

ANNUAL REPORT



2023

**Moving Towards
Sustaining
Growth**

Angelica
Life Plan



About the Theme



The 7th Annual Stockholders Meeting Theme: "Moving Towards Sustaining Growth"

Over the last seven years of its existence, CCLPI Plans has strengthened further in terms of growth. The clear signs for this are the increasing figure of its Annual Financial Statements, the wide scope of its network, the creation of strategic satellite offices, the escalated number of its plan holders and beneficiaries, the amplified growth of its sales force – the Sales Counselors, Unit Managers, Agencies and General Agencies, partners and contingents – and the growing number of accredited service providers and mortuaries nationwide.

This year's theme is centered on the sustainability of the current growth and expansion of the company. What are the risks? What should policy do about them? Can the company take advantage of the opportunities that lie ahead? What must CCLPI Plans do to protect its present growth?

The most promising strategy is to build resilience on the achievements that CCLPI Plans has gained. The formulation of new policies, the sustainability of its operations as well as the sales and marketing strategies, and the review and strengthening of the guidelines and systemic scheme within the company are key towards resilience and protected growth.

In summary, the central scenario delineated on the sustainability of the growth and improvement of CCLPI Plans. The building of resilience towards growth is vital for the company to stay relevant in the Philippine pre-need industry and to its plan holders.

COMPANY PROFILE



ABOUT US

COSMOPOLITAN CLIMBS LIFE PLAN INCORPORATED (CCLPI Plans) is the only leading provider of fixed value life plans that offers increasing memorial service benefits to Filipinos across the country. Since its inception in 2016, the company is owned by five companies and ten large-category cooperative partners as its major stockholders and owners. CCLPI Plans is one of the most stable and formidable preneed company in the country today.

CCLPI Plans begin with a vision of creating a lasting legacy to families and communities between its various stockholders and cooperative partners that comprises its governance and key leadership.

STOCKHOLDERS PROFILE

Among its major stockholders coming from the private sector are:

- **The Sta. Lucia Realty and Development Inc.**, a leading Philippine developer of residential communities with over 50 years track record of real estate development.

- **Cebu International Finance Corporation (CIFIC)**, is the only one among the few finance companies with quasi-banking license granted by the Bangko Sentral ng Pilipinas that is based outside Metro Manila. CIFIC has been in operation for 59 years, extending credit to trade, construction, agriculture, manufacturing, services, consumption and other sectors of the Philippine economy.

- **Cosmopolitan Funeral Homes Inc.** is the specialist in family care and service in times of need since 1950 and has been the company of choice for people from around the world who expect world class comfort and care in mortuary services.

- **San Fernando Funerals** has over fifty years of experience in providing compassionate and professional services with seventeen branches operating nationwide and in Melbourne Australia.

- **Tan Hassani & Counsels**, founded and managed by Atty. Kerwin Tan, together with his partners, for over twenty years. The law firm has clients both domestic and foreign and has represented high net worth individuals for estate planning and family business succession.

CCLPI Plans also has eleven major cooperative partners under its wings.

- **CLIMBS Life and General Insurance Cooperative** is a leading life and non-life micro insurance provider in the Philippines that is licensed by the Cooperative Development Authority (CDA) and the Insurance Commission (IC). CLIMBS is already a billionaire cooperative and insurance company operating for almost fifty two years.

- **Oro Integrated Cooperative (OIC)** is now serving over 208,958 members distributed across its 22 branches strategically located in key areas in Mindanao and Visayas. Currently, OIC assets are worth more than 10 Billion Pesos.

- **Perpetual Help Community Cooperative (PHCCI)** is the most reliable and biggest cooperative in Negros Oriental. PHCCI currently serving 122,070 members, with a total of 6.58 Billion pesos in assets.

- **ACDI Multipurpose Cooperative (ACDI)** is the largest cooperative in the country with an asset of more than 33 Billion Pesos. ACDI operates in a total of 122 offices strategically located across the country.

- **Sta. Catalina Credit Cooperative (SCC)** is a billionaire cooperative in the heart of President Roxas, North Cotabato. SCC has a total membership of more than 80,000 and has an asset of 2.2 Billion Pesos. SCC has 23 operating offices and has been servicing its general membership for 40 years.

- **Metro Ormoc Community Multipurpose Cooperative (OCCCI)** is one of biggest cooperative in Eastern Visayas region. It strides in its committed service of creating well-being for all its constituents through conception of various wholesome products and services which prove to be beneficial to the society as a whole. At present, the cooperative's total assets has reached Php 1.511.31 Billion with a total gross income of Php 221.11 Million and has a registered total membership of 51,783.

- **Income Credit Cooperative** formerly **Independent Cooperative Movement of Employees of Davao** is a large category cooperative based in Davao City. INCOME envisions to be "a model cooperative in the world of Aboitiz where members build their millions." Income Credit Cooperative is open to all regular employees working in businesses owned by, or affiliated with, Aboitiz companies in the Philippines.

- **Aurora Integrated Multipurpose Cooperative (AIMCOOP)** is a savings and loan cooperative. It has a total of 1.2 Million members all over the country, with 83 offices operating nationwide and has a total of 3.0 Billion Pesos in assets.

- **Toril Community Cooperative (TCC)** formerly Toril Credit Union, TCC continued to march toward achieving global excellence in service. It is internationally recognized and highly digitalized cooperative of empowered members. TCC existed for already fifty five years since it was established in 1968.

- **Guadalupe Community Multipurpose Cooperative** is a large category cooperative that has been operating in the country for 50 years. Located in the heart of Cebu City, Guadalupe Coop offers Savings & Credit, Consumer Shop, Coop Assurance Center and Bills payments.

- **Bohol Diocesan Multipurpose Cooperative** is a strong, self-reliant cooperative in the heart of Tagbilaran City, Bohol. It has four branches located in the strategic points of Bohol.

The mantra of **CCLPI Plans** is to be at the forefront of providing inclusive, highly innovative, invariably accessible, and affordable life plan options for every Filipino. We continue to evolve and adapt our services to keep pace with the changing trends, needs and preferences of our clients, ensuring that we not only meet but exceed their expectations.

We are committed to vigorously educate our clients about the end-of-life planning preparations and processes and the various options available to them, so they can make informed decisions about the final arrangements for themselves and their families.

In CCLPI Plans, we aim to stay relevant in the lives of our plan holders and the communities. We remain steadfast and true to our values and core principles, now and the years ahead.



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MESSAGE FROM THE PRESIDENT OF REPUBLIC OF THE PHILIPPINES



MESSAGE



MALACAÑAN PALACE
MANILA

MESSAGE

I express my heartfelt greetings to the **Cosmopolitan Climbs Life Plan Inc.** for your noble goal of offering affordable life plan options to your clientele.

It is with great delight that, with the increasing awareness on the importance of insurance, more Filipinos are now prioritizing the acquisition of documentary life coverages. The fixed-value life plan with memorial service benefits that you provide to your planholders not only protects them from unforeseen contingencies, but also gives them the flexibility that comes with proper financial planning.

May the discussions, ideas, and strategies that will come out in your **7th Annual Stockholders' Meeting** yield advantageous outcomes for your stakeholders and their respective beneficiaries. May this gathering likewise allow you to come up with more reassuring ways to help them ease the burden they may experience during their most trying times.

Indeed, your industry plays an important role in achieving our goal of real, lasting, and inclusive growth for our nation. Therefore, let us work together to help sustain our posterity by promoting fiscal security and responsible investing.

I wish you a productive and meaningful forum.

FERDINAND R. MARCOS JR.

MANILA
March 2024

THE PRESIDENT OF THE PHILIPPINES

MESSAGE FROM THE INSURANCE COMMISSIONER



MESSAGE



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



Cosmopolitan CLIMBS Life Plan, Inc. (CCLPI)
7th Annual Stockholders' Meeting
"Moving Towards Sustaining Growth"

MESSAGE

My warm greetings to the **Cosmopolitan CLIMBS Life Plan, Inc. (CCLPI)** on the conduct of its **7th Annual Stockholders' Meeting**. It is my pleasure as well to congratulate the officers of CCLPI for another year of success and accomplishments in providing inclusive, accessible and affordable services for every Filipino.

With this year's theme: **"Moving Towards Sustaining Growth"**, I encourage the men and women of CCLPI to persist in their hard work and contribute in upholding the positive development that the pre-need industry has seen in recent years. Rest assured that the Insurance Commission will continue to strengthen the regulatory and supervisory policies in support of the pre-need industry's growth.

As we move forward, I trust that CCLPI will continuously seek innovative ways to improve your product not just to provide for our people, but also to meet the demands of our changing times.

Congratulations and more power to CCLPI!


REYNALDO A. REGALADO
Insurance Commissioner



MESSAGE FROM THE CLIMBS PRESIDENT AND CEO



MESSAGE



CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE
A Climate Insurance: Insuring where you are!

July 2, 2024

Cooperative Greetings!

First and foremost, I would like to send my warmest greetings to Cosmopolitan Climbs Life Plan Incorporated Plans (CCLPI) for celebrating its 7th Annual Stakeholders Meeting on March 2024 with the theme, **"Moving Towards Sustaining Growth."**

As we stand together in the face of change and adversity, it is important to reiterate the value of our cooperative identity, bringing forth its essence and utmost importance to our daily lives. For CCLPI, this marks a significant milestone wherein they commemorate and reflect on how far they have come as a cooperative and reconvene to better serve and empower its members.

I believe that through time and our collective efforts, we are able to shape a sustainable future filled with hope and solidarity, bridging the gap between cultivating affordable life plans and building resilient communities with the sole purpose of taking care of each other's needs.




At the core of our cooperative's philosophy lies a belief in the power of collaboration, mutual support, and shared responsibility. I believe that CCLPI Plans will be a cornerstone of peace and will continue to create a lasting legacy for its members and partners throughout the course of its cooperative journey.

Through the CCLPI Plan, it helps create comfort and peace knowing that with enhanced memorial service benefits for our cooperative members, we honor the lives of our loved ones and create a profound memory filled with joy, love, and peace while paying tribute to the lasting legacy of a life well-lived, as well as the mutual support and community-driven efforts that look out for the welfare of our cooperative members.

On behalf of CLIMBS Life and General Insurance Cooperative, it is our honor and privilege to be part of this milestone, and we are utterly grateful for the continued trust and support that you have bestowed upon us. Together, we are more than just an organization; we are a cooperative bound by shared values, common principles, and a collective vision for a brighter future. I am excited for the greater pastures that lie ahead and the collective success of our cooperative family.

Cooperatively yours,


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

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facebook.com/CLIMBSOfficial 

THE CHAIRMAN'S 2023 STATEMENT

MESSAGE



"MOVING TOWARDS SUSTAINING GROWTH"

My warmest greetings and welcome to all Stockholders & partners of Cosmopolitan Climbs Life Plan Inc.

For the past seven (7) years of Cosmopolitan Climbs Life Plan Inc., we have been blessed to experience an overall period of sustainable growth. Our progressive increase in Annual Financial Statements; expansion of network in terms of increasing accredited mortuaries, growing sales agents, Unit Managers; Agencies, General Agencies & partners; establishments of new offices in various parts of the Philippines; And growth of the number of policyholders & beneficiaries have made us one of the top 3 performing pre-need industries in the market.

