 16 Leases*
  The amendment removes the illustration of the reimbursement of leasehold improvements.

- *PAS/IAS 41 Agriculture*
  The amendment removes the requirement in PAS/IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS/IAS 41 with the requirements of PFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

These following amendments were adopted by FSRSC on August 19, 2020 and becomes effective beginning January 1, 2022.

New and Revised IFRS Accounting Standards in Issue But Not Yet Effective
At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and is some cases had not yet been adopted by the FSRSC.

- PFRS 17 *Insurance Contracts* (including the June 2020 and December 2021 amendments to IFRS 17)

- Amendments to PFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

- *Amendments to IAS 1* and IFRS Practice Statement 2 *Disclosure of Accounting Policies Amendments to IAS 8 Definition of Accounting Estimates*

- Amendments to PAS/IAS 8 *Definition of Accounting Estimates*

- Amendments to PAS/IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The management of the Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

IFRS 17 Insurance Contracts
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The FSRSC adopted the amendments on December 15, 2021 and amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—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. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to

the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new 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 directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise. The FSRSC has not yet adopted the foregoing amendments.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or
The amendments to PAS/IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments. The FSRSC adopted the amendments on August 19, 2020 and becomes effective beginning January 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements and
IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
The amendments change the requirements in PAS/IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS/IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to PAS/IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The FSRSC adopted the amendments on April 14, 2021 and becomes effective beginning January 1, 2023.

Amendments to IAS 8 Accounting Policies, Changes
in Accounting Estimates and Errors—Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error,

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing PAS/IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The FSRSC adopted the amendments on April 14, 2021 and becomes effective beginning January 1, 2023.

Amendments to IAS 12 Income Taxes—Deferred Tax
related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying PFRS 16 at the commencement date of a lease.

Following the amendments to PAS/IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS/IAS 12.

The IASB also adds an illustrative example to PAS/IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with: (a) Right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The FSRSC adopted the amendments on April 14, 2021 and becomes effective beginning January 1, 2023.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

Basis of Preparation
The financial statements have been prepared using the historical cost basis, except for financial instruments that are measured at fair values at the end of the year, as explained in the following accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of PFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS/IAS 2 or value in use in PAS/IAS 36.

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. 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.

Significant Accounting Policies
The principal accounting policies adopted are set out below.

Going Concern
The Board of Directors has, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements.

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.

Financial Instruments
Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade and other receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets
All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial assets
Debt instruments that meet the following conditions are measured subsequently at amortized cost: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI): (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset: (a) the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met [see (iii) below]; and (b) the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch [see (iv) below].

(i) Amortized Cost and Effective Interest Method
The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

The Company's financial assets at amortized costs includes cash and cash equivalents and trade and other receivables.

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. It also include designated cash for insurance premium fund. Cash equivalents (including those invested in trust funds and financial instruments) 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.

Trade and Other Receivables
Trade and other receivables are outstanding balances from debtors less the allowance for impairment losses. Receivables are recognized when the Company becomes party to the contract, which happens when the goods or services are dispatched. They are derecognized when the rights to receive the cash flows have expired e.g., due to the settlement of the outstanding amount or where the Company has transferred substantially all the risks and rewards associated with that contract. Other receivables are stated at invoice value less an allowance for impairment losses. Trade and other receivables are subsequently measured at amortized cost as the business model is to collect contractual cash flows and the debt meets the SPPI criterion.

(ii) Debt Instruments Classified as at FVTOCI
The investment in trust fund – life plan administered by a trustee includes investments in debt instruments that are classified as at FVTOCI. The investments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these investments as a result impairment gains or losses

(see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss.

The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these investments had been measured at amortized cost. All other changes in the carrying amount of these investments are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these investments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) *Equity Instruments Designated as at FVTOCI*

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive incomes and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with PFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

The Company designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if: (1) it has been acquired principally for the purpose of selling it in the near term; or (2) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or (3) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(iv) *Financial Assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI [see (i) to (iii) above] are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition [see (iii) above].

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria [see (i) and (ii) above] are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (the Company has no hedge investments).The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'Investment Income' line item (Note 18). Fair value is determined in the manner described the Company's significant accounting policies.

Impairment of Financial Assets
The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL (expected credit losses) for trade and receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant Increase in Credit Risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological

environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: (1) the financial instrument has a low risk of default; (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of Default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable: (1) when there is a breach of financial covenants by the debtor; or (2) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event (see (ii) above); (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) *Write-Off Policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) *Measurement and Recognition of Expected Credit Losses (ECL)*
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with PFRS 16.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of Financial Assets
The Company derecognizes a financial asset only when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial Liabilities and Equity

Classification as Debt or Equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the

substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities
All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if: (a) it has been acquired principally for the purpose of repurchasing it in the near term; or (b) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or (c) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (2) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (3) it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Investment Income' line item (Note 18) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guaranty contracts issued by the Company that are designated by the Company as at FVTPL are recognized in profit or loss. The Company does not have financial liabilities measured at FVPL.

Financial Liabilities Measured Subsequently at Amortized Cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of Financial Liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

Prepayments
Prepaid expenses are expenditures paid for in one accounting period, but for which the underlying assets will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. Prepayments are carried at cost and are amortized on a straight-line basis, over the period of intended usage, which is equal to or less than 12 months or within the normal operating cycle.

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 major renovations or cost of replacing part of such property and equipment when it is probable that future economic benefits arising from the renovations will flow to the Company.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

a) Service vehicles, 10 years;
b) Office furniture, fixtures and equipment, 3 to 5 years;
c) IT equipment, 10 years, and
d) Leasehold improvements, over the estimated useful lives of the improvements or the term of the lease, whichever is shorter.

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.

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. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

Right-of-Use Assets
Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Impairment of Non-Financial Assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Actuarial Reserve Policies
Pre-need reserves (PNR) for life plans represents the accrued net liabilities of the Company to its planholders. Insurance premium reserve (IPR) is set up as additional reserves to pay for premiums of insurance coverage of fully paid planholders.

These actuarial liabilities are computed by the Consulting Actuary of the Company using actuarial practices generally accepted in the Philippines and based on standards and guidelines set forth by the IC and of the Actuarial Society of the Philippines (ASP). The increase or decrease in the account is charged or credited to costs of contracts issued in the statement of profit or loss.

Actuarial liabilities and other policy liabilities represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits, and expenses on in-force policies. In calculating actuarial liabilities, assumptions must be made about the timing and amount of many events, including death, investment, inflation, policy termination, expenses, taxes, premiums/commissions.

The Company uses best estimate assumptions for expected future experience. Uncertainty is inherent in the process, as no one can accurately predict the future. Some assumptions relate to events that are anticipated to occur for many years in the future and are likely to require subsequent revision. Additional provisions are included in the actuarial liabilities to provide for possible adverse deviations from the best estimates. If the assumption is more susceptible to change, or if the actuary is less certain about the underlying best estimate assumption, a correspondingly larger provision is included in actuarial liabilities.

In determining these provisions, the Company ensures: (a) when taken one at a time, the provision is reasonable with respect to the underlying best estimate assumption, and the extent of uncertainty present in making that assumption, and (b) in total, the cumulative effect of all provisions is reasonable with respect to the total actuarial liabilities. With the passage of time and resulting reduction in estimation risk, the provisions are released into income. The best estimate assumptions and margins for adverse deviations are reviewed annually and revisions are made where deemed necessary and prudent.

Recording of Claims from Policyholders
Claims incurred comprise settlement and handling costs of paid and outstanding claims arising during the year and adjustments to prior year claim provisions. Outstanding claims comprise claims incurred up to, but not paid, at the end of the year, whether reported or not. Reinsurance recoveries are accounted for in the same period as the related claim.

Share Capital
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.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

Retained Earnings
Retained earnings include all current results of operations as disclosed in the statement of changes in equity and are reduced by dividends on capital stock. Retained earnings may also include the effect of changes in accounting policy as may be required by the transition provisions of new and amended standards.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the shareholders prior to the reporting date.

In accordance with the provisions of Chapter VIII, Section 30 of the Pre-need Code, and guided by IC Circular Letter No. 2018-1, the Company identifies its retained earnings as follows:

(a) Retained Earnings Corporate Funds, (unrestricted) which pertains to the accumulated earnings of the Company reduced by whatever losses the Company may incur during a certain accounting period or by dividend declarations. The Company uses the account 'Retained Earnings, Unrestricted', and

(b) Retained Earnings Trust Fund – Life Plan, which pertains to the accumulated income of the investments in trust fund.

In accordance with Section 29 of the R.A. 98291, An Act Establishing the Pre-Need Code of the Philippines, '*A pre-need company may declare dividend: Provided, That the following shall remain unimpaired, as certified under oath by the president and the treasurer with respect to items (a) and (b); and in the case of item (c), by the trust officer: (a) One hundred percent (100%) of the capital stock; (b) An amount sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes; and (c) Trust fund. Any dividend declared under the preceding paragraph shall be reported to the Commission within thirty (30) days after such declaration.'*

Revaluation Reserves on FVTOCI Investments
The accumulated other comprehensive income account is an equity category comprised of the cumulative amounts of other comprehensive income (OCI). OCI presently comprises the change in the fair value of the investments in trust funds.