Life any challenge, the road to growth is synonymous to risk. With the expansion of Cosmo Climbs, we are faced with questions of sustainability in servicing the growing demand of plan holders, fostering symbiotic & successful relationships with our partnered accredited mortuaries, proper financial budgeting that is beneficial for operations, marketing, & sales, & having just the right balance to motivate our sales teams with the right incentives to encourage better production. Yet, these risks are all worth taking because based on our current production & the projected sales for the next year, we can see a positive growth in our overall performance.

One milestone that shows sustaining growth worth mentioning is our recent sales incentive trip to Singapore where 25 participants from Cosmo Climbs travelled for four days as a reward for hitting the quota for last year. Incentives such as these has proved to motivate & encourage our sales team & staff to strive even higher.

For the company to continue in the fast track of growth & development, we must carry on not forgetting the fundamentals that our founders have laid of building trust, integrity & dedication to our clients & beloved partners. We cannot rest our laurels & remain at our comfort zones, instead we must be resilient more so on these times & not let the competition overtake us. We must continuously improve the framework of our company and be resilient to adjust with the changing times be it with technological advancements, continuing education for our management teams, more attractive sales incentives for our sales associations & such.

With the growing number of pre-need alike companies, we must be on guard all the more & be a company of integrity with the main goal in mind to truly secure peace of mind to the families we serve by providing & fulfilling our promise to serve our clients during their time of need.

As one visionary, Steve Jobs shared, **"Great things in business are never done by one person, they're done by a team of people."** I believe this is the key in protecting our present growth. Having our different fortes, we must hone our skill whether we are at management, partner Coop or Board of Directors level & synergize with each other so we continue moving toward sustaining growth.

To the Cosmopolitan Climbs Life Plan Family, Congratulations & more power to the team!



RENATO S. DYCHANGCO JR.

Chairman of the Board

THE PRESIDENT AND CEO'S ADDRESS TO STOCKHOLDERS, PARTNERS AND PLAN HOLDERS

“Our thrust is to give quality and equitable memorial service benefits to Filipinos...”

2023 is a whole new chapter to begin with. We started the year with a change in leadership that pushes new direction and initiatives. The helm of the new governance had poses positive impacts to CCLPI Plans. As a matter of fact, the year 2023 is a year of unprecedented growth for the company – a productive year of reap for the trust fund and investments; and the vigorous engagements with the cooperative sector in the country were resolutely forged bringing in an ample number of cooperative partners for Angelica Life Plan.

Major Strides Towards Recognition

One significant highlight for 2023 is that CCLPI Plans were recognized by the Insurance Commission (IC) as No. 2 in rank among the Pre-need companies in the Philippines in terms of policies sold. The achievement implies the vital presence and relevance of CCLPI as a Pre-need company despite its being novice in the business. It has outranked few pre-need companies in the market, marking its way up the ladder of success.

As the thrust of the Insurance Commission (IC) is centered on Integrity, Commitment and Responsibility, CCLPI had been defying boundaries and stretching its limits to adopt and innovate its operating rhythms and marketing strategies as well as enabling policies and mechanisms in order to meet and exceed the expectations of the commission.

True to its word, the company emerges strong despite the immense challenges. Not only did we do well, but CCLPI had weathered all predicaments and made a remarkable achievement by being one hundred percent compliant to the regulatory requirements of IC for the year.



Synergies and Efficiencies

With this, CCLPI recognizes the unwavering support of the Board of Directors, Officers and Stockholders. Their guiding hands and brilliant ideas had been contributive and instrumental to the accomplishments of the company throughout the year.

As we celebrate the 7th Annual Stockholders Meeting, we are hopeful and optimistic that all our labors will bear better return of investments to the Stockholders, dedicated and reliable service to our policy holders, while adhering and upholding the mandate and provisions of the Insurance Commission to secure economic viability and financial stability so that each and every Filipino is amply protected and secured.

My salute to all the Plan Holders, Sales Partners, Board of Directors, Officers and Stockholders of CCLPI Plans as we commence another year of collective efforts, shared aspirations and sustaining growth. We will continue to build a sustainable, resilient and financially viable institution, now and the years ahead!



CCLPI PLANS 2023 PERFORMANCE HIGHLIGHTS



CCLPI PLANS 2023 PERFORMANCE HIGHLIGHTS

THE BROADER SPECTRUM OF THE PRE-NEED INDUSTRY IN THE PHILIPPINES

The Philippines' total premium income collected by pre-need companies reached P22.7Bn by the end of 2023, marking a 7.3% year-on-year (YoY), data from the Insurance Commission (IC) showed. Net income in the pre-need industry surged to P2.1Bn in 2023, a remarkable 385% rise from 2022. Such significant increase was attributed to higher interest income earned from Trust Funds; the Trust Funds being mandated by law for paying pre-need benefits.

The numbers say it all. The pre-need industry is astoundingly and noticeably doing very well in the recent years. CCLPI Plans, being a novice in the business, is no exception. It has done a spectacularly amazing performance in terms of growth for the year 2023.

CCLPI PERFORMANCE HIGHLIGHTS

Throughout its years of operation, CCLPI Plans hurdled every challenge and emerged strong. It has proven yet again another year of achievements, growth and learnings.

In concrete and sustainable ways, CCLPI Plans forges its way up through the expansion of its business operations in selected areas in the Philippines, particularly in remote and rural areas. It has doubled the number of its sales force and marketing arm, significantly reaching a satisfactory margin in years. It has also magnified the number of its plan holders and serviced beneficiaries underscoring the significance of having a life plan and mutual benefits. The number of its accredited service mortuaries surged up to 420 in the year 2023.

CCLPI Plans had also satisfactorily complied the regulatory requirements set forth by the Insurance Commission.

STRENGTHENING GROWTH FROM WITHIN

We have witnessed in 2023 how CCLPI took a 360 degree turn in its governance and direction. The new leadership had adopted a massive and extensive campaign on networking and expansion while vigorously realigning the operational and administrative needs of the institution. Though it was a challenging and demanding journey, CCLPI Plans stood firm and proud on its path. As an outcome, the growth has reshaped the company for the better.

As one of the leading and fast-rising pre - need companies in the country, CCLPI continue to aspire to be the best in the business. It will continue to bring relevant impact to the lives of its plan holders.

“Transforming uncertainties into opportunities..”

One of the key strategies of CCLPI Plans is to transform challenges into opportunities. With the vision to fully saturate all areas in the Philippines, the team invested on vigorous campaign in synergizing with cooperative partners and its marketing channels.

SYNERGIZING COOPERATIVES INTO A NETWORK

Partnering and exploring partnerships with the cooperative movement has been one of the mandate of CCLPI PLANS. Its vision is to fully cover all co-operators in the country to have access to mutual care through the Members Benefit Program (MBP) for Cooperatives.



Aurora Integrated Multi-Purpose Cooperative (AIMCOOP)



Bohol Diocesan Multi-Purpose Cooperative (BDMPC)



Income Credit Cooperative



Metro Ormoc Community Multi-Purpose Cooperative



MSU-IIT National Multi-Purpose Cooperative (MSU-IIT NMPC)



Toril Community Cooperative (TCC)



Sta. Catalina Credit Cooperative (SCCC)



Perpetual Help Community Cooperative (PHCCI)



Universal Robina Corporation Employees Multi-Purpose Cooperative



Agusan Del Norte Teachers Retirees Employees and Community Cooperative

To date, CCLPI PLANS have partnered with 93 cooperatives in the country profoundly providing equitable and reliable memorial service benefits.

Total network of cooperatives in the Philippines:



LIST OF COOPERATIVE PARTNERS IN THE COUNTRY

Luzon

ACDI Multi-Purpose Cooperative
 Bagong Silang MPC 2
 Ibaan Market Vendors MPC
 St. Martin of Tours Credit & Development Cooperative
 Sto. De Villanueva Parish MPC
 Novaliches Development Cooperative
 Holy Cross Savings & Credit Cooperative
 Barangka Credit Cooperative
 Benguet State University MPC
 Bukluran Multi-Purpose Cooperative
 Karuhatan Multi-Purpose Cooperative
 Most Holy Rosary Multi-Purpose Cooperative
 GARDENIA Kapit Bisig Multi-Purpose & Transport Coop
 Masinop Credit Cooperative
 Angono Savers Multi-Purpose Cooperative

Visayas

Benabaye Primary Multi-Purpose Cooperative
Cordova Catholic Cooperative School
Egana Parish Credit Cooperative
EPSTEMCO
Government Employees MPC of Silay
Guadalupe Community MPC
Hilongos Multi-Purpose Cooperative
KASAMA MPC
Mactan Island MPC
Ormoc Vendors MPC
Pandan Multi-Purpose Cooperative
San Jose Multi-Purpose Cooperative
Taiyo Yuden MPC
ENSUREMEPH Insurance Broker Inc
Lear Employees MPC
Antique National Teachers & Employees Coop
Antique Provincial Gov't Employees MPC
Community Care Service Cooperative
Perpetual Help Community Cooperative
Danao Employees Multi-Purpose Cooperative
Belison Multi-Purpose Cooperative
St. Francis Xavier Credit Cooperative
Barbaza Multi-Purpose Cooperative
CAPGEM Community Multi-Purpose Cooperative
CEBU Mitsumi Employees Multi-Purpose Cooperative
TSKI Multi-Purpose Cooperative
Riverside Multi-Purpose Cooperative
Patnongon Multi-Purpose Cooperative
Samahan Multi-Purpose Cooperative
FONUS Cooperatives Federation
Bajay-Patol Agrarian Reform Cooperative
FONUS Cebu Federation of Cooperatives
Couples for Christ Multi-Purpose Cooperative
Zarraga Multi-Purpose Cooperative
La Consolacion College Faculty Community MPC
NONESCOST Multi-Purpose Cooperative

Paglaum Multi-Purpose Cooperative
Sta. Ana Multi-Purpose Cooperative
Sta. Catalina Credit Cooperative
Toril Community Cooperative
Makilala Multi-Purpose Cooperative
Oro Integrated Cooperative
MSU-IIT National Multi-Purpose Cooperative
Laak Multi-Purpose Cooperative
Mambajao Multi-Purpose Cooperative
DOLE 10 Cares Multi-Purpose Cooperative
Universal Robina Employees MPC
Iligan Dealers Multi-Purpose Cooperative
Koooperatiba ng Sto. Tomas MPC
Dapitan City Government Employees MPC
Kauyagan Savers Multi-Purpose Cooperative
USTP Employees MPC
Iligan City Government Employees MPC
Servus Multi-Purpose Cooperative
Socorro Empowered Peoples Cooperative
Jobnet Multi-Purpose Cooperative
Parole and Probation Administration Employees MPC
ANTRECCO
Peoples Official Employees MPC
COC Faculty and Employees MPC
INCOME Credit Cooperative
Sta. Monica of Pangantukan MPC
DMPI Employees and Community Cooperative
Memorial Service Cooperative Federation
NAFE COOP
Baclay Multi-Purpose Cooperative
BUGEMCO
Nestle Employees Cooperative
Bacuag Senior Citizens Community MPC

Mindanao

Avon Cagayan de Oro MPC
MACO Development Cooperative
Nabunturan Integrated Cooperative



VALUE OF REALIGNING STRATEGIES

The goal is to create value by immensely improving marketing strategies, developing sales synergies, and maximizing its sales force whenever the need arises. The team had realigned its key people to simultaneously integrate in the processes of marketing solutions through strengthening and empowering agencies and general agencies, purposefully recruiting Sales Counselors, and actively conducting series of recruitments and trainings in all key areas of its operations.

In the same way, trainings and recruitment are mobilized by continuously updating and streamlining training materials and marketing modules in order to adopt the latest trends and approaches to promotion and selling.