Revenue and Cost Recognition
The Company's revenue arises primarily from the sale of a pre-need product and secondarily from investment-related transactions such as investment income, dividend income, interest income and other sources of revenue. Management has determined that the revenue from pre-need operations is within the scope of PFRS 4 while the income from investments in financial instruments is within the scope of PFRS 9. Incomes from other

sources are within the scope of PFRS 15.

The Company recognizes revenue as follows:

(1) *Premiums Revenue*
Revenue from sale of a pre-need product is recognized under PFRS 4 *Insurance Contracts*, which defines an insurance contract as a 'contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.' PFRS 4 temporarily exempts the Company from some requirements of other PFRSs until the efficacy of PFRS 17, beginning January 1, 2023.

Under the provisions of PFRS 4, the Company recognizes:

- Premiums from sale of pre-need plans as earned when collected and with corresponding increase in the insurance trust fund and insurance premium fund.
- Service fees, loading income, surcharge and amendment fees are recognized in the period in which the related services are performed.

(2) *Investments Income*
Income investments are accounted for under PFRS 9 *Financial Instruments* as follows:

- Income from investments in debt and equity securities held to collect contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) are recognized at amortized cost, with interest income recognized at the effective interest rate.

- Income generated from Investment in Trust Fund – Life Plan is restricted in nature. In accordance with the provisions of Section 30 of the Pre-Need Code, the trust fund income is intended only 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. The Company made an irrevocable election at initial recognition to measure the investments of trust fund at FVTOCI with only dividend income recognized in profit or loss.

  Trust fund income (net of the allowed payments) is accumulated in Retained Earnings (Deficit), Trust Fund – Life Plan.

(3) *Non-Insurance Revenues*
The Company recognizes non-insurance revenues in accordance with PFRS 15 *Revenue from Contracts with Customers* at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Company:

(1) Identifies the contract with a customer;
(2) Identifies the performance obligations in the contract;
(3) Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
(4) Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
(5) Recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

(4) *Cost and Expenses*
Costs and expenses are recognized in the statement of profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen, which can be measured reliably.

Costs and expenses are recognized in the statement of profit or loss : i) on the basis of a direct association between the cost incurred and the earnings of specific items of income; ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Insurance-related costs are accounted as follows:

- Changes in the required Pre-Need Reserves, trust fund contributions and other reserves are recognized as expense during the year. Documentary stamp taxes and IC registration fees are expenses as incurred.

- Plan benefits expense is recognized for benefits availed of by planholders/beneficiaries that normally include the costs of memorial services, maturities or termination benefits, except benefits paid from insurance coverage.

- Collection costs (representing commissions to licensed active agents) are due and payable for every premium income recognized. Commission rates are based on IC-approved rates.

Leases – The Company as Lessee
The Company’s leases substantially involve the use of office spaces that are used for its Head Office and regional branch offices nationwide. The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. For purposes of discounting, the Company is using the average rate of its investments in financial instruments.

The incremental borrowing rate depends on the term and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company and the lease does not benefit from a guarantee from the Company.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS/IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets and the corresponding lease liability are presented separately in the statement of financial position as required under IC Circular Letter No. 2019-70, dated December 2, 2019.

The Company applies PAS/IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Rental" in the statement of profit or loss. As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead accounts for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leases – The Company as Lessor
Leases, for which the Company is a lessor, are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies PFRS 15 to allocate the consideration under the contract to each component.

The Company is not a lessor of properties.

Compensation and Employees Benefits Expense
Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees or for the termination of their employment in the Company. The Company recognizes: (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the Company consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits. The following represent the accounting followed by the Company for all types of employee benefits, except share-based payment, to which there is none.

- *Short-Term Employee Benefits*
  Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. These benefits include wages, salaries, profit-sharing and bonuses (if there are any) and non-monetary benefits paid to current employees. These are recognized when the employee has rendered the service and are measured at the undiscounted amounts of benefits expected to be paid in exchange for that service.

  The benefits also include compensated absences which are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts the Company expects to pay as a result of unused entitlements at end of period. The amounts recognized are included in the Trade and Other Payables account in the statement of financial position at undiscounted amount that the Company expects to pay as a result of the unused entitlement.

- *Post-Employment Benefit Plans*
  The Company has not yet covered its employees with any post-retirement benefit program considering that the operation of the Company is barely three years old under operating status. The Company's work force is considered young. The Board of Directors is cognizant of the need to provide post-employment benefits to its employees; however, the cost-benefit estimate favors postponement of any action at this time on the issue of the immateriality of the amount involved.

- *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 statement of financial position date are discounted to present value.

Income Taxation
The income tax expense represents the sum of the tax currently payable and deferred. The Company has no deferred taxes presently.

Current Tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of the Chief Accounting Officer of the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except: (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused NOLCO can be utilized except: (a) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Earnings per Share
Basic earnings per share (EPS) is computed by dividing the profit for the year attributable to common shareholders (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing the net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

Contingencies
A contingency arises when there is a situation for which the outcome is uncertain, and which should be resolved in the future, possibly creating a loss. The accounting for a contingency is essentially to recognize only those losses that are probable and for which a loss amount can be reasonably estimated. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized either, but these are generally disclosed unless the possibility of an outflow of resources is remote.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Events After Reporting Date
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.

Note 3
Significant Critical Accounting Judgment and Key Sources of Estimation Uncertainty

In applying the Company's accounting policies, which are described in Note 2, *Summary of Significant Accounting Policies*, the management of the Company is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Company's Accounting Policies
The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Company have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Business Model Assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for

their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant Increase in Credit Risk
Expected credit losses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key Sources of Estimation Uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair Value Measurements
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible; but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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
In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

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:

December 31,	**2022**	2021
Cash on hand and revolving funds	**₱235,065**	₱190,000
Cash in banks	**57,176,277**	78,264,827
Total	**57,411,342**	78,454,827
Designated for Insurance Premium Fund *(Note 10)*	**6,060,516**	4,367,530
	₱51,350,826	₱74,087,297

Cash on hand and revolving funds are dispersed throughout the Company's regional offices.

Cash in banks earn interest rates ranging from .10% to .25% per annum and are generally placed with big commercial banks.

Short-term placements in banks are in the form of time deposits that can be pre-terminated at any time, earning an 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. During 2022, the Company transferred its short-term placements to its investments in trust fund. (See Note 9.) Interest income earned from cash in banks and short-term placements (gross) amounted ₱934,350 in 2022 and ₱2,690,680 in 2021. (See Note 18.)

Note 5
Trade and Other Receivables

This consists of the following:

December 31,	**2022**	2021
Advances to officers and employees, subject to liquidation procedures	**₱1,986,731**	₱1,002,440
Accounts receivable – others	**1,027,191**	481,705
Accrued interest receivables	**274,838**	228,727
Total	**3,288,760**	1,712,872
Less allowance for expected credit losses (ECL)	**277,653**	56,239
Net	**₱3,011,107**	₱1,656,633

All amounts are short-term with their net carrying values considered reasonable approximation of their fair values.

Allowance for ECL
A reconciliation of the allowance for expected credit losses during the period is presented as follows:

December 31,	**2022**	2021
Opening balances	**₱56,239**	₱39,110
Provision for ECL for the year charged to operations	**221,414**	17,129
Closing balances	**₱277,653**	₱56,239

The recorded ECL pertains to advances to officers and employees and accounts receivable – others. A 12-month ECL was provided at 1% of the principal of all the accounts.

Management considers the credit risk of accrued interest receivable as having low credit risk as the investee banks have investment grade ratings from international rating agencies. No ECL was provided on the account.

Note 6
Prepaid Expenses

Details

December 31,	**2022**	2021
Deferred filing fees with the Insurance Commission (IC)	**₱2,619,360**	₱2,740,732
Unused office and marketing supplies	**1,216,653**	252,171
Prepayments	**204,828**	226,375
	₱4,040,841	₱3,219,278

The deferred filing fees with the IC represent the .01% filing fee of the ₱1 billion worth of Angelica Life Plan that the Company applied with, and subsequently obtained permission from, IC to sell the plans. It is amortized to expense as part of the product cost which is matched at every sale of a unit of the plan. Total filing fees expensed amounted ₱121,493 in 2022 and ₱116,677 in 2021. (See Note 19.)

The prepayments pertain to advances made to NAFECOOP Printing Press (National Federation of Cooperative Primaries in the Philippines) for the materials and supplies for the Company's for future printing needs.

Note 7
Property and Equipment and Right-of-Use Assets – Net

Details of Property and Equipment – Net

December 31,	**2022**	2021
Service vehicles	**₱6,812,669**	₱5,204,633
Office furniture, fixtures and equipment	**4,695,962**	3,216,433
IT equipment	**1,340,838**	1,301,477
Leasehold improvements	**725,344**	410,058
Right-of-use asset	**5,183,205**	1,172,558
Total	**18,758,018**	11,305,159
Less accumulated depreciation	**6,749,135**	5,000,696
Net	**₱12,008,883**	₱6,304,463

Reconciliation of the Accounts

December 31, 2022	*Opening Balances*	*Additions*	*Retirements*	***Closing Balances***
Service vehicles	₱5,204,633	₱1,608,036	₱–	₱6,812,669
Office furn., fixtures and equipment	3,216,433	1,479,529	–	4,695,962
IT equipment	1,301,477	39,361	–	1,340,838
Leasehold improvements	410,058	315,286	–	725,344
Right-of-use asset	1,172,558	5,183,206	1,172,559	5,183,205
Total cost	11,305,159	8,625,418	1,172,559	18,758,018
Less accumulated depreciation	5,000,696	2,920,998	1,172,559	6,749,135
Net Book Value	₱6,304,463	₱5,704,420	₱–	₱12,008,883
December 31, 2021				
Service vehicles	₱5,154,775	₱820,536	₱770,678	**₱5,204,633**
Office furn., fixtures and equipment	2,384,443	831,990	–	**3,216,433**
IT equipment	930,356	371,121	–	**1,301,477**
Leasehold improvements	393,714	16,344	–	**410,058**
Right-of-use asset	1,172,558	–	–	**1,172,558**
Total cost	10,035,846	2,039,991	770,678	**11,305,159**
Less accumulated depreciation	3,438,501	1,910,842	348,647	**5,000,696**
Net Book Value	₱6,597,345	₱129,149	₱422,031	**₱6,304,463**

Leases

The Company has three lease contracts all involving lease of offices. The leases on the Company's Head Office and Davao Office covers up to five years and are reflected in the statement of financial position as a right-of-use asset and a lease liability. The leases on its other regional office and paring space are one-year leases, renewable yearly, hence treated as ordinary leases.

The Company discounted the future lease payments on the lease of its Head Office at 5% per annum, the incremental borrowing rate based on an actual offer of a bank for a loan that is collateralized by the investment in financial instruments externally managed by the same bank. The observable rate was no longer adjusted for credit risk and other factors as management determined that any adjustments are immaterial. Total interest expense amounted ₱260,827 in 2022 and ₱21,587 in 2021.

Total lease payments (including interest) amounted ₱815,225 for 2022 and ₱420,000 for 2021.

Components of Right-of-Use Assets – Net

December 31,	**2022**	2021
Right-of-use asset	**₱5,183,205**	₱1,172,558
Less accumulated depreciation	**717,436**	1,140,867
Net	**₱4,465,769**	₱31,691

Accounting of the Movement of Right-of-Use Assets

December 31, 2022	*Opening Balances*	*Additions*	*Retirements*	***Closing Balances***
Right-of-use asset	₱1,172,558	₱ 5,183,206	₱1,172,559	**₱5,183,205**
Less accumulated depreciation	1,140,867	749,128	(1,172,559)	**717,436**
Net Book Value	₱31,691	₱4,434,078	₱–	**₱4,465,769**
December 31, 2021				
Right-of-use asset	₱1,172,558	₱–	₱–	**₱1,172,558**
Less accumulated depreciation	760,578	380,289	–	**1,140,867**
Net Book Value	₱411,980	(₱380,289)	₱–	**₱31,691**

Lease Liability

December 31,	**2022**	2021
Current (portion due for the next 12 months)	**₱1,027,143**	₱33,333
Non-current (portion due in excess of 12 months, until February 2, 2022)	**3,599,997**	–
Total Lease Liability	**₱4,627,140**	₱33,333

Each lease imposes a restriction that, unless there is a written approval of the lessor to sublet the asset to another party, the right-of-use asset can only be used by the Company. The lease contains an option to extend the lease for a further term under such terms and conditions as may be mutually agreed upon by the parties.

The Company is prohibited from selling or pledging the leased property as security. For leases over office spaces the Company must keep the properties in good states of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property and equipment inside the leased premises and incur maintenance fees on such items in accordance with the lease contracts.

Note 8
Investments in Financial Instruments

This account consists of the following:

December 31,	**2022**	2021
Investment in externally managed funds	**₱61,811,494**	₱59,624,112
Investments in corporate debt securities	**55,000,000**	25,000,000
Total	**116,811,494**	84,624,112
Less portion maturing in 12 months presented in current assets	**10,000,000**	10,000,000
Portion maturing over 12 months presented in non-current assets	**₱106,811,494**	₱74,624,112

Investment Management Agreement (IMA)
As part of its strategies to maximize the earning potentials of the Company's financial assets, the Company signed an IMA on August 1, 2019, with China Banking Corporation – Trust & Asset Management Group (China Bank TAMG) to administer and manage a total of ₱50 million of the Company's cash and cash equivalents.

Under the IMA, China Bank TAMG (the Investment Manager) has full authority to make investment decisions, based on pre-agreed investment guidelines. The Company, however, retains legal title to the funds and properties subject to the arrangement. The Investment manager charges the Company 0.5% per annum based on the outstanding principal balance of the fund.

At the end of the year, the Investment Manager reported the following status of the investment:

December 31,	**2022**	2021
Assets		
Cash in bank	**₱2,261**	₱56,074
Investment in UITF	**433,115**	–
Investment in debt securities	**61,115,389**	59,395,299
Other receivables	**419,044**	403,576
Total Assets	**61,969,809**	59,854,949
Liabilities		
Trust fees payable	**74,506**	150,122
Accrued expenses	**83,809**	80,715
Total Liabilities	**158,315**	230,837
Net Assets	**₱61,811,494**	₱59,624,112
Net Assets Accounted as Follows:		
Trust fund principal	**₱59,624,112**	₱57,508,740
Additional contribution	**–**	–
Realized gain on sale of financial assets (net of final taxes)	**2,187,382**	2,115,372
	₱61,811,494	₱59,624,112

The realized gain on sale of financial assets are recognized in profit or loss at gross of final taxes, amounting ₱4,190,478 in 2022 and ₱2,294,539 in 2021. (See Note 18.)

The annual report of the Investment Manager indicated that the financial instruments were not impaired at the end of the year.

Investments in Corporate Debt Instruments
This account consists of investments in bonds and deposits of the following:

December 31,	**2022**	2021
BDO Unibank, Inc. (BDO)	**₱35,000,000**	₱5,000,000
Metropolitan Bank & Trust Company (Metrobank)	**10,000,000**	10,000,000
Cebu International Finance Corporation (CIFC)	**10,000,000**	10,000,000
	₱55,000,000	₱25,000,000

These investments are debt securities with the following features:

a) Investment in Metrobank is a cross currency swap (CCS) hedge to a USD loan, amounting ₱10 million. The investment has an effective date of April 30, 2018 and termination date of March 16, 2023. The Company, as a party to the CCS agreement, is assured of a fixed rate of 5.71% and a final exchange amount of ₱10,032,140. The cash flows from interest income every six months are based on a schedule of payment beginning September 17, 2018 up to March 16, 2023.

b) Investment in BDO is a 5-year, 5.3750% per annum LTNCD that was purchased on April 12, 2019 and will mature on October 12, 2024 with ₱5 million face value. During 2022, the Corporation placed ₱30 million in a 5-year time deposit placement, bearing 4.875% rate, to mature on March 4, 2027.

c) Investment in BPI is 1.5-year, 3.34% per annum LTNCD managed by BPI Asset Management and Trust Corporation, acquired on March 27, 2020 and will mature on September 27, 2021.

d) Investment in CIFC is a 97-day placement with 2.75% rate which initially matured on January 17, 2022. During 2020, this was renewed for another 90 days with 5.5% to mature on March 22, 2023.

Total interest income earned from these investments (gross of final taxes) amounted ₱725,989 in 2022 and ₱436,787 in 2021. Net of taxes, the investments income amounted ₱580,791 in 2022 and ₱349,430 in 2021. (See Note 18.)

Management has determined that the financial instruments were not impaired at the end of the year.

Note 9
Investment in Trust Fund – Life Plan

In compliance with Chapter VIII, Section 30 of the Pre-need Code, the Company established a Trust Fund for the estimated cost of benefits or services to be rendered in accordance with the plan contracts sold. In accordance with the Pre-need Code, 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.

Roll Forward Analyses of Trust Fund Contributions
The following is the analyses of the movement of the trust fund contributions:

December 31,	**2022**	2021
Opening balances	**₱72,640,605**	₱39,890,348
Contributions during the year *(Note 17)*	**67,328,000**	44,016,051
Plan benefit expenses incurred during the year *(Note 13)*	**(12,465,457)**	(11,265,794)
Closing balances	**₱127,503,148**	₱72,640,605

The amounts of plan benefits deducted from trust fund contributions were based on the actual expenses incurred.

Investment in Trust Fund Vs Trust Fund Contribution Balances
In accordance with IC rules and regulations, the Company is required to deposit a certain portion of its collections from planholders with a trustee bank to ensure future payments of benefits to planholders. Deposits are made based on applicable rules and regulations of the IC and are adjusted to conform to the actuarial evaluation.