By the end of 2023, there were a total of 782 newly recruited Sales Counselors significantly adding to the company's sales force.

NEWLY RECRUITED SALES COUNSELORS FOR 2023

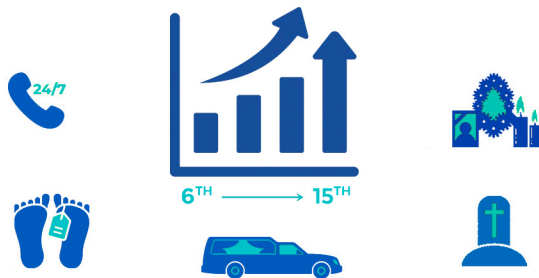


MEMORIAL SERVICE BENEFITS

**“At your lowest grieving moment,
we are at your side...”**

*Everything we have done is because of our plan holders
and their beneficiaries.*

The call for empathy and compassion is the life blood of Angelica Life Plan. The fixed value nature of the plan has made it appealing to the buying public. Hence, the only fixed value life plan in the market today with increasing memorial service benefits from the 6th year to the 15th year.



VALUE, REALIZED

The company's sales performance for the year has been impressive. With a total collected premium of 161,527,777 by December 31, 2023, and 4,428 new policies sold earning new sales of 51,091,720. CCLPI Plans has established itself as one of the country's fast-rising pre-need companies.

161,527,777
Total collected premium

51,091,720
New sales premium

4,428
Policies sold for the year

CLAIMS AND AFTER SALES SERVICES

**“Empathy and compassion through
service...”**

The heart of every enterprise is customer satisfaction that boils down to its after sales services. In CCLPI PLANS, we have developed an efficient, dynamic and compassionate approach to servicing our plan holders.

Recognizing the effects of numbers, we have accredited and partnered with service mortuaries nationwide. Through accreditation, meticulous review and standardization of our partners, we have come up with a unified and trustworthy servicing mortuaries that are accessible in all key areas within the scope of our operations.

**We bear in mind that you matter. Hence, wherever you are,
we got you.**

CCLPI PLANS has now four hundred twenty (420) accredited service mortuaries and funeral homes nationwide.



Claims department ensures that all claims and clients information are handled with strict confidentiality. In our quest to securing our plan holders data privacy and security, our claims assistants have been conducting Customer Due Diligence to every enrolled plan holder. We maintain quality customer service by following customer services practices and responding to customer inquiries with utmost care.

For the year 2023, there are a total of two hundred thirty nine (239) plan holders serviced with a total worth of memorial service benefit of twelve million thirty thousand pesos (12,030,000).

239 Total plan holders serviced
12,030,000 Total worth of memorial service rendered to plan holders for 2023



Advocacy Program Environment 2023



“

**The environment
is no one's property
to destroy. It's everyone's
responsibility to protect.
Let us hold hands to save
our planet.**



Instilling environmental consciousness and promoting sustainable development has always been an integral part in the overall agenda of CCLPI Plans. A steadfast commitment to environmental protection and stewardship remains to be a pressing concern that needs to be fostered through involvement of various environmental best practices in coordination of Cagayan de Oro City's cooperative sectors and private institutions.

In 2023, CCLPI Plans employees participated in the worldwide call for climate action. Earth Day 2023 with the theme, "Invest in our Planet," is a yearly environmental initiative that encourages the different sectors of society to begin its small acts of planet preservation through a unified meaningful endeavors.

The theme "Invest in our Planet", urges everyone to keenly be aware of the outcome of our actions on a daily basis whether to promote sustainable practices or destroy the environment in the long run. We can invest in our planet by engaging best practices like mangrove planting, planting trees, practice waste segregation as well as coastal cleanup activities.

CCLPI Plans employees joins the 10 billion participants around the globe in their acts of environmental protection through coastal cleanup in the shores of the Macajalar Bay, Cagayan de Oro City. The activity raises the awareness of climate crisis and help each and every one to bring about changes to continue building a resilient and protected planet.



SHAREHOLDERS 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 Finance Corporation



San Fernando Funerals



Sta. Lucia Realty & Development, Inc.



Bohol Diocesan Multi-Purpose Cooperative



Guadalupe Community Multi-Purpose Cooperative



Metro Ormoc Community Multi-Purpose Cooperative (OCCCI)



Aurora Integrated Multi-Purpose Cooperative



Independent Cooperative Movement of Employees of Davao

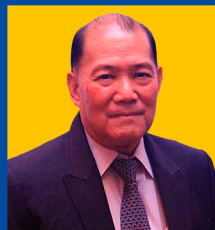


Sta. Catalina Credit Cooperative



Tan Hassani & Counsels Law Offices

THE GOVERNANCE STRUCTURE



Chairman

**RENATO S.
DYCHANGCO JR.**

Cosmopolitan Funeral Homes Inc.



Vice-Chairman

**ATTY. ANTONIO MANUEL A.
ALCANTARA**

Perpetual Help Community Cooperative
Dumaguete



Treasurer / Director

**ALVIN Y.
TAN UNJO**

Cebu International Finance Corporation



Asst. Treasurer / Independent Director

**FLORIANO R.
HILOT**

Oro Integrated Cooperative



Director

**ENGR. RONALD G.
CHAN**

Income Credit Cooperative



Director

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

Toril Community Cooperative



Director

**FR. ELMO P.
MANCHING**

CLIMBS Life and General Insurance
Cooperative



Director

**BGEN. FRED M.
PAYAWAN**

ACDI Multipurpose Cooperative



Director

**FERDINAND MATTHEW D.
REYES**

San Fernando Funerals



Director

**EXEQUIEL D.
ROBLES**

Sta. Lucia Realty and Development Inc.



Director

**ATTY. KERWIN K.
TAN**

Tan Hassani & Counselor



Independent Director

**AUGUSTUS J.V.
FERRERIA**



Corporate Board Secretary

**ATTY. ISIDRO Q.
LICO**



President and CEO

**MANSUETO V.
DELA PEÑA**

MEET THE TEAM

MANAGEMENT COMMITTEE



MANSUETO V. DELA PEÑA
President & CEO



SEVERINO B. PEDROZA JR.
Chief Finance Officer



KATRINA AMOR D. CORPUZ
Distribution Manager Luzon



REVECITA P. SALARDA
Distribution Manager VizMin



JUNMAR N. VERDEJO, CPA
Compliance Officer

SALES AND MARKETING

Luzon



VIDA MARIE V. GENERAO
Area Marketing Manager



RONALDO ESGUERRA
Agency Development Manager

Visayas



ALJUN R. ARPILLEDA
Area Marketing Manager



GLENDA MARIE B. HORSTMAN
Marketing Coordinator
Western Visayas

Mindanao



CHRISTINE O. MERCADO
Area Marketing Manager



JED FRANCIS V. BULLECEER
Regional Sales Manager



DIANNE M. ADLAON
Mktg. Communication &
Training Officer



GERNIE B. MAGNANAO
Marketing Assistant



DIANA L. BOBOROL
Marketing Support Asst.



JIGER J. MADARIMOT
Sales Coordinator



MARIA ROWENA G. BAÑAS
Marketing Coordinator-Caraga

ACCOUNTING



LOIDA F. SALVAÑA
Accountant



LEIZEL G. BABIA
Bookkeeper - Accounts
Receivable



ARCELIE D. ABA
Bookkeeper - Accounts
Payable



RUBELYN MADELO
Accounting Clerk



MARVIN E. BARLISO
Reconciler

FINANCE DEPARTMENT



GENEVIEVE R. TAGAYLO
Finance Officer



MA. KAYLE JANA O. PACLIJAN
Finance Assistant



CRISLIE R. BULAWAN
Cashier - Head Office



REYNALYN L. REONICO
Area Cashier - Luzon



IVY MARIE T. BAYNO
Area Cashier - Cebu



ABBEGAIL B. GATBUNTON
Area Cashier - Davao

BILLING & COLLECTION



DOLLY JANE B. ARGABIO
Billing & Collection Officer



EVA M. EDPALINA
Billing & Collection Clerk I



MYLENE T. PADILLO
Billing & Collection Clerk II



BON KRISFORD F. VICERA
Billing & Collection Clerk III

CLAIMS DEPARTMENT



JAZCYL M. PERIODICO
Claims Officer



BEA M. NALUGON
Claims Assistant



MARIA CHRISTINA M. CUERPO
Data Encoder

HR & ADMIN DEPARTMENT



HERVIE IVY O. SAQUILAYAN
HRAD Officer



JEANLOU O. APDIAN
Admin Assistant



RONA MAE E. PACULBA
Admin Assistant



ROLLY C. PARREÑO
Utility



RONALD G. TAGARDA
Messenger



CYRUS G. GUERRERO
Company Driver



JONALIE P. MACHA
Company Driver



REA M. CUEVAS
Admin Assistant - Luzon



SHAHONEY LYN C. BAYA
Admin Assistant -Mindanao



JEAN CALLEN M. NARO
Admin Assistant-Visayas

IT DEPARTMENT



ROMEO U. ODARVE JR.
IT Manager



GIO A. PEREZ
Junior IT Programmer



ALVIN J. DAMASCO
Web-Admin/Layout Artist



HIGHLIGHTS OF THE 6TH ANNUAL STOCKHOLDER'S MEETING

MINUTES OF THE 6TH ANNUAL STOCKHOLDERS MEETING OF COSMOPOLITAN CLIMBS LIFE PLAN INC. HELD ON JUNE 7, 2023 AT THE EMERALD 2, LIMKETKAI LUXE HOTEL, LIMKETKAI AVENUE, CAGAYAN DE ORO CITY

Present:

Mr. Renato "Oly" Dychangco Jr.	- Chairman
Atty. Antonio Manuel S. Alcantara	- Vice Chairman
Mr. Alvin Yap Tan Unjo	- Director
Mr. Augustus J.V. Ferreria	- Independent Director
Mr. Floriano R. Hilot	- Independent Director
Atty. Kerwin K. Tan	- Director
Atty. Daniel O. Evangelio, Jr.	- Director
Mr. Ferdinand Matthew D. Reyes	- Director (Via Zoom)
Mr. Exequiel D. Robles	- Director (Via Zoom)
Fr. Elmo Manchng	- Director
Atty. Isidro Q. Lico	- Corporate Secretary
Mr. Mansueto V. Dela Peña	- President and Chief Executive Officer

Regrets:

BGEN Fred M. Payawan	- Director
----------------------	------------

Also Present:

Ms. Ana Mariae Michelle D. Quilab	- Senior Audit Manager (Quilab & Garsuta)
Mr. Severino B. Pedroza Jr.	- Chief Finance Officer
Mr. Cliffordson T. Lariosa	- PHCCI
Ms. Maria Fe Pineda	- Sta. Catalina Credit Cooperative
Ms. Faith T. Masanegra	- AIMCOOP
Ms. Revecita P. Salarda	- Business Development Manager, VISMIN
Ms. Dianne M. Adlaon	- Mrktg. Communications & Training Officer
Mr. Junmar N. Verdejo	- Accountant
Mr. Romeo U. Odarve Jr.	- IT Manager
Ms. Christine P. Olalo	- Area Marketing Manager, Mindanao
Ms. Hervie Ivy O. Saquilayan	- HR Officer
Ms. Genevieve R. Tagaylo	- Finance Officer
Ms. Jazcyl M. Periodico	- Claims Officer
Mr. Alvin Damasco	- Web Admin
Ms. Jeanlou O. Apdian	- Admin and HR Assistant
Mr. Jed Francis V. Bullecer	- Regional Sales Manager, South Mindanao
Ms. Leizel G. Babia	- Accounting Staff
Ms. Dolly Jane B. Argabio	- Billing and Collection Officer

PRELIMINARIES

The meeting began with the invocation, followed by the singing of the Philippine National Anthem.