The comparison of the trust fund contributions (net) versus investments in trust fund follows:
(Please see table next page.)

December 31,	**2022**	2021
Trust Fund Contributions (net) (see table above)	**₱67,328,000**	₱72,640,605
Amount of Investment in Trust Fund (see table in the following page)	**(117,209,654)**	(65,544,304)
Excess of Contributions Over Invested Trust Fund	**(₱49,881,654)**	₱7,096,301

The Company earmarked portions of its cash in banks for the subsequent increase in trust fund investment in 2022.

Trust Agreement with BDO Unibank, Inc.
On October 30, 2017, the Company signed a Trust Agreement with BDO Unibank, Inc. Trust and Investment Group (Trustee) to administer and manage the Trust Fund for Life Plan, with an initial capital of ₱12 million.

The salient features of the trust agreement include 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 Fund 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 the 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 (in accordance with Section 34 of the Pre-need Code), 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 Plan 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.

Management was assured by the Fund Trustee that the financial instruments were not impaired at the end of the year. The accounting of the revaluation reserves on FVTOCI investment is presented in the statement of changes in equity.

Details of the Trust Fund – Life Plan (Externally Managed Fund)

December 31,	**2022**	2021
Assets		
Cash in bank	**₱9,506,051**	₱10,502,908
Investment in quoted equity securities	**34,005,205**	15,485,114
Investment in Government securities	**74,966,962**	39,117,738
Other receivables	**791,021**	511,684
Total	**119,269,239**	65,617,444
Liabilities		
Trust fees payable	**136,067**	73,011
Accrued expenses	**1,923,518**	129
Total	**2,059,585**	73,140
Net Assets	**₱117,209,654**	₱65,544,304
Net Assets Accounted as Follows:		
Trust fund principal	**₱65,544,304**	₱29,546,203
Additional contributions	**67,328,000**	51,366,792
Withdrawals	**(12,410,000)**	(14,830,000)
Realized gain on sale of financial assets (net of final taxes)	**1,290,465**	1,643,024
Others	**6,770**	–
Expected credit losses OCI - FVOCI	**136**	–
Unrealized gain on FVOCI	**(4,550,021)**	(2,181,715)
	₱117,209,654	₱65,544,304

The realized gain on sale of financial assets are recognized in profit or loss at gross of final taxes, at ₱1,631,081 in 2022 and ₱2,053,781 in 2021.

The fair value loss on investments amounting ₱4,550,021 in 2022 and ₱2,181,715 in 2021 were credited to other comprehensive income in the statements of profit or loss and other comprehensive income.

Computation of Trust Fund Surplus

December 31,	**2022**	2021
Net assets of Trust Fund – Life Plan	**₱117,209,654**	₱65,544,304
PNR and plan benefits payable (actuarially computed) *(Note 13)*	**(98,263,891)**	(55,234,324)
Trust Fund Surplus	**₱18,945,763**	₱10,309,980

Note 10
Insurance Premium Fund

This represents the bank deposits in Land Bank of the Philippines (LBP), amounting ₱6,060,516 in 2022 and ₱4,367,530 in 2021. (See Note 4).

The fund was established in 2019 and designated (restricted) in compliance with the requirements of IC Circular Letter No. 2018-01 to cover the payment of insurance premiums after the paying period of the pre-need plan.

The Insurance Premium Fund shall be equal to the amount computed for the Insurance Premium Reserves (IPR). (See Note 13.) The amount maintained by the Company is found to be in excess of the required IPR.

Note 11
Other Non-Current Assets

This account consists of the following:

December 31,	**2022**	2021
Computer software, at cost	**₱1,446,118**	₱923,824
Less accumulated amortization	**(610,063)**	(385,266)
Net	**836,055**	538,558
Security deposits *(Note 23)*	**450,801**	285,707
Deferred tax asset – MCIT *(Note 22)*	**205,591**	11,802
	₱1,492,447	₱836,067

The cost of computer software is amortized over a period of 5 years, beginning 2017. Amortization costs charged to operations amounted ₱224,797 in 2022 and ₱147,812 in 2021.

The security deposits are related to the rentals of office spaces of the Head Office, as well as of the regional offices and are refundable at the end of the leases, less any damage incurred on the properties. These deposits have no impact on recognition of the right-of-use asset and lease liability. (See Note 7.)

Note 12
Trade and Other Payables

This account consists of the following:

December 31,	**2022**	2021
Accrued expenses	**₱18,092,730**	₱9,749,342
Cash bond payable	**4,339,480**	2,700,192
Planholders' deposits (unearned premiums)	**5,840,488**	2,168,140
Accounts payable to a major stockholder *(Note 23)*	**2,850,426**	1,380,833
Unremitted contributions to Government agencies	**1,397,192**	1,506,939
Income tax payable *(Note 22)*	**181,987**	11,802
	₱32,702,303	₱17,517,248

Trade and other payables are generally non-interest bearing and are usually settled from 30 to 60 days.

Accrued expenses include unpaid commissions to agents and unpaid licensing fees. The accounts payable to a major stockholder represents unpaid lease rentals and charges for expenses advanced by CLIMBS Life and General Insurance Company. The advances are interest-free. (See Note 23.)

Note 13
Aggregate Reserves for Risks

This consists of the actuarial reserve liabilities of the following:

December 31,	**2022**	2021
Pre-need reserves (PNR) for life plans	**₱93,937,606**	₱52,675,698
Insurance premium reserves (IPR)	**4,326,285**	2,558,626
	₱98,263,891	₱55,234,324

PNR for Life Plan
This represents the actuarial reserve liabilities set up by the Company pertaining to the accrual of its net liabilities to planholders computed using the net level premium reserving method based on a prospective approach. The amounts of reserves has been certified by the Consulting Actuary to be in accordance with commonly accepted actuarial standards and with the Guidelines and Standards of the Actuarial Society of the Philippines.

As of December 31, 2022, the Company has a total of 2,145 fully paid plans, with contract price amounting ₱91.7 million. In addition to this, the Company also has a total of 13,076 in-force plans on installment, with contract price amounting ₱548 million, out of which, a total ₱204 million premiums were already collected. Plan benefits paid amounted to ₱12,465,457 for 2022 and ₱11,265,794 for 2021. Plan benefits remained unpaid amounted ₱3,315,000 in 2022 and ₱1,088,000 in 2021.

Insurance Premium Reserves (IPR)
IPR represents the amount set aside to pay for premiums of insurance coverage for fully paid planholders accrued as additional liabilities of the Company. The required reserves has been certified by the Consulting Actuary to be in accordance with commonly accepted actuarial standards and with the Guidelines and Standards of the Actuarial Society of the Philippines. (See Note 10 for the funding of the reserves.)

The movements of the reserves during the year are as follows:

December 31, 2022	*Pre-Need Reserves*	*Insurance Premium Reserves*	***Total***
Provisions during 2018	₱3,338,969	₱174,413	**₱3,513,382**
Provisions during 2019	9,075,080	558,007	**9,633,087**
Provisions during 2020	14,803,241	754,691	**15,557,932**
Provisions during 2021	25,458,408	1,071,515	**26,529,923**
Balances as of December 31, 2021	52,675,698	2,558,626	**55,234,324**
Provisions during 2022	41,261,908	1,767,659	**43,029,567**
Balances as of December 31, 2022	₱93,937,606	₱4,326,285	**₱98,263,891**

Note 14
Retirement Benefit Obligation

The Corporation's employees are provided with separation benefits at retirement in accordance with the provisions of R.A. 7641. The defined benefit plan is based on an employee's one-month base pay for each year of service based on his/her salary provided that he/she has rendered an aggregate of at least 5 years of service with the Corporation. The legal obligation to pay the retirement benefits remains with the Corporation. The Corporation's defined benefit retirement plan covers all regular full–time employees with at least five (5) years of service. It has no other continuing post–employment benefit program in place. There were no plan amendments, curtailment, or settlement recognized as of December 31, 2022.

The movements in the present value of defined benefit obligation are as follows:

December 31,	**2022**	2021
Opening balances	**₱1,511,772**	₱–
Past service costs	**116,727**	1,511,772
Ending balances	**₱1,628,499**	₱1,511,772

The Corporation expensed ₱116,727 for 2022 and ₱1,511,772 for past service costs. There were no charges to Other Comprehensive Income for both years.

The principal assumptions used to determine pension obligation follows:

December 31,	**2022**
Discount rate	**7.12%**
Salary increase rate	**4.00%**
Average expected working lives of employees	**16.67 years**

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022, assuming all other assumptions were held constant.

	Increase (Decrease)	*Amount*
Discount rate	1%	(167,836)
	-1%	202,177
Future salary increase rate	1%	189,197
	-1%	(159,822)

Shown below is the maturity analysis of the expected future benefit payments as of December 31, 2022.