CALL TO ORDER

The 6th Annual Stockholders Meeting was called to order at 10:33 A.M. by the Chairman of the Board and Presiding Officer Renato S. Dychangco, Jr.

PROOF OF DUE NOTICE

The Proof of Due Notice stating the details of time, date, manner and agenda of the Assembly was presented by the Corporate Board Secretary Atty. Isidro Q. Lico.

He informed the assembly that the first notice was disseminated via email, text messages and phone calls on April 24, 2023. The second and final notice of the assembly was disseminated in the same manner of the first notice on May 16, 2023.

60 **DETERMINATION OF QUORUM**

61
62 Atty. Isidro Lico presented the total number of stockholders and the required percentage of quorum as
63 stipulated in the CCLPI PLANS By Laws Section 5 that states, "*A quorum of the shareholders will consist*
64 *of shareholders holding or representing (by proxy or corporate representative) at least eighty (80%) of the*
65 *outstanding capital stock of common shares.*"

66
67 He informed the assembly that a 100% percentage of attendance is achieved. Thus, a quorum is attained.

68
69 **APPROVAL OF THE AGENDA**

70
71 The proposed agenda is found in the Notice of the 6th Annual Stockholders Meeting as follows;

- 72
73 o Call to Order
74 o Proof of Due Notice and Determination of Quorum
75 o Approval of the Proposed Agenda
76 o Presentation and Confirmation of the Minutes of the 5th Annual Stockholders Meeting
77 o Management Report
78 o Audited Financial Statements 2022
79 o Confirmation of Financial Target and Budget 2023
80 o New Business
81 o Other Matters
82 o Adjournment

83
84 On motion of **Dir. Alvin Yap Tan Unjo**, and seconded by **Dir. Floriano Hilot**, it was moved to adopt:

85
86 **Resolution No. 01, Series of 2023**

87
88 ***RESOLVE, AS IT IS HEREBY RESOLVED***, to approve the proposed agenda as presented.

89
90 ***NO OBJECTION. MOTION APPROVED.***

91
92
93
94 **READING AND ADOPTION OF THE MINUTES OF THE 5TH ANNUAL STOCKHOLDERS**
95 **MEETING**

96
97 Dir. Fr. Elmo Manching move to dispense with the oral reading of the minutes of the 5th Annual
98 Stockholders Meeting.

99
100 On motion of **Dir. Fr. Elmo Manching** and severally seconded, it was moved to adopt;

101
102 **Resolution No. 02, Series of 2023**

103
104 ***RESOLVE, AS IT IS HEREBY RESOLVED***, to dispense with the oral reading of the Minutes of the
105 5th Annual Stockholders Meeting.

106
107 ***NO OBJECTION. MOTION APPROVED.***

108
109
110 **MATTERS ARISING ON THE MINUTES OF THE 5TH ANNUAL STOCKHOLDERS MEETING**

111
112 No significant comments and corrections from the resolutions being presented.

113
114 Thus,

115
116 On motion of **Dir. Floriano R. Hilot** and seconded by **Dir. Alvin Tan Unjo**, it was moved to adopt;

117
118 **Resolution No. 03, Series of 2023**

119
120 ***RESOLVE, AS IT IS HEREBY RESOLVED***, to confirm the minutes of the 5th Annual Stockholders
121 Meeting.

122 ***NO OBJECTION. MOTION APPROVED.***



PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS 2022

Ms. Ana Marie Michelle D. Quilab, Senior Audit Manager of Quilab & Garsuta CPAs presented the 2022 Audited Financial Statements.

On motion of **Dir. Floriano Hilot**, seconded by **Dir. Ronald Chan** it was moved to adopt:

Resolution No. 04, Series of 2023

RESOLVE, AS IT IS HEREBY RESOLVED, to accept and confirm the Audited Financial Statements 2022 as presented.

NO OBJECTION. MOTION APPROVED.

CONFIRMATION OF THE FINANCIAL TARGET AND BUDGET 2023

President and CEO Mansueto V. Dela Pena presented the Financial Target and Budget 2023.

**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

On motion of **Dir. Engr. Ronald Chan**, and duly seconded by **Dir. Atty. Daniel Evangelio Jr.**, it was moved to adopt:

Resolution No. 05, Series of 2023

RESOLVE, AS IT IS HEREBY RESOLVED, to approve the Financial Target and Budget for the year 2023.

NO OBJECTION. MOTION APPROVED.

150 **CONFIRMATION AND APPROVAL OF THE DISTRIBUTION OF DIVIDENDS**

151
152 President and CEO Mansueto V. Dela Pena presented the proposed distribution rate of the dividends of the
153 Stockholders and Cooperative Partners for approval of all the Stockholders present.

154
155 On motion of **Dir. Alvin Yap Tan Unjo**, seconded by **Dir. Floriano Hilot**, it was moved to adopt:

156
157 **Resolution No. 06, Series of 2023**

158
159 **RESOLVE, AS IT IS HEREBY RESOLVED**, to approve and confirm to release the dividends to be
160 distributed in the rate of 5.5% on Common Share and 4% on Preferred Share.

161
162 **NO OBJECTION. MOTION APPROVED.**

163
164 **APPOINTMENT OF THE EXTERNAL AUDITOR**

165
166 President and CEO Dela Peña suggested to retained Quilab and Garsuta CPAs as the external auditor of
167 CCLPI Plans for the year 2023.

168
169 No further questions from the body, thus,

170
171 On motion of **Dir. Floriano Hilot**, seconded by **Dir. Ronald Chan**, it was moved to adopt:

172
173 **Resolution No. 07, Series of 2023**

174
175 **RESOLVE, AS IT IS HEREBY RESOLVED**, to approve the re-appointment of Quilab and Garsuta CPAs
176 as the external auditor of CCLPI Plans.

177
178 **NO OBJECTION. MOTION APPROVED.**

179
180 **ADJOURNMENT**

181
182 Before soliciting a motion for adjournment, BOD Chairman Renato S. Dychangco Jr. warmly expressed his
183 heartfelt appreciation and thanks for the presence of the Board of Directors, the active participation of the
184 Stockholders and Partner Cooperatives, and congratulated the entire Management and Staff of CCLPI Plans
185 for a job well done.

186
187 On a motion of Dir. Fr. Elmo Manching, the 6th Annual Stockholders Meeting was adjourned at 12:04 P.M.
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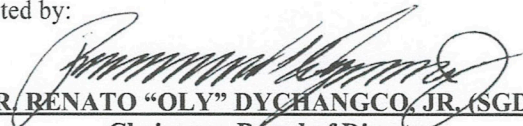
CERTIFICATION

This is to certify that the aforementioned Minutes of the 6th Annual Stockholders Meeting of Cosmopolitan CLIMBS Life Plan Inc. held on June 7, 2023 is true and correct.

Minutes transcribed by:


DIANNE M. ADLAON
Recording Secretary

Attested by: 
ATTY. ISIDRO Q. LICO
Board Corporate Secretary

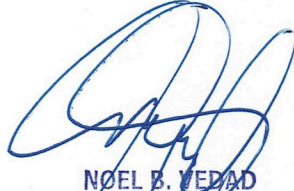
Noted by: 
MR. RENATO "OLY" DYCHANGCO, JR. (SGD.)
Chairman, Board of Directors

JUN 08 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2024 at Cagayan de Oro City, affiant exhibiting to me his Competent Id's, viz:

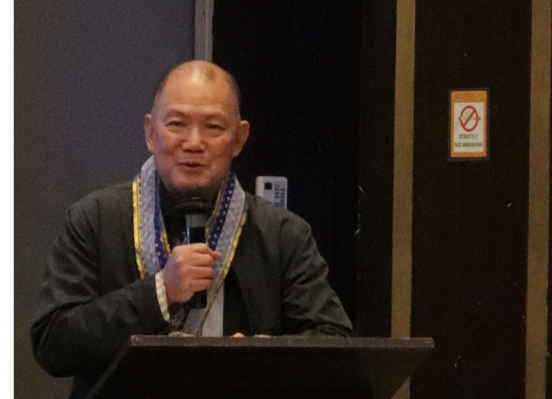
NAME	ID#
ATTY. ISIDRO Q. LICO	SCA – 42869
MR. RENATO S. DYCHANGCO, JR.	SCA – 72692

Doc. No. 425
Page No. 87
Book No. 17
Series No. 1014


NOEL B. YEDAD
Notary Public
Valid Until December 31, 2025/NC-2024-178
PTR No. 5785463-A / 12-21-2023
IBP No. 201145 / 01-02-2024 / Mis.Or. Chapter
TIN: 126-638-567 / Roll No. 36297
MCLE COMPLIANCE NO. VIII-0002739 / April 14, 2028
119 Bldg, Triano-Pacana Sts., Brgy. 11, Cagayan de Oro City

HIGHLIGHTS OF THE RESOLUTIONS

- ✓ Approval of the proposed agenda.
- ✓ Approval to dispense with the reading of the Minutes of the 5th Annual Stockholders meeting.
- ✓ Confirmation of the Minutes of the 6th Annual Stockholders Meeting.
- ✓ Confirmation of the Audited Financial Statements 2022.
- ✓ Approval of the Financial Target and Budget for the year 2023.
- ✓ Approval and confirmation of the release of the dividends to be distributed at the rate of 5.5% on Common Share and 4.0% on Preferred Share.
- ✓ Approval of the re-appointment of Quilab and Garsuta CPAs as the external auditor of CCLPI Plans.



7TH FOUNDING ANNIVERSARY AWARDEES



TOP SALES COUNSELORS ACHIEVERS AWARD



EVANGELINE KHIONG



FEBIE AUSTRIA



LANIE DADOR



LUISITA OPONDA



MATT ERIKSON MALAGAR



OIC PRE-NEED
GENERAL AGENCY



TOP UNIT MANAGERS ACHIEVERS AWARD



ANGELITA ZUÑIGA



FEBIE AUSTRIA



GEORGE SAMUEL SISON



GINA ALEMAN



JAMES HECHANOVA



LANI GUERRA



MARIEDEL SORRONDA



OIC PRE-NEED
GENERAL AGENCY



RIC GALIDO



RITA CABALLERO



SYLVIA DEL MAR



TOP AGENCY ACHIEVERS AWARD



COSMOPOLITAN
CAGAYAN DE ORO



COSMOPOLITAN
CEBU



COSMOPOLITAN
DAVAO



OIC PRE-NEED
GENERAL AGENCY



COSMOPOLITAN PRE-NEED
GENERAL AGENCY



OIC PRE-NEED
GENERAL AGENCY



TOP GENERAL AGENCY ACHIEVERS AWARD



SERVICE AWARD (5 YEAR IN SERVICE)



DOLLY JANE ARGABIO



CHRISTINE OLALO
MERCADO



VIDA MARIE GENERAO



ROMEO ODARVE, JR.



JED FRANCIS BULLECCER



EMPLOYEE OF THE YEAR AWARD



ROMEO ODARVE, JR.

Financial Statements of
Cosmopolitan CLIMBS Life Plan, Inc.

December 31, 2023 and 2022

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, 2023 and 2022, 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.