Year	*Amount*	*Year*	*Amount*
2023	₱127,902	2026	₱159,370
2024	134,947	2027	189,276
2025	223,673	2028	26,216,312

Note 15
Share Capital

The Company's share capital consists of the following:
(Please see table in the following page.)

December 31,	**2022**	2021
Ordinary (Common) Shares		
Authorized – 150 million shares, ₱1.00 par value		
Issued and outstanding: 137,812,500 shares in 2022; 136,250,000 in 2021	**₱137,812,500**	₱136,250,000
Preference Shares		
Authorized – 200 thousand shares, ₱100.00 par value	**–**	–
Issued and outstanding: 198,000 shares in 2022 and 198,000 in 2021	**19,800,000**	19,800,000
Total Share Capital	**₱157,612,500**	₱156,050,000

Deposits for Future Subscriptions
The Company's authorized ordinary (common) capital stock has been fully subscribed by shareholders at the end of 2018. The Company initiated actions to increase its authorized capital. In the meantime, additional investments from shareholders were accepted as deposits, totaling ₱7 million (net of withdrawals) at the end of 2022 and 2021. These deposits are presently non-interest bearing. In accordance with SEC rules and pertinent provisions of the Corporation Code and PAS/IAS 32 *Financial Instruments: Presentation*, the deposits are treated as part of current liabilities.

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* and in the Insurance Commission Circular Letter 2019-50, a pre-need company incorporated after the effectivity of the Code shall have a minimum paid-up capital of ₱100 million. The Company has complied

with this requirement by having authorized common share capital of ₱150 million and paid up capital of ₱136.25 million at the end of 2022 and 2021. The Company also has authorized preference shares of ₱20 million of which ₱19.8 million have been fully paid at the end of 2022 and 2021. Additionally, the Company accepted deposits for future stock subscriptions which will eventually augment its capitalization to comply with the requirements of R.A. 9829.

Overall, the Company's share capital and deposit for future subscriptions totaled ₱163,050,000 at the end of 2022 and 2021, clearly surpassing the required minimum capitalization of a pre-need company.

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 regularly reviews 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.

Disclosures Required Under Revised SRC Rule 68 (2019 Version)
As at December 31, 2022, the Company has six (6) shareholders owning 100 or more ordinary (common) and preference shares each.

Note 16
Profit of Trust Fund – Life Plan

The accounting of the profit and loss of Trust Fund – Life Plan follows:

Years Ended December 31,	**2022**	2021
Income from investment of trust fund *(Note 9)*	**₱1,613,081**	₱2,053,781
Final taxes on investment income *(Note 8)*	**(322,616)**	(410,756)
Profit for the year	**₱1,290,465**	₱1,643,025

Note 17
Details of Premium Revenue

Years Ended December 31,	**2022**	2021
Realized gross premium income	**₱76,249,186**	₱72,661,018
Amortization	**6,680,604**	6,287,132
Discount on spot cash	**(3,151,000)**	(1,735,000)
Net	**79,778,790**	77,213,150
Allocation for trust fund contributions	**67,328,000**	44,016,051
Total Receipts	**147,106,790**	121,229,201
Value-added taxes	**(8,491,300)**	(8,176,568)
Net Premium Revenue	**₱138,615,490**	₱113,052,633

The network of primary and secondary cooperatives who are members of CLIMBS Life and General Insurance Cooperative act as agents of the Company in generating the premium revenue. Collection costs, representing commissions paid to agents, amounted ₱39,298,700 in 2022 and ₱39,147,894 in 2021. (See Note 19.)

Note 18
Details of Investments Income

Years Ended December 31,	**2022**	2021
Interest income from cash and cash equivalents *(Note 4)*	**₱934,350**	₱2,690,680
Interest income from investment in corporate bonds *(Note 8)*	**725,989**	436,787
Income from externally managed funds *(Note 8)*	**4,190,478**	2,294,539
	₱5,850,817	₱5,422,006

The investments income are presented at gross of final taxes of 20%. The final taxes thereon are presented as part of the income tax expense – current. (See note 22.)

Note 19
Details of Other Direct Costs and Expenses

Years Ended December 31,	**2022**	2021
Insurance	**₱3,456,787**	₱3,135,400
Royalty fees	**734,890**	607,717
Licensing fees amortized on plans issued *(Note 6)*	**121,493**	116,677
	₱4,313,170	₱3,859,794

Note 20
Details of Salaries, Wages and Employees' Benefits

Years Ended December 31,	**2022**	2021
Salaries and wages	**₱12,365,902**	₱9,877,009
Employees' benefits	**5,808,315**	3,755,786
Honoraria	**116,727**	1,511,772
Retirement benefit contributions *(Note 14)*	**2,065,445**	2,040,556
	₱20,356,389	₱17,185,123

Note 21
Details of General and Administrative Expenses

Years Ended December 31,	**2022**	2021
Promotions and networking	**₱4,438,306**	₱1,098,104
Meetings and conferences	**2,494,958**	1,678,269
Travel and transportation	**1,283,526**	855,231
Rent *(Note 7)*	**1,093,559**	1,033,528
Taxes, licenses, and fees *(Note 29)*	**858,959**	764,716
Office supplies	**832,580**	2,060,508
Communication	**722,845**	784,905
Professional fees	**402,389**	474,455
Dues and subscriptions	**390,824**	350,813
Freight	**275,821**	209,157
Interest expense on lease liability *(Note 7)*	**260,827**	21,587
Repairs and maintenance	**244,188**	230,705
Donations	**230,016**	27,411
Provision for ECL on trade and other receivables *(Note 5)*	**221,414**	17,129

(Carried Forward.)

(Brought Forward.)

Years Ended December 31,	**2022**	2021
Utilities	**199,520**	164,397
Insurance	**30,499**	197,839
Bank charges	**25,900**	25,752
Training and seminars	**23,786**	–
Penalties and Fines	**3,291**	–
Bad debts expense	**800**	–
Miscellaneous	**6,392**	71,362
	₱14,040,400	₱10,065,868

Note 22
Income Taxes

CREATE Act

Prior to July 1, 2021, the Company's income tax expense was based on the regular rate of 30%. Beginning July 1, 2021, the normal corporate income tax rate has changed from the fixed rate of 30% of taxable income to a choice of 20% or 25% of taxable income depending on certain parameters involving the amount of taxable income and net amount of total assets less the value of land. The MCIT computation has likewise changed from 2% to 1% of gross income. The Company is subject to the Minimum Corporate Income Tax (MCIT) rate of 1% of gross income only at the beginning of its fourth taxable year of its operations following the year of commencement of business operations, which is January 1, 2022. The implementing guidelines of new tax rate is covered by Revenue Regulations No. 5-2022, *'Corporate Recovery and Tax Incentives for Enterprises Act'* (CREATE), Which Further Amended the National Internal Revenue Code (NIRC) of 1997.'

Income Tax Expense – Current

The income tax expense – current is composed of the following:

December 31,	**2022**	2021
Normal Income Tax or MCIT whichever is higher (See table below.)	**₱–**	₱–
Minimum Corporate Income Tax (MCIT)	**193,789**	11,802
Final taxes on investments income *(Note 18)*	**1,170,164**	1,084,400
Final taxes on trust fund income *(Note 16)*	**322,616**	410,756
Income Tax Expense – Current	**₱1,686,569**	₱1,506,958

Reconciliation of Pretax Income

Years Ended December 31,	**2022**	2021
Tax at statutory rate	**₱3,225,307**	₱3,126,451
Additions (deductions) resulting from:		
Depreciation of right-of-use asset *(Note 7)*	**187,282**	95,072
Interest expense on lease liability *(Note 7)*	**65,207**	5,397
Rent expense *(Note 7)*	**(203,806)**	(105,000)
Increase in provision for ECL *(Note 5)*	**55,354**	4,282
Investment income *(Note 18)*	**(1,865,974)**	(1,868,946)
Provision for retirement benefits *(Note 14)*	**29,181**	377,943
Effect of application of NOLCO	**(1,492,551)**	(1,635,199)
Income Tax Payable	**₱–**	₱–

Minimum Corporate Income Tax (MCIT)

Years Ended December 31,	**2022**	2021
Gross Revenue	**₱138,615,490**	₱115,143,069
Cost of Services	**(119,236,555)**	(113,962,884)
Total Gross Profit	**19,378,935**	1,180,185
Tax rate	**1%**	1%
Tax due at MCIT	**₱193,789**	₱11,802

The MCIT payment is recognized as a deferred tax asset in the books and presented as part of the other assets. (See Note 11.)

The disproportionate relationships between the profit before income tax expense and the income tax expense – current is due mainly to income from investments which was deducted from profit income before tax expense since this was already subjected to the final tax of 20%.

Net-Loss-Carry-Over (NOLCO)
The Company's net pre-operating losses are 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 Company 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 Company 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; and

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 ₱2.8 million in 2021 and ₱4.9 million in 2019 and for which no deferred tax assets have been recognized as of December 31, 2022. In accordance with Republic Act No. 8424 *Tax Reform Act of 1997*, NOLCO can be used to offset future taxable income for three succeeding years. The unexpired NOLCO which is available for offsetting with future taxable income and income tax payable, is accounted for as follows:

Year Incurred	*Opening Balances*	*Applied 2022*	*Expired*	***Closing Balances***	*Expiry Date*
2021	₱2,858,804	(₱2,373,546)	₱–	**₱487,279**	December 31, 2025*
2019	3,596,657	(3,596,657)	–	**–**	December 31, 2022
Total	₱6,455,461	(₱5,970,203)	₱–	**₱487,279**	

** Extended to five (5) years per BIR RR No. 25-2021.*

The Company assesses any unrecognized deferred tax assets at the 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.

Note 23
Related Party Transactions

In the ordinary course of trade or business, the Company has transactions with related parties which include its directors, officers, related interests and employees and affiliated entities. 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. The Company has no associates and joint venture projects.

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 presented in the books of the Company as right-of-use asset and lease liability, required the Company to deposit advance rental of ₱239,475 and to settle the monthly fixed rental during the first week of each month. Total lease expenses incurred amounted to ₱465,000 for 2022 and ₱420,000 for 2021. (See Note 7.)

b) The major stockholder also undertook the financing of some of the major events in organizing the Company, thereby incurring receivables from the Company amounting ₱2,262,925 by the end of 2022 and ₱1,346,548 by the end of 2021. (See Note 12.) The transactions with the major stockholder during the year, including the leasing transactions discussed in a) above, is as follows:

Years Ended December 31,	**2022**	2021
Opening balances	**₱1,346,548**	₱1,545,135
Additional charges incurred	**2,299,768**	964,749
Payments made	**(1,070,122)**	(1,163,336)
Closing balances	**₱2,576,194**	₱1,346,548

c) A stockholder is also providing the mortuary services required under the life plan policies. Total payments for services rendered amounted ₱4,140,000 in 2022 and ₱1,890,000 in 2021.

d) The major stockholder is a federation of cooperatives, whose members are the direct agents of the Company. Total commissions paid to agents, treated as collection costs in the books, amounted ₱39,298,700 in 2022 and ₱39,147,894 in 2021. (See Note 19.)

e) The key management compensation follows:

Years Ended December 31,	**2022**	2021
Salaries and wages	**₱6,040,344**	₱5,221,874
Honoraria	**900,900**	880,000
Employee benefits	**1,061,150**	887,590
	₱8,002,394	₱6,989,464

Note 24
Computation of the Earnings Per Common Share

For purposes of computing the earnings per share, the following accounting of the profit for the year for the unrestricted earnings is presented:
(Please see tables next page.)

Accounting of Profit (Loss) for the Year

Years Ended December 31,	**2022**	2021
Profit for the year per statement of profit or loss	**₱11,408,449**	₱11,010,648
Less profit for the year of trust fund – life plan *(Note 16)*	**(1,290,465)**	(1,643,025)
Profit for the Year (Corporate Funds), Unrestricted	**₱10,117,984**	₱9,367,623

Earnings Per Ordinary (Common) Share		
Profit for the year, unrestricted (see table above)	**₱10,117,984**	₱9,367,623
Weighted average number of common shares	**138,273,226**	136,250,000
Earnings Per Common Share	**₱0.07317**	₱0.06875

Note 25
Fair Value Measurements

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 considering the related credit risk of counterparties 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.

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

The table on 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 statement of financial position but for which fair value is disclosed.

December 31, 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets				
Cash and cash equivalents *(Note 4)*	₱51,350,826	₱–	₱–	**₱51,350,826**
Trade and other receivables *(Note 5)*			433,555	**433,555**
Investment in Trust Fund–Life Plan *(Note 9)*			117,209,654	**117,209,654**
Investments in financial instruments *(Note 8)*			116,811,494	**116,811,494**
	₱51,350,826	₱–	₱234,454,703	**₱285,805,529**
Financial liabilities				
Trade and other payables *(Note 12)*	₱–	₱–	₱32,473,568	**₱32,473,568**
Deposits for future subscriptions (net) *(Note 15)*			7,000,000	**7,000,000**
	₱–	₱–	₱39,473,568	**₱39,473,568**
December 31, 2021				
Financial assets				
Cash and cash equivalents *(Note 4)*	₱74,087,297	₱–	₱–	**₱74,087,297**
Trade and other receivables *(Note 5)*			1,656,633	**1,656,633**
Investment in Trust Fund–Life Plan *(Note 9)*			65,544,305	**65,544,305**
Investments in financial instruments *(Note 8)*			84,624,112	**84,624,112**
	₱74,087,297	₱–	₱151,825,050	**₱225,912,347**

(Carried Forward.)

(Brought Forward.)

December 31, 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial liabilities				
Trade and other payables *(Note 12)*	₱–	₱–	₱17,517,250	**₱17,517,250**
Deposits for future subscriptions *(Note 15)*			7,000,000	**7,000,000**
	₱–	₱–	₱24,517,250	**₱24,517,250**

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.

Fair Value Measurement for Non-Financial Assets
The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of December 31, 2022 and 2021.

December 31, 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Prepaid expenses *(Note 6)*	₱–	₱–	₱4,040,841	**₱4,040,841**
Property and equipment *(Note 7)*			7,543,114	**7,543,114**
Right-of-use asset *(Note 7)*			4,465,769	**4,465,769**
Other non-current assets *(Note 11)*			1,298,658	**1,298,658**
	₱–	₱–	₱17,348,382	**₱17,348,382**
December 31, 2021				
Prepaid expenses *(Note 6)*	₱–	₱–	₱3,219,278	**₱3,219,278**
Property and equipment *(Note 7)*			6,272,772	**6,272,772**
Right-of-use asset *(Note 7)*			31,691	**31,691**
Other non-current assets *(Note 11)*			836,066	**836,066**
	₱–	₱–	₱10,359,807	**₱10,359,807**

Note 26
Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks, which result from both its operating and financing activities. The Company's principal financial instruments are its cash and cash equivalents, trade and other receivables, investments in trust funds, corporate bonds and other reserve funds, trade and other payables and deposit for future subscriptions. Its existing policies and guidelines cover insurance risk, credit and concentration risks, market risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and financial position. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle.

Risk Management Structure
The Board of Directors is mainly responsible for the overall risk management and for the approval of risk strategies and principles of the Company. The Board of Directors also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

Insurance Risk
Insurance risk is the risk that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Company addresses this risk by complying with IC regulations pertaining to the set-up of a trust fund - life plan. The Company signed a trusteeship agreement with BDO Unibank, Inc. – Trust and Investment

Group for the management of the insurance trust fund. (See Note 9.) In addition, the Company also established the Insurance Premium Fund, (See Note 10) and invested its financial instruments to provide additional cushion. (See Note 8.)

Market Risks
Market risk is the possibility that changes in equity prices or interest rates will adversely affect the value of the Company's assets, liabilities or expected future cash flows. The Company has no exposure arising from complex investments since it is not engaging in high risk investments, forward contracts, hedging, and the like, whether local or foreign transactions.

The Company's trust fund – life plan managed by BDO Unibank, Inc. – Trust and Investment Group and its investments under IMA with China Banking Corporation – Trust and Asset Management Group were investing in quoted equity and debt securities, totaling ₱84,624,112 in 2022 and ₱82,053,187 in 2021, which are vulnerable to price risks. (See Notes 8 and 9.) Equity price risk arises because of fluctuations in the market prices of these securities. The Company recognized in other comprehensive income fair value gains (losses) of (₱2,181,715) in 2022 and ₱1,280,103 in 2021. (See Note 9.)

The Company's interest rate risk arises from investment in corporate bonds, as well as in time deposits with banks. The Company invested in fixed bonds and fixed rate deposits to mitigate the risks. The Company is not exposed to foreign currency risks as it has no assets nor liabilities denominated in foreign currency.

Credit and Concentration Risks
Credit risk refers to the risk that the counterparty will default and/or not honor its financial or contractual obligations resulting in financial losses to the Company. The receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment is not significant. The investments are placed in strong financial institutions and are regularly monitored. The Company deals only with creditworthy counterparties duly approved by the Board of Directors.