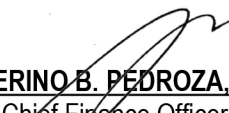
Quilab & Garsuta, CPAs, the independent auditors appointed by the Board of Directors for the periods December 31, 2023 and 2022, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing (PSAs), and in its report to the Board of Directors, have expressed their opinions on the fairness of presentation upon completion of such audits.

April 11, 2024, Cagayan de Oro City, Philippines.


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


ALVIN Y. TAN UNJO
Treasurer


MANSUETO V. DELA PEÑA
President and Chief Executive Officer


SEVERINO B. PEDROZA, JR.
Chief Finance Officer



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 ANNUAL INCOME TAX RETURNS

The management of Cosmopolitan CLIMBS Life Plan, Inc. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the valued added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

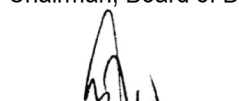
In this regard, management affirms that the attached audited financial statements for the year ended December 31, 2023, and the accompanying Annual Income Tax Return are in accordance with the books and records of Cosmopolitan CLIMBS Life Plan, Inc., complete and correct in all material respects.

Management likewise affirms that:

- a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules have been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- c) Cosmopolitan CLIMBS Life Plan, Inc. has filed all applicable returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

April 11, 2024, Cagayan de Oro City, Philippines.


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


ALVIN Y. TAN UNJO
Treasurer


MANSUETO V. DELA PEÑA
President and Chief Executive Officer


SEVERINO B. PEDROZA, JR.
Chief Finance Officer

REPORT OF INDEPENDENT AUDITORS

Contact Information

2F, Executive Centrum Building, J.R. Borja Street
Cagayan de Oro City, Philippines, 9000
(063) 88-231-6365, 8822-727515
quilabgarsuta.com

Current Accreditations

BOA, BIR, SEC, BSP, IC
CDA, NEA, MISEREOR, KNH

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, 2023 and 2022, 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 material accounting policy information 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, 2023 and 2022, 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 audits. 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. 5864058 A
January 3, 2024
Cagayan de Oro City

April 11, 2024
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Cosmopolitan CLIMBS Life Plan, Inc.

December 31,	2023	2022
		(As Restated) (Note 17)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱43,138,756	₱51,350,826
Investments in financial instruments (Note 10)	40,521,167	10,000,000
Trade and other receivables (Note 6)	3,063,581	3,011,107
Prepaid expenses (Note 7)	3,116,567	4,040,841
Total Current Assets	89,840,071	68,402,774
Non-Current Assets		
Property and equipment – net (Note 8)	7,455,505	7,543,114
Right-of-use assets – net (Note 9)	3,365,978	4,465,769
Investment in Trust Fund – Life Plan (Note 11)	197,834,896	117,209,654
Investments in financial instruments (Note 10)	95,321,798	106,811,494
Insurance Premium Fund (Note 12)	7,441,803	6,060,516
Other assets (Note 13)	1,003,430	1,492,447
Total Non-Current Assets	312,423,410	243,582,994
	₱402,263,481	₱311,985,768
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	₱44,532,588	₱32,702,303
Deposits for future subscriptions (Note 17)	7,000,000	7,000,000
Lease liabilities (Note 9)	1,102,343	1,027,143
Total Current Liabilities	52,634,931	40,729,446
Non-Current Liabilities		
Aggregate reserves for risks (Note 15)	159,720,072	98,263,891
Lease liabilities (Note 9)	2,497,654	3,599,997
Retirement benefit obligation (Note 16)	3,024,920	1,628,499
Total Non-Current Liabilities	165,242,646	103,492,387
Total Liabilities	217,877,577	144,221,833
Shareholders' Equity		
Share capital (Note 17)	158,483,938	157,612,500
Net earnings of Trust Fund – Life Plan (Note 18)	10,416,520	3,771,168
Retained earnings, appropriated (Note 17)	5,104,331	2,474,485
Retained earnings, unappropriated	8,897,977	8,668,486
Revaluation reserves – net (Notes 11 and 16)	1,483,138	(4,762,704)
Total Shareholders' Equity	184,385,904	167,763,935
	₱402,263,481	₱311,985,768

See Notes to Financial Statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Cosmopolitan CLIMBS Life Plan, Inc.

Years Ended December 31,	2023	2022
		(As Restated) (Note 17)
REVENUE		
Premiums (Note 19)	₱153,420,399	₱138,615,490
Investment income (Note 20)	7,653,090	5,850,817
Trust fund income (Notes 11 and 18)	8,306,690	1,613,081
Miscellaneous	3,207,729	3,361,318
Total Revenue	172,587,908	149,440,706
COSTS AND EXPENSES		
Cost of contracts issued:		
Collection costs (commissions) (Note 19)	31,087,336	39,298,699
Increase in aggregate reserves for risks (Note 15)	61,456,181	43,029,567
Plan benefits paid (Note 15)	12,233,793	12,355,457
Other direct costs and expenses (Note 21)	4,308,892	4,313,170
Total cost of contract issued	109,086,202	98,996,893
Salaries, wages and employees' benefits (Note 22)	19,700,203	20,356,389
General and administrative (Note 23)	16,996,303	14,040,400
Depreciation and amortization (Notes 8, 9 and 13)	3,845,086	3,145,795
Total Costs and Expenses	149,627,794	136,539,477
PROFIT BEFORE INCOME TAX EXPENSE	22,960,114	12,901,229
INCOME TAX EXPENSE (Note 24)		
Current	5,083,736	1,686,569
Deferred	—	(193,789)
Net	5,083,736	1,492,780
PROFIT FOR THE YEAR	17,876,378	11,408,449
OTHER COMPREHENSIVE INCOME		
<i>Item that will not be recycled subsequently to profit or loss</i>		
Remeasurement loss on defined benefit obligation	(372,628)	—
Fair value gains (losses) on investment in Trust Fund – Life Plan (Note 11)	6,618,470	(4,550,021)
	6,245,842	(4,550,021)
TOTAL COMPREHENSIVE INCOME	₱24,122,220	₱6,858,428

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

Cosmopolitan CLIMBS Life Plan, Inc.

December 31,	2023	2022
		(As Restated) (Note 17)
SHARE CAPITAL (Note 17)		
Ordinary (Common) Shares		
Opening balances	P137,812,500	P136,250,000
Additional subscriptions received during the year	871,438	1,562,500
Closing balances	138,683,938	137,812,500
Preference Shares	19,800,000	19,800,000
Total Share Capital	158,483,938	157,612,500
RETAINED EARNINGS OF TRUST FUND – LIFE PLAN		
Opening balances	3,771,168	2,480,703
Income from investments in trust fund (Note 18)	6,645,352	1,290,465
Closing balances	10,416,520	3,771,168
RETAINED EARNINGS – APPROPRIATED		
Opening balances	2,474,485	–
Appropriation during the year (Note 17)	2,629,846	2,474,485
Closing balances	5,104,331	2,474,485
RETAINED EARNINGS – UNAPPROPRIATED		
Opening balances, as originally stated	8,668,486	1,024,987
To reclassify balances to appropriated retained earnings (Note 17)	–	(2,474,485)
Opening balances, as restated	8,668,486	(1,449,498)
Profit for the year	11,231,026	10,117,984
Appropriation during the year (Note 17)	(2,629,846)	–
Dividends declared during the year (Note 17)	(8,371,689)	–
Closing balances	8,897,977	8,668,486
REVALUATION RESERVES		
Revaluation Reserve On FVTOCI Investments		
Opening balances	(4,762,704)	(212,683)
Other comprehensive income for the year (Note 11)	6,618,470	(4,550,021)
Closing balances	1,855,766	(4,762,704)
Remeasurement Reserve From Defined Benefit Plan		
Opening balances	–	–
Net change during the year (Note 16)	(372,628)	–
Closing balances	(372,628)	–
Total Reserves	1,483,138	(4,762,704)
	P184,385,904	P167,763,935

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

Cosmopolitan CLIMBS Life Plan, Inc.

Years Ended December 31,	2023	2022
		(As Restated) (Note 17)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	P22,960,114	P12,901,229
Add (deduct) adjustments:		
Depreciation of property and equipment – net (Note 8)	2,459,169	2,171,870
Amortization of other assets (Note 13)	286,126	224,797
Depreciation of right-of-use assets (Note 9)	1,099,791	749,128
Increase in actuarial reserve liabilities (Note 15)	61,456,181	43,029,567
Provision for impairment on trade and other receivables (Note 6)	91,863	221,414
Interest expense on lease liability (Note 9)	231,357	260,827
Provision for retirement benefits (Note 16)	1,023,793	116,727
Investments and trust fund income (Notes 11, 18 and 20)	(15,959,780)	(7,463,898)
Net cash provided from operations	73,648,614	52,211,661
Changes in working capital, excluding cash and cash equivalents:		
Increase in trade and other receivables (Note 6)	(144,337)	(1,575,888)
Decrease (increase) in prepaid expenses (Note 7)	924,274	(821,563)
Increase in trade and other payables (Note 14)	10,348,810	14,979,869
Net cash generated from operations	84,777,361	64,794,079
Income taxes paid (Note 24)	(3,602,261)	(1,516,384)
Net Cash Provided from Operating Activities	81,175,100	63,277,695
CASH FLOWS FOR INVESTING ACTIVITIES		
Increase in investments in financial instruments (Note 10)	(19,031,471)	(32,187,382)
Increase in investment in Trust Fund – Life Plan (Note 11)	(74,006,772)	(56,215,371)
Additions to Insurance Premium Fund (Note 12)	(1,381,287)	(1,692,986)
Investments and trust fund income (Notes 11, 18 and 20)	15,959,780	7,463,898
Acquisition of property and equipment – net (Note 8)	(2,371,560)	(3,442,212)
Decrease (increase) in other non-current assets (Note 13)	202,891	(687,388)
Net Cash Used for Investing Activities	(80,628,419)	(86,761,441)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments received from capital stock subscriptions (Note 17)	871,438	1,562,500
Payment of lease principal and interest (Note 9)	(1,258,500)	(815,225)
Dividends declared during the year (Note 17)	(8,371,689)	–
Net Cash (Used for) Provided from Financing Activities	(8,758,751)	747,275
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,212,070)	(22,736,471)
OPENING CASH AND CASH EQUIVALENTS	51,350,826	74,087,297
CLOSING CASH AND CASH EQUIVALENTS (Note 5)	P43,138,756	P51,350,826

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Cosmopolitan CLIMBS Life Plan, Inc.

As of and for the Years Ended December 31, 2023 and 2022

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 presently 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

Statement of Compliance with Philippine Financial Reporting Standards (PFRS)

Statement 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/IAS), 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 IFRS Accounting Standards that are Effective for the Current Year

In the current year, the Company has applied a number of amendments to PFRS 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, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice

Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The Company has adopted the amendments to PAS/IAS 1 for the first time in the current year. The FSRSC adopted these amendments on April 14, 2021 and made it effective starting January 1, 2023. The amendments change the requirements in PAS/IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'material accounting policy information' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in the Company'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.

Amendments to PAS/IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has adopted the amendments to PAS/IAS 12 for the first time in the current year. The FSRSC adopted these amendments on June 9, 2021 and made it effective starting January 1, 2023. 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 profit nor taxable profit. Following the amendments to PAS/IAS 12, the Company 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 Company did not have single transaction involving deferred tax asset and deferred tax liability during the year.

Amendments to PAS/IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules

The Company has adopted the amendments to PAS/IAS 12 for the first time in the current year. The FSRSC adopted these amendments on June 19, 2023 and made it effective beginning January 1, 2023. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in PAS/IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Presently, the Pillar Two model rules have not yet been adopted by Philippine authorities.