Its maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2022 and 2021 is the carrying amounts as shown below:

December 31,	**2022**	2021
Cash and cash equivalents *(Note 4)*	**₱51,350,826**	₱74,087,297
Trade and other receivables *(Note 5)*	**3,011,107**	1,656,633
Investment in Trust Fund – Life Plan *(Note 9)*	**117,209,654**	65,544,304
Investments in financial instruments *(Note 8)*	**116,811,494**	84,624,112
	₱288,383,081	₱225,912,346

The tables below show the credit quality by class of financial assets based on the Company's rating system:

December 31, 2022	*High Grade*	*Standard Grade*	*Impaired*	***Total***
Cash and cash equivalents *(Note 4)*	₱51,350,826	₱–	₱–	**₱51,350,826**
Trade and other receivables *(Note 5)*	3,011,107	–	–	**3,011,107**
Investments in fin. Instruments *(Note 8)*	116,811,494	–	–	**116,811,494**
Investment in Trust Fund–Life Plan *(Note 9)*	117,209,654	–	–	**117,209,654**
	₱288,383,081	₱–	₱–	**₱288,383,081**
December 31, 2021				
Cash and cash equivalents *(Note 4)*	₱74,087,297	₱–	₱–	**₱74,087,297**
Trade and other receivables *(Note 5)*	1,656,663	–	–	**1,656,663**
Investments in fin. instruments *(Note 8)*	84,624,112	–	–	**84,624,112**
Investment in Trust Fund-Life Plan *(Note 9)*	65,544,305	–	–	**65,544,305**
	₱225,912,377	₱–	₱–	**₱225,912,377**

Financial instruments classified as 'high grade' are those cash transacted with reputable local banks and receivables with no history of default on the agreed contract terms. Financial instruments classified as 'standard grade' are those receivables from parties who need to be reminded of their duties. No financial assets were deemed by management as impaired.

Liquidity Risks
The Company is likewise exposed to liquidity risk, the risk that it will encounter difficulty in meeting its obligations 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.

The maturity profile of the Company's financial liabilities is as follows:

December 31, 2022	*Due in 1 Year*	*Due Over 1 Year*	*Total*
Trade and other payables *(Note 12)*	₱32,702,303	₱–	**₱32,702,303**
Deposits for future subscriptions *(Note 15)*	7,000,000	–	**7,000,000**
	₱39,702,303	₱–	**₱39,702,303**

December 31, 2021	*Due in 1 Year*	*Due Over 1 Year*	*Total*
Trade and other payables *(Note 12)*	₱17,517,248	₱–	₱17,517,248
Deposits for future subscriptions *(Note 15)*	7,000,000	–	7,000,000
	₱24,517,248	₱–	₱24,517,248

Note 27
COVID-19 Pandemic Situational Report, January 2023

The World Health Organization (WHO) said that COVID-19 remains a global emergency but the pandemic could near its end in 2023. WHO chief Tedros Adhanom Ghebreyesus said COVID remains a global health emergency, though the world is in a much better place than it was a year ago. The WHO has estimated that at least 90% of the world's population has some level of immunity to COVID due to vaccination or infection. The WHO chief has previously said the end of the pandemic is in sight.

'The trend of reported COVID-19 cases in the Philippines is decreasing. On 9–15 January 2023, 2,934 2.6 cases per 100,000 population were reported and this is 6.0% lower than cases reported on 2–8 January [3,125 cases (2.8 cases per 100,000 population)]. On 26 December 2022 - 1 January 2023, there were 3,458 cases; and on 19–25 December, there were 5,690 cases. Among the 17 regions, National Capital Region (947 cases), Region IV-A: CALABARZON (467 cases), and Region II: Cagayan Valley (240 cases) recorded the highest case counts on 9–15 January 2023.' Philippines Coronavirus Disease 2019 (COVID-19) Situation Report #119, 16 Jan 2023, Department of Health on 15 January 2023.

At the time of the release of this report, the COVID-19 Pandemic has begun to wane in the Philippines. The Philippine authorities projected, in December 2022, that the economy will surge to a 7.2% growth in 2022 before tapering off to an average of 5.7% percent growth in 2023 [Philippines Economic Update (PEU) by World Bank].

The Board of Directors and management of the Cooperative has determined that the threat of resurgence of the COVID-19 Pandemic becomes manageable from the lessons learned during the last three years.

Note 28
Authorization of Financial Statements

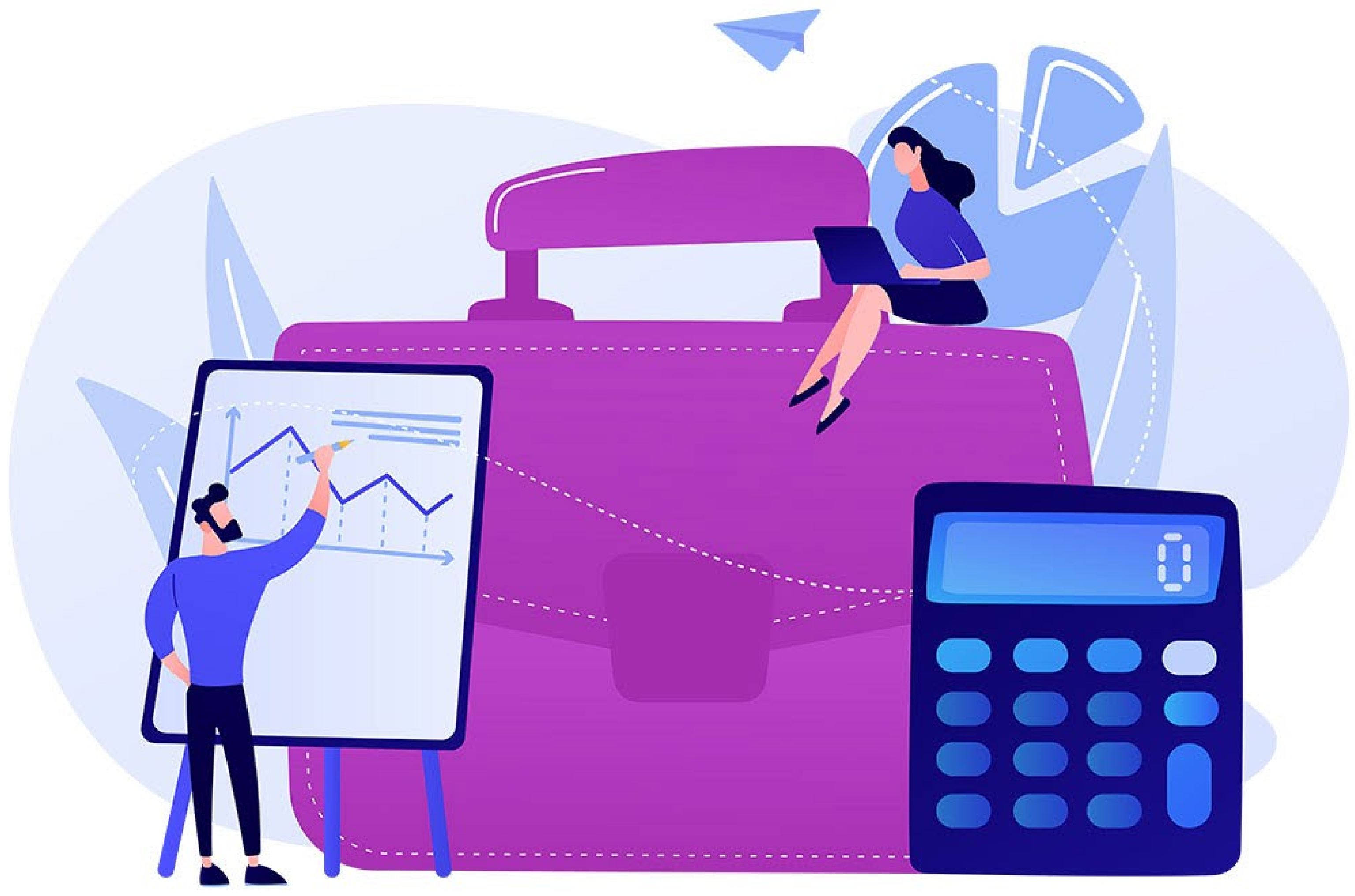
The financial statements of Cosmopolitan CLIMBS Life Plan, Inc. for the period ended December 31, 2022 were authorized for issue by its President and CEO on April 24, 2023.

Note 29
Details of Taxes, Licenses and Fees

In accordance with Revenue Regulation 15-2010, the Company discloses the following information regarding taxes, licenses and fees paid during 2022:

Years Ended December 31,	**2022**	2021
IC registration fees	**₱481,580**	₱513,946
Business permit and licenses	**368,945**	244,514
Legal, notarial fees and others	**8,434**	6,256
	₱858,959	₱764,716

2023 Annual
Target & Budget



COSMOPOLITAN CLIMBS LIFE PLAN INC.
2023 OPERATIONAL TARGETS & BUDGET

	2023 TARGET	Cents Per Peso Revenue
REVENUE		
Premium Income	**250,000,000.00**	**0.95**
First Year Premium	**152,600,000.00**	**0.58**
Succeeding Years Premium	**97,400,000.00**	**0.37**
Amortization Income	13,158,736.85	0.05
Spot Cash Discount	(5,264,000.00)	(0.02)
Other Income	5,263,157.89	0.02
TOTAL REVENUE	**263,157,894.74**	**1.00**
LESS: VAT, DIRECT & OTHER COSTS		
Reserves	107,894,736.84	0.41
Commissions & Other Costs	86,842,105.26	0.33
VAT	18,421,052.63	0.07
Total Direct & Other Costs	**213,157,894.74**	**0.81**
GROSS MARGIN	**50,000,000.00**	**0.19**
LESS: OPERATING EXPENSES		
Compensation/Fringe Benefits	21,692,154.80	0.08
Other Administrative/Marketing Expenses	14,551,820.84	0.06
Depreciation/Amortization	2,357,559.41	0.01
Total Operating Expense	**38,601,535.06**	**0.15**
OPERATING INCOME/ (LOSS)	**11,398,464.94**	**0.043**

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Provide professional cosmetological care to details of appearance
Provide casket based on Angelica Life Plan option chosen

Viewing equipment and paraphernalia:
1 standards set of viewing lights, casket stand, announcement board and carpet

Interment
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"To provide products, services, and solutions of the highest quality and deliver more value to our customers that earn their respect and loyalty".