Amendments to PAS/ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The Company has adopted the amendments to PAS/IAS 8 for the first time in the current year. The FSRSC

adopted these amendments on April 14, 2021 and made it effective retroactive to January 1, 2023. 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.

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 in some cases has 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 PAS/IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to PAS/IAS 1 *Non-current Liabilities with Covenants*
- *Amendments to PAS/IAS 7 and IFRS 7 Supplier Finance Arrangements*
- Amendments to PFRS 16 *Lease Liability in a Sale and Leaseback*

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.

The Company has determined that the life plan it issues has significant insurance risk and therefore meets the definition of an insurance contract. Presently, these are accounted for under PFRS 4, which will be superseded by PFRS 17 beginning January 1, 2025. The Company is working closely with its actuaries and the pre-need industry association it belongs to and relies on guidance from the Insurance Commission (IC) as it seeks understanding in the implementation of the provision of PFRS 17.

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 FSRSC has not yet reviewed the foregoing amendments. The Board of Directors of the Company anticipates that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to PAS/IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. The FSRSC adopted the amendments on November 18, 2022 and becomes effective starting January 1, 2024.

The Board of Directors of the Company anticipates that the application of these amendments may not have an impact on the Company's financial statements in future periods.

Amendments to PAS/IAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to PAS/IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, were adopted by the FSRSC on June 19, 2023, and are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The amendments were adopted by the FSRSC on October 14, 2022 and are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The Board of Directors of the Company anticipates that the application of these amendments may not have an impact on the Company's financial statements.

Note 3

Summary of Material Accounting Policy Information

The material accounting policies that have been used in the preparation of these financial statements are summarized below. The Company's management expects these policies to influence the decisions of users of the financial statements. Accounting policies related to immaterial transactions or events were no longer disclosed.

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 in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the 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.

Although the Company does not have all of the following financial instruments in its financial statements, the policies governing the accounting of these financial instruments are discussed in detail to allow for the proper understanding of the policies governing such financial instruments.

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 a 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 20). Fair value is determined in the manner described in the Company's material accounting policy information.

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 20) 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, 5 years;
- b) Office furniture, fixtures and equipment, 3 to 5 years;
- c) IT equipment, 3 to 5 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, 2025.

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

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 4

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 5

Cash and Cash Equivalents

This account consists principally of the following:

<i>December 31,</i>	2023	2022
Cash on hand and revolving funds	P230,000	P235,065
Cash in banks	45,350,560	57,176,277
Short-term investment	5,000,000	—
Total	50,580,560	57,411,342
Designated for Insurance Premium Fund (Note 12)	7,441,804	6,060,516
	P43,138,756	P51,350,826

Cash on hand and revolving funds are dispersed throughout the Company's regional offices. Cash in banks earn interest rates ranging from 0.05% to 0.25% per annum and are generally placed with big commercial banks.

Short-term placement in bank is in the form of time deposit that can be pre-terminated at any time, earning an interest rate of 5% per annum. Interest income earned from cash in banks and short-term placements (gross) amounted P45,428 in 2023 and P24,353 in 2022. (See Note 20.)

Note 6

Trade and Other Receivables

This consists of the following:

<i>December 31,</i>	2023	2022
Advances to officers and employees, subject to liquidation procedures	P1,887,303	P1,986,731
Accounts receivable – others	1,321,146	1,027,191
Accrued interest receivables	88,389	274,838
Total	3,296,838	3,288,760
Less allowance for expected credit losses (ECL)	233,257	277,653
Net	P3,063,581	P3,011,107

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:

<i>December 31,</i>	2023	2022
Opening balances	P277,653	P56,239
Provision for ECL for the year charged to operations (Note 23)	91,863	221,414
Accounts written-off	(136,259)	–
Closing balances	P233,257	P277,653

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. The accounts written-off during 2023 was approved by the Board of Directors. The Company is claiming the tax benefits of the write-off which is included in its income tax returns. (See Note 24.)

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 7

Prepaid Expenses

This account consists of the following:

<i>December 31,</i>	2023	2022
Deferred filing fees with the Insurance Commission (IC)	P2,459,859	P2,619,360
Unused office and marketing supplies	352,817	1,216,653
Prepayments	303,891	204,828
	P3,116,567	P4,040,841

The deferred filing fees with IC represent the 0.01% filing fee of the P1 billion worth of Angelica Life Plan that the Company applied for and subsequently obtained permission from IC to sell the plans. It is amortized as an expense to form part of the product cost and matched at every sale of a unit of the plan. Total filing fees expensed amounted P160,766 in 2023 and P121,493 in 2022. (See Note 21.)

The prepayments pertain to advances made to NAFECOOP Printing Press (National Federation of Cooperative Primaries in the Philippines) for the Company's future printing needs and input VAT amortized over the useful life of the corresponding fixed asset.

Note 8

Property and Equipment, At Cost

This account consists of the the following:

<i>December 31,</i>	2023	2022
Service vehicles	P8,586,954	P6,812,669
Office furniture, fixtures and equipment	5,293,237	4,695,962
IT equipment	1,340,838	1,340,838
Leasehold improvements	725,344	725,344
Total	15,946,373	13,574,813
Less accumulated depreciation	8,490,868	6,031,699
Net	P7,455,505	P7,543,114

Reconciliation of the Accounts

<u>December 31, 2023</u>	<u>Opening Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Closing Balances</u>
Service vehicles	₱6,812,669	₱1,774,285	₱–	₱8,586,954
Office furn., fixtures and equipment	4,695,962	597,275	–	5,293,237
IT equipment	1,340,838	–	–	1,340,838
Leasehold improvements	725,344	–	–	725,344
Total cost	13,574,813	2,371,560	–	15,946,373
Less accumulated depreciation	6,031,699	2,459,169	–	8,490,868
Net Book Value	₱12,008,883	(₱87,609)	₱–	₱7,455,505
<u>December 31, 2022</u>				
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
Total cost	10,132,601	3,442,212	–	13,574,813
Less accumulated depreciation	3,859,829	2,171,870	–	6,031,699
Net Book Value	₱6,272,772	₱1,270,342	₱–	₱7,543,114

Note 9

Right-of-Use Asset

The Company has seven 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 right-of-use assets and a lease liability. Total lease payments (including interest) amounted ₱1,258,500 for 2023 and ₱815,225 for 2022. The leases on its other regional offices and parking space are one-year leases, renewable yearly, hence treated as ordinary leases. Total rental expenses incurred amounted to ₱885,264 in 2023 and ₱1,093,559 in 2022.

The Company discounted the future lease payments on the lease of its Head Office and Davao 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 ₱231,357 in 2023 and ₱260,827 in 2022. (See Note 23.)

Components of Right-of-Use Assets – Net

<u>December 31,</u>	2023	2022
Right-of-use asset	₱5,183,205	₱5,183,205
Less accumulated depreciation	1,817,227	717,436
Net	₱3,365,978	₱4,465,769

Accounting of the Movement of Right-of-Use Assets

<u>December 31, 2023</u>	<u>Opening Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Closing Balances</u>
Right-of-use asset	₱5,183,205	₱–	₱–	₱5,183,205
Less accumulated depreciation	717,436	1,099,791	–	1,817,227
Net Book Value	₱4,465,769	(₱1,099,791)	₱–	₱3,365,978
<u>December 31, 2022</u>				
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

Lease Liability

December 31,	2023	2022
Current (portion due for the next 12 months)	P1,102,343	P1,027,143
Non-current (portion due in excess of 12 months)	2,497,654	3,599,997
Total Lease Liability	P3,599,997	P4,627,140

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. Under the existing leases, the Company is required to keep the properties in good state, and of repair and return the properties in their original condition at the end of the leases. Further, the Company must cover with insurance items of property and equipment inside the leased premises and maintain them in accordance with the lease contracts.

Note 10

Investments in Financial Instruments

This account consists of the following investments:

December 31,	2023	2022
Investment in externally managed funds	P64,321,798	P61,811,494
Investments in corporate debt securities	71,521,167	55,000,000
Total	135,842,965	116,811,494
Less portion maturing in 12 months presented in current assets	40,521,167	10,000,000
Portion maturing over 12 months presented in non-current assets	P95,321,798	P106,811,494

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 September 1, 2019, with China Banking Corporation – Trust & Asset Management Group (China Bank TAMG) to administer and manage a total of P55 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,	2023	2022
<u>Assets</u>		
Cash in bank	P2,839	P2,261
Investment in UITF	2,685,877	433,115
Investment in debt securities	61,232,746	61,115,389
Other receivables	596,176	419,044
Total Assets	64,517,638	61,969,809
<u>Liabilities</u>		
Trust fees payable	119,235	74,506
Accrued expenses	76,605	83,809
Total Liabilities	195,840	158,315
Net Assets	P64,321,798	P61,811,494

(Carried Forward.)

(Brought Forward.)

December 31,	2023	2022
<u>Net Assets Accounted as Follows:</u>		
Trust fund principal	₱61,811,494	₱59,624,112
Realized gain on sale of financial assets (net of final taxes)	2,510,304	2,187,382
	₱64,321,798	₱61,811,494

The realized gain on sale of financial assets are recognized in profit or loss at gross of final taxes, amounting ₱3,137,880 in 2023 and ₱2,734,228 in 2022. (See Note 20.)

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,	2023	2022
BDO Unibank, Inc. (BDO)	₱35,000,000	₱35,000,000
China Banking Corporation (Chinabank)	20,000,000	—
Cebu International Finance Corporation (CIFIC)	15,521,167	10,000,000
Mindanao Consolidated Cooperative Bank (MCCB)	1,000,000	—
Metropolitan Bank & Trust Company (Metrobank)	—	10,000,000
	₱71,521,167	₱55,000,000

These investments are debt securities with the following features:

- a) The investment in BDO is a 5-year, 5.375% per annum LTNCD that was purchased on April 12, 2019 and would mature on April 12, 2024 with a ₱5 million face value. During 2022, the Company placed additional ₱30 million in a 5-year retail treasury bonds, bearing 4.875% rate, to mature on March 4, 2027.
- b) The investment in Chinabank is a 91-day placement with 5% rate that was purchased on December 21, 2023 and will mature on March 21, 2024.
- c) The investment in CIFIC is a 97-day placement with 2.75% rate which initially matured on January 17, 2022 and renewed on December 22, 2022 for another 90 days with a 5.5% rate, maturing on March 22, 2023. During the renewal in 2023, the Company added ₱5 million to the existing ₱10 million placements. The ₱15,521,167 outstanding CIFIC investment is a 365-day renewal with 5.5% rate and will mature on December 19, 2024.
- d) The investment in MCCB is a 1,095-day time deposit with a 5.5% rate that was purchased on May 23, 2023 and will mature on May 26, 2026.
- e) The investment in Metrobank in 2022 was a cross currency swap (CCS) hedge to a USD loan, amounting ₱10 million. The investment has an effective date of April 30, 2018 and terminated on 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 investment was no longer renewed after its maturity.

Total interest income earned from these investments (gross of final taxes) amounted ₱4,469,782 in 2023 and ₱3,092,236 in 2022. Net of taxes, the investments income amounted ₱3,575,826 in 2023 and ₱2,473,789 in 2022. (See Note 20.)

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

Note 11

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:

<i>December 31,</i>	2023	2022
Opening balances	P127,503,148	P72,640,605
Contributions during the year (Note 19)	79,141,416	67,328,000
Plan benefits expenses incurred during the year (Note 15)	(12,233,793)	(12,355,457)
Closing balances	P194,410,771	P127,613,148

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:

<i>December 31,</i>	2023	2022
Trust Fund Contributions (net) (see table above)	P79,141,416	P67,328,000
Amount of Investment in Trust Fund (see table in the following page)	(197,834,896)	(117,209,654)
Excess of Contributions Over Invested Trust Fund	(P118,693,480)	(P49,881,654)

The Company earmarked portions of its cash in banks for the subsequent increase in trust fund investment in 2023.

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 P12 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)

<u>December 31,</u>	2023	2022
<u>Assets</u>		
Cash in bank	₱2,035,793	₱9,506,051
Investment in quoted equity securities	58,112,288	34,005,205
Investment in Government securities	136,237,934	74,966,962
Other receivables	1,683,848	791,021
Total	198,069,863	119,269,239
<u>Liabilities</u>		
Trust fees payable	234,541	136,067
Accrued expenses	426	1,923,518
Total	234,967	2,059,585
Net Assets	₱197,843,896	₱117,209,654

Net Assets Accounted as Follows:

Trust fund principal	₱117,209,654	₱65,544,304
Additional contributions	79,141,416	67,328,000
Withdrawals	(11,780,000)	(12,410,000)
Realized gain on sale of financial assets (net of final taxes)	6,645,352	1,290,465
<i>(Carried Forward.)</i>		

(Brought Forward.)

December 31,	2023	2022
Others	(136)	6,770
Expected credit losses OCI - FVOCI	140	136
Unrealized gain on FVOCI	6,618,470	(4,550,021)
	P197,834,896	P117,209,654

The realized gain on sale of financial assets are recognized in profit or loss at gross of final taxes, at P8,306,690 in 2023 and P1,631,081 in 2022.

The fair value loss on investments amounting P6,618,470 in 2023 and P4,550,021 in 2022 were credited to other comprehensive income in the statements of profit or loss and other comprehensive income.

Computation of Trust Fund Surplus

December 31,	2023	2022
Net assets of Trust Fund – Life Plan	P197,834,896	P117,209,654
PNR and plan benefits payable (actuarially computed) (Note 15)	(159,720,072)	(98,263,891)
Trust Fund Surplus	P38,114,824	P18,945,763

Note 12

Insurance Premium Fund

This represents the bank deposits in Rizal Commercial Banking Corporation (RCBC) amounting to P7,441,803 in 2023, and in Land Bank of the Philippines (LBP) amounting to P6,060,516 in 2022. (See Note 5.) 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 15.) The amount maintained by the Company is found to be in excess of the required IPR.

Note 13

Other Non-Current Assets

This account consists of the following:

December 31,	2023	2022
Computer software, at cost	P1,446,118	P1,446,118
Less accumulated amortization	(896,189)	(610,063)
Net	549,929	836,055
Security deposits (Note 25)	453,501	450,801
Deferred tax asset – MCIT (Note 24)	–	205,591
	P1,003,430	P1,492,447

The cost of computer software is amortized over a period of 5 years, beginning 2017. Amortization costs charged to operations amounted P286,126 in 2023 and P224,797 in 2022.

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 9.)

Note 14
Trade and Other Payables

This account consists of the following:

<i>December 31,</i>	2023	2022
Accrued expenses	₱22,527,111	₱14,777,730
Cash bond payable	4,700,022	4,339,480
Planholders' deposits (unidentified premium payments)	7,865,143	5,840,488
Unpaid plan benefits (Note 15)	3,187,500	3,315,000
Accounts payable (Note 25)	3,058,361	2,850,426
Unremitted contributions to Government agencies	1,530,988	1,397,192
Income tax payable (Note 24)	1,663,463	181,987
	₱44,532,588	₱32,702,303

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 consist of unpaid lease rentals, insurance extension payments pending remittance, and share of expenses charged to the Company by CLIMBS Life and General Insurance Company, a major stockholder. The charges are interest-free. (See Note 25.)

Note 15
Aggregate Reserves for Risks

This consists of the actuarial reserve liabilities of the following:

<i>December 31,</i>	2023	2022
Pre-need reserves (PNR) for life plans	₱153,048,694	₱93,937,606
Insurance premium reserves (IPR)	6,671,378	4,326,285
	₱159,720,072	₱98,263,891

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, 2023, the Company has a total of 4,495 fully paid plans, with contract price amounting to ₱189.4 million. In addition to this, the Company also has a total of 10,314 in-force plans on installment, with contract price amounting ₱489 million, out of which, a total ₱213.8 million premiums were already collected. Plan benefits paid amounted to ₱12,233,793 for 2023 and ₱12,355,457 for 2022. Plan benefits remained unpaid amounted ₱3,187,500 in 2023 and ₱3,315,000 in 2022. (See Note 14.)

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 12 for the funding of the reserves.)

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

<i>December 31, 2023</i>	<i>Pre-Need Reserves</i>	<i>Insurance Premium Reserves</i>	<i>Total</i>
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
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
Provisions during 2023	59,111,088	2,345,093	61,456,181
Balances as of December 31, 2023	₱153,048,694	₱6,671,378	₱159,720,072

Note 16

Retirement Benefit Obligation

The Company'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 Company. The legal obligation to pay the retirement benefits remains with the Company. The Company'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, 2023.

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

<i>December 31,</i>	2023	2022
Opening balances	₱1,628,499	₱1,511,772
Remeasurement losses (gains) during the year	372,628	—
Interest costs	115,957	—
Current service costs	907,836	—
Past service costs	—	116,727
Ending balances	₱3,024,920	₱1,628,499

The principal assumptions used to determine pension obligation follows: (a) discount rate, 6.04%, (b) salary rate increase, 4.00%, and average expected working lives of employees, 14.91 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, 2023, assuming all other assumptions were held constant.

	<i>Increase (Decrease)</i>	<i>Amount</i>
Discount rate	1%	(₱318,261)
	-1%	392,460
Future salary increase rate	1%	371,085
	-1%	(307,533)

Shown below is the maturity analysis of the expected future benefit payments as of December 31, 2023.

<i>Year</i>	<i>Amount</i>	<i>Year</i>	<i>Amount</i>
2024	₱195,085	2027	₱79,197
2025	99,124	2028	623,949
2026	45,396	2029 and up	44,186,351

Note 17
Share Capital

The Company's share capital consists of the following:

<i>December 31,</i>	2023	2022
<u>Ordinary (Common) Shares</u>		
Authorized – 150 million shares, ₱1.00 par value		
Issued and outstanding: 138,683,938 shares in 2023; 137,812,500 in 2022	₱138,683,938	₱137,812,500
<u>Preference Shares</u>		
Authorized – 200 thousand shares, ₱100.00 par value	–	–
Issued and outstanding: 198,000 shares in 2023 and 198,000 in 2022	19,800,000	19,800,000
Total Share Capital	₱158,483,938	₱157,612,500

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 2023 and 2022. 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.

Initially, the deposits for future subscriptions were non-interest bearing deposits. During 2023, the Board of Directors approved to subject the deposits with interest rate of 5.5% per annum. Accordingly, the Company recorded interest expense of ₱110,000 in 2023 for the deposit.

Dividend Distribution

On June 7, 2023, the Board of Directors and stockholders approved the release of cash dividends amounting to ₱8,371,689.

Appropriated Retained Earnings

During their meeting on June 7, 2023, the Board of Directors approved to appropriate from the Company's adjusted retained earnings at each end of the year certain percentages of the retained earnings intended for the following funds: (a) corporate reserve fund (12%); (b) land and building fund (7%) and (c) corporate social responsibility fund (3%). The appropriations should be retroactive to 2022. During their meeting on March 19, 2024, the Board of Directors approved additional appropriations for the same funds totaling ₱2.6 million from the retained earnings of 2023.

The following is the accounting of the appropriations:

<i>December 31, 2023</i>	<i>Opening Balances</i>	<i>Addition (Reversal)</i>	<i>Closing Balances</i>
Corporate reserve fund	₱1,360,188	₱1,498,263	₱2,858,451
Land and building fund	780,008	792,108	1,572,116
Corporate social responsibility fund	334,289	339,475	673,764
	₱2,474,485	₱2,629,846	₱5,104,331

To effect the appropriations of the 2022 retained earnings, the Company's 2022 statement of financial position has been restated. The appropriations have not changed the overall equity balances and have not affected the assets and liabilities balance of 2022. Because the effect of the restatement was not pervasive, the Company no longer presented a third column of the statement of financial position, as required under PFRSs.

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 ₱138,683,938 and ₱137,812,500 at the end of 2023 and 2022, respectively. The Company also has authorized preference shares of ₱20 million of which ₱19.8 million have been fully paid at the end of 2023 and 2022. 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 ₱165,483,938 and ₱164,612,500 at the end of 2023 and 2022, respectively, 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, 2023, the Company has six (6) shareholders owning 100 or more ordinary (common) and preference shares each.

Note 18

Profit of Trust Fund – Life Plan

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

<i>Years Ended December 31,</i>	2023	2022
Income from investment of trust fund (Note 11)	₱8,306,690	₱1,613,081
Final taxes on investment income	(1,661,338)	(322,616)
Profit for the year	₱6,645,352	₱1,290,465

Note 19

Details of Premium Revenue

<i>Years Ended December 31,</i>	2023	2022
Realized gross premium income	₱80,361,257	₱76,249,186
Amortization	6,489,104	6,680,604
Discount on spot cash	(4,464,000)	(3,151,000)
Net	82,386,361	79,778,790
Allocation for trust fund contributions	79,141,416	67,328,000
Total Receipts	161,527,777	147,106,790
Value-added taxes	(8,107,378)	(8,491,300)
Net Premium Revenue	₱153,420,399	₱138,615,490

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 ₱31,087,336 in 2023 and ₱39,298,699 in 2022.

Note 20

Details of Investments Income

<i>Years Ended December 31,</i>	2023	2022
Interest income from cash and cash equivalents (Note 5)	₱45,428	₱24,353
Interest income from investment in debt securities (Note 10)	4,469,782	3,092,236
Income from externally managed funds (Note 10)	3,137,880	2,734,228
	₱7,653,090	₱5,850,817

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 24.)

Note 21

Details of Other Direct Costs and Expenses

<i>Years Ended December 31,</i>	2023	2022
Insurance	₱3,341,598	₱3,456,787
Royalty fees	806,528	734,890
Licensing fees amortized on plans issued (Note 7)	160,766	121,493
	₱4,308,892	₱4,313,170

Note 22

Details of Salaries, Wages and Employees' Benefits

<i>Years Ended December 31,</i>	2023	2022
Salaries and wages	₱12,397,183	₱12,365,902
Employees' benefits	4,968,182	5,808,315
Honoraria	1,311,045	2,065,445
Retirement benefit contributions (Note 16)	1,023,793	116,727
	₱19,700,203	₱20,356,389

Note 23

Details of General and Administrative Expenses

<i>Years Ended December 31,</i>	2023	2022
Promotions and networking	₱4,699,622	₱4,438,306
Meetings and conferences	2,995,858	2,494,958
Travel and transportation	2,098,586	1,283,526
Professional fees	1,480,597	402,389
Office supplies	1,466,457	832,580
Rent (Note 9)	885,264	1,093,559
Repairs and maintenance	683,173	244,188
Taxes, licenses and fees (Note 31)	647,338	858,959
Communication	432,168	722,845
Dues and subscriptions	307,309	390,824
(Carried Forward.)		

(Brought Forward.)