Vision

"To view the global emerging market as an opportunity to grow, to use our resources and our ability to develop and produce innovative products, services, and solutions that satisfy customers' needs".

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CEBU INTERNATIONAL FINANCE CORPORATION

PRODUCTS AND SERVICES

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Leasing

Machinery, equipment and vessels

Consumer Credit

Installment sales financing, receivables discounting

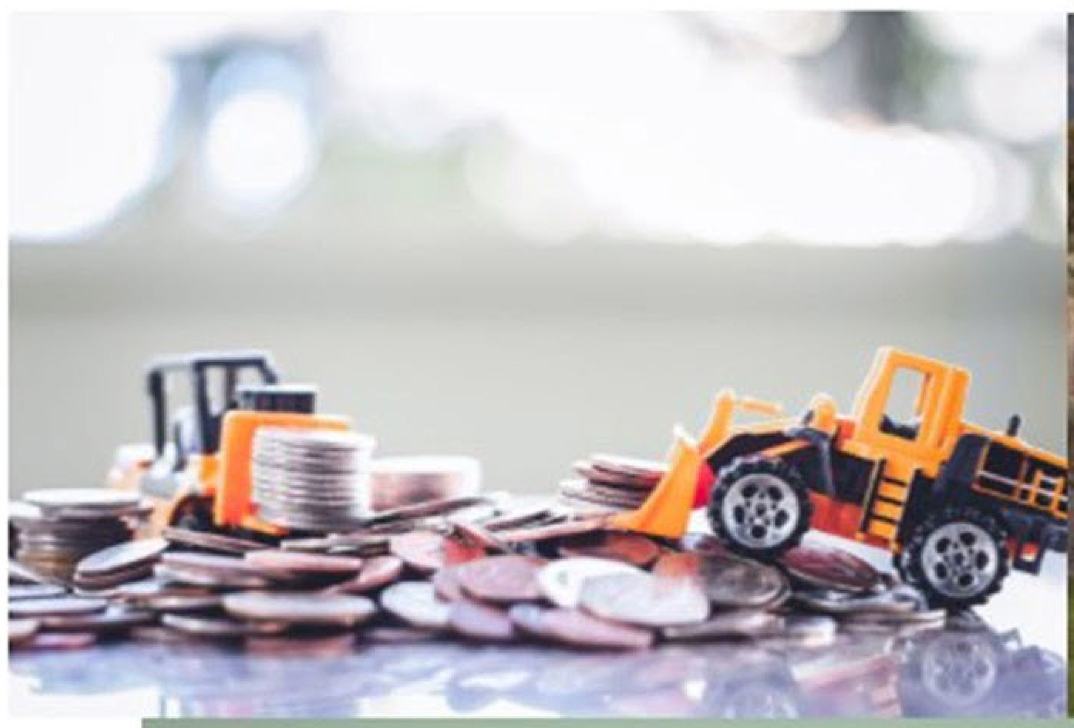
Commercial Credit

Automotive financing, appliance financing

Real Estate Mortgage

Money Market Services

Deposit substitutes, commercial papers, government securities



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    - Family Protection Plan **(FPP)**
- Coop Life Savings Plan **(CLSP)**

Microinsurance Products

- Group Life & Accident with Fire Insurance **(GLAFI)**
- Group Accidental Death, Dismemberment and Disablement Insurance Plus **(GADDDI PLUS)**
- Group Accidental Death, Dismemberment and Disablement Insurance **(GADDDI)**
- Coop Family Plan **(CFP)**
- Kids & Youth Secure (**KYSe)**
- Bantay Protection for Tanod and Security Guards

CAC Exclusive Products

Microinsurance Products

Life Products

- Kabayan Insurance **(KABAYANi)**
- Life and Home Assure
- 3Sure Life Insurance
- Individual Disabilty Life Ensure **(IDLE)**
- MyParents Protek **(MPP)**
- Insurance TeleHealth **(INTELEHEALTH)**

Non-Life Products

- Tricycle Operators and Drivers Association **(TODA)** Accident Insurance
- Family AKSI **(FAMSI)** Plan
- Millennials Protek
- Love Yourself Always **(LYSA)**

Non-Life Insurance Products

Motorcar Insurance

- Compulsory Third Party Liability **(CTPL)**
- Comprehensive Motor Vehicle

Fire Insurance

- Standard Fire with Allied Perils
- Prestige

Personal Accident Insurance

- Keyman

Parametric Insurance

- Weather Protect Insurance

Other Insurance Products

- Money, Securities & Payroll Robbery **(MSPR)**
- Fidelity Guarantee

Microinsurance Products

- Coop AKSI
- Fire Advantage
- Fire Insurance Cash Assistance **(FICA)**
- CLIMBS Health & Accident Insurance **(CHAIN)**
- Student Personal Accident Insurance **(SPAI)**
- Travel Personal Accident Insurance **(TPAI)**
- PATxt15
- Property Emergency & Tragedy Insurance **(PrETI)**

Life Permanent Plans

- 5 Pay Life
- 5 Pay Endowment at 15
- 10 Pay Endowment at 15

SUBSIDIARIES & AFFILIATES

- COOP LIFE GENERAL INSURANCE AND FINANCIAL SERVICES AGENCY
- CLIMBS INVESTMENT MANAGEMENT AND ADVISORY CORP.
- CLIMBS SHARE CAPITAL EQUITY INVESTMENT FUND CORP.
- CLIMBS INSURANCE AND BROKER CORP.
- CLIMBS PRINTING PRESS & PUBLISHING, CORP.
- CLIMBS REAL ESTATE DEVELOPMENT CORP.
- CO-OPERATIVE COLLEGE OF THE PHILIPPINES (FORMERLY CIM)
- COSMOPOLITAN CLIMBS LIFE PLAN, INC.

CLIMBS Life and General Insurance Cooperative
CLIMBS Bldg., Zone 5, National Highway, Bulua, Cagayan de Oro City, Philippines, 9000
Cellphone No.: (+63) 9177010662 |Website: www.climbs.coop
Email: customerservice@climbs.coop| TIN: 006237231

Guaranteed:
FAST
Processing
LOW
Interest Rate

DEPOSIT PRODUCTS WITH COMPETITIVE INTEREST

Savings Deposit
- Opening amount of Php 100
- Earn 0.75% interest p.a.

ATM Account
- Opening amount of Php 100
- Earn 0.5% p.a

Checking Account
- Opening amount of Php 5,000
- Earn 0.25% interest p.a.

Time Deposit
- Opening amount of Php 10,000
- Up to 6.5% interest p.a.

LOANS AND CREDIT SERVICES OFFERED

- SME / Business Loan
- Agricultural Loan
- Auto Loan / Truck Loan
- Consumers Loan
- Jewelry Loan
- Home Loan
- Motorcycle Loan
- Pension Loan
- Revolving Credit Line
- Salary Loan
- Travel Loan
- Loans Against Deposit

INVESTMENT STOCK

Be a shareholder of MCCB

- Common stock for registered cooperatives
- Preferred stock for individual investment

A proud member of
BancNet

Member:
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for Each Depositor: P500,000.00

/mccb.main
https://www.mccb.com.ph/

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JUST FOR YOU

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ACDI

MULTIPURPOSE COOPERATIVE

MEMBERS FIRST, ALWAYS!

CORE BUSINESS (LENDING AND SAVINGS)

✔ LOW Interest Rates
- Consumption Loan
- Vehicle Loan
- Real Estate Loan
- Livelihood Loan
- Back-to-Back Loan

✔ High Returns on Deposits:
- Savings Deposit

✔ High-Yield Investments through:
- Share Capital Contribution
- Fortune Plan
- Time Deposit
- EduSecure Investment

COMPLEMENTING BUSINESSES

COOPERATIVE ASSURANCE DIVISION (CAD)

ACES PHILPRODUCERS CORPORATION (APC)

RAMCEL CONVENIENT BAG CORPORATION

LEADING EDGE INTERNATIONAL AVIATION ACADEMY INC. (LEIAAI)

CONTRAILS INTERNATIONAL AVIATION ACADEMY, INC. (CIAAI)

LEADING EDGE AIR SERVICES CORPORATION (LEASCOR)

KING ACES TRAVEL & TOURS SERVICES INCORPORATED (KATTSI)

REGAL KING ACES SEA TRANSPORT CORPORATION (REKAST)

ACESER CORPORATION

PREMIER SHIELD SECURITY CORPORATION (PRESSCOR)

PRIME ACES COLLEGE INCORPORATED (PACI)

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