Years Ended December 31,	2023	2022
Utilities	283,094	199,520
Interest expense on lease liability (Note 9)	231,357	260,827
Donations	230,150	230,016
Freight	202,125	275,821
Insurance	123,614	30,499
Interest expense on deposits for future stock subscriptions (Note 17)	110,000	–
Provision for ECL on trade and other receivables (Note 6)	91,863	221,414
Bank charges	22,521	25,900
Training and seminars	–	23,786
Penalties and Fines	–	3,291
Bad debts expense	–	800
Miscellaneous	5,207	6,392
	₱16,996,303	₱14,040,400

Note 24

Income Tax Expense

The income tax expenses for 2023 and 2022 were computed based on the provisions of Revenue Regulations No. 5-2021, 'Corporate Recovery and Tax Incentives for Enterprises Act' (CREATE), Which Further Amended the National Internal Revenue Code (NIRC) of 1997.' Under CREATE, the corporate income tax rate was 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 up to July 2023 after which it reverted to 2% of gross income.

Income Tax Expense – Current

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

Years Ended December 31,	2023	2022
Regular Corporate Income Tax (RCIT)	₱1,891,780	₱–
Final taxes on trust fund income (Note 18)	1,661,338	322,616
Final taxes on investments income (Note 20)	1,530,618	1,170,164
Minimum Corporate Income Tax (MCIT)	–	193,789
Income Tax Expense – Current	₱5,083,736	₱1,686,569

Computation of Income Tax Expense – Regular Rate

Years Ended December 31,	2023	2022
Tax at statutory rate (25%)	₱5,740,029	₱3,225,307
Additions (deductions) resulting from: (stated at 25% tax rate)		
Depreciation of right-of-use asset (Note 9)	274,948	187,282
Interest expense on lease liability (Note 9)	57,839	65,207
Rent expense (Note 9)	(314,625)	(203,806)
Increase in provision for ECL (Note 6)	22,966	55,354
Accounts written-off (Note 6)	(34,065)	–
Investment income (Notes 18 and 20)	(3,989,944)	(1,865,974)
Provision for retirement benefits (Note 16)	255,947	29,181
Effect of application of NOLCO	(121,314)	(1,492,551)
Income Tax Expense	₱1,891,781	₱–

Minimum Corporate Income Tax (MCIT)

<u>Years Ended December 31,</u>	2023	2022
Gross Revenue	₱153,420,399	₱138,615,490
Cost of Services	(127,762,612)	(119,236,555)
Total Gross Profit	₱25,657,787	₱19,378,935
January to June 2023 (1%)	₱128,289	₱–
July to December 2023 (2%)	256,578	193,789
Tax due at MCIT	₱384,867	₱193,789

Income Tax Payable

<u>December 31,</u>	2023	2022
Tax due at RCIT	₱1,891,781	₱–
Tax due at MCIT	384,867	193,789
Tax due (higher of RCIT or MCIT)	1,891,781	193,789
Prepaid income tax	–	(11,802)
Excess MCIT applied this current taxable year	(205,591)	–
Creditable withholding tax from previous quarters	(22,727)	–
Income Tax Payable	₱1,663,463	₱181,987

The MCIT payment in 2022 was recognized as a deferred tax asset in the books and presented as part of the other assets. (See Note 13.)

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 unexpired NOLCO at the end of 2022, amounting to ₱485,258, has been fully applied in computing the taxable income for 2023.

Note 25

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 ₱241,500 and to settle the monthly fixed rental during the first week of each month. Total lease expenses incurred amounted to ₱921,900 for 2023 and ₱611,800 for 2022. (See Note 9.)
- b) The major stockholder also undertook the financing of some of the significant events in organizing the Company, thereby incurring receivables from the Company amounting to ₱1,247,950 by the end of 2023 and 2022. (See Note 14.) The transactions with the major stockholder during the year, including the leasing transactions discussed in a) above, is as follows:

<i>Years Ended December 31,</i>	2023	2022
Opening balances	₱2,576,194	₱1,346,548
Additional charges incurred	1,223,688	2,299,768
Payments made	(1,017,989)	(1,070,122)
Closing balances	₱2,781,893	₱2,576,194

- c) A stockholder is also providing the mortuary services required under the life plan policies. Total payments for services rendered amounted ₱7,101,450 in 2023 and ₱4,140,000 in 2022.
- 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 ₱31,087,336 in 2023 and ₱39,298,699 in 2022. (See Note 19.)
- e) The key management compensation follows:

<i>Years Ended December 31,</i>	2023	2022
Salaries and wages	₱6,175,096	₱6,040,344
Honoraria	795,900	900,900
Employee benefits	1,227,500	1,061,150
	₱8,198,496	₱8,002,394

Note 26

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 table next page.)

Earnings Per Ordinary (Common) Share

<u>Years Ended December 31,</u>	2023	2022
Profit for the year per statement of profit or loss	P17,876,378	P11,408,449
Less profit for the year of trust fund – life plan (Note 18)	(6,645,352)	(1,290,465)
Profit for the year, unrestricted	11,231,026	10,117,984
Weighted average number of common shares	139,535,120	138,273,226
Earnings Per Common Share	P0.08	P0.07

Note 27

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 following table 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.

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	P43,148,756	P–	P–	P43,138,756
Trade and other receivables (Note 6)	–	–	3,063,581	3,063,581
Investment in Trust Fund–Life Plan (Note 10)	–	–	197,834,896	197,834,896
Investments in financial instruments (Note 9)	–	–	135,842,965	135,842,965
	P43,138,756	P–	P336,741,442	P379,880,198
<u>Financial liabilities</u>				
Trade and other payables (Note 13)	P–	P–	P44,532,588	P44,532,588
Deposits for future subscriptions (net) (Note 16)	–	–	7,000,000	7,000,000
	P–	P–	P51,532,588	P51,532,588
<u>December 31, 2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents (Note 5)	P51,350,826	P–	P–	P51,350,826
Trade and other receivables (Note 6)	–	–	3,011,107	3,011,107
Investment in Trust Fund–Life Plan (Note 10)	–	–	117,209,654	117,209,654
Investments in financial instruments (Note 9)	–	–	116,811,494	116,811,494
	P51,350,826	P–	P237,032,255	P288,383,081
<u>Financial liabilities</u>				
Trade and other payables (Note 13)	P–	P–	P32,702,303	P32,702,303
Deposits for future subscriptions (Note 16)	–	–	7,000,000	7,000,000
	P–	P–	P39,702,303	P39,702,303

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, 2023 and 2022.

<i>December 31, 2023</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Prepaid expenses (Note 7)	P=	P=	P3,116,567	P3,116,567
Property and equipment (Note 8)	–	–	7,455,505	7,455,505
Right-of-use asset (Note 9)	–	–	3,365,978	3,365,978
Other non-current assets (Note 13)	–	–	1,003,430	1,003,430
	P=	P=	P14,941,480	P14,941,480
<i>December 31, 2022</i>				
Prepaid expenses (Note 7)	P=	P=	P4,040,841	P4,040,841
Property and equipment (Note 8)	–	–	7,543,114	7,543,114
Right-of-use asset (Note 9)	–	–	4,465,769	4,465,769
Other non-current assets (Note 13)	–	–	1,492,447	1,492,447
	P=	P=	P17,542,171	P17,542,171

Note 28

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 11.) In addition, the Company also established the Insurance Premium Fund, (See Note 12) and invested its financial instruments to provide additional cushion. (See Note 10.)

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 investments in quoted equity and debt securities, totaling ₱262,156,694 in 2023 and ₱179,021,148 in 2022, which are vulnerable to price risks. (See Notes 10 and 11.) 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 ₱6,618,470 in 2023 and (₱4,550,021) in 2022. (See Note 11.)

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, 2023 and 2022 is the carrying amounts as shown below:

<i>December 31,</i>	2023	2022
Cash and cash equivalents (Note 5)	₱43,138,756	₱51,350,826
Trade and other receivables (Note 6)	3,063,581	3,011,107
Investment in Trust Fund – Life Plan (Note 11)	197,834,896	117,209,654
Investments in financial instruments (Note 10)	135,842,965	116,811,494
	₱379,880,198	₱288,383,081

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

<i>December 31, 2023</i>	<i>High Grade</i>	<i>Standard Grade</i>	<i>Impaired</i>	<i>Total</i>
Cash and cash equivalents (Note 5)	₱43,138,756	₱–	₱–	₱43,138,756
Trade and other receivables (Note 6)	3,063,581	–	–	3,063,581
Investments in fin. Instruments (Note 10)	135,842,965	–	–	135,842,965
Investment in Trust Fund–Life Plan (Note 11)	197,834,896	–	–	197,834,896
	₱379,880,198	₱–	₱–	₱379,880,198

<i>December 31, 2022</i>				
Cash and cash equivalents (Note 5)	₱51,350,826	₱–	₱–	₱51,350,826
Trade and other receivables (Note 6)	3,011,107	–	–	3,011,107
Investments in fin. instruments (Note 10)	116,811,494	–	–	116,811,494
Investment in Trust Fund–Life Plan (Note 11)	117,209,654	–	–	117,209,654
	₱288,383,081	₱–	₱–	₱288,383,081

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:

<i>December 31, 2023</i>	<i>Due in 1 Year</i>	<i>Due Over 1 Year</i>	<i>Total</i>
Trade and other payables (Note 14)	P44,532,588	P–	P44,532,588
Deposits for future subscriptions (Note 17)	7,000,000	–	7,000,000
	P51,532,588	P–	P51,532,588
<i>December 31, 2022</i>			
Trade and other payables (Note 14)	P32,702,303	P–	P32,702,303
Deposits for future subscriptions (Note 17)	7,000,000	–	7,000,000
	P39,702,303	P–	P39,702,303

Note 29

COVID-19 Pandemic Situational Report, January 2024

COVID-19 cases throughout the country has been reported to be declining so much so that Health Secretary Teodoro Herbosa described Covid-19 as just one of the illnesses that cause respiratory tract infection with its most recent variants of interest as similar to common coughs and colds unlike previous ones that cause severe pneumonia. Secretary Herbosa even confirmed that DOH does not require everyone to wear masks, although some hospitals still implement strict masking protocols. He also confirmed that DOH no longer has a budget for the procurement of new vaccines. The vaccines donated by the COVAX Facility are only allotted for senior citizens and individuals with comorbidities as they are at high risk of hospitalization for severe Covid-19 infection.

The Board of Directors and management of the Company has determined that the COVID-19 Pandemic generally no longer affected its operations in 2023. Management considers this disclosure as the final note on COVID-19 Pandemic.

Note 30

Authorization of Financial Statements

The financial statements of Cosmopolitan CLIMBS Life Plan, Inc. for the period ended December 31, 2023 were authorized for issue by its President and CEO on April 11, 2024.

Note 31

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 the year:

<i>Years Ended December 31,</i>	2023	2022
Business permit and licenses	P473,338	P368,945
IC registration fees	171,700	481,580
Legal, notarial fees and others	2,300	8,434
	P647,338	P858,959



2024 ANNUAL TARGET & BUDGET



COSMOPOLITAN CLIMBS LIFE PLAN INC.
OPERATIONAL TARGET AND BUDGET

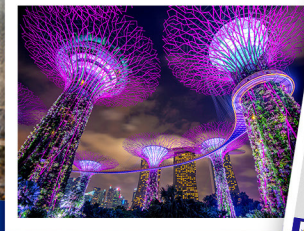
	2024	Cents Per Peso Revenue	2023	Cents Per Peso Revenue
REVENUE				
Premium Income	293,842,340.00	0.98	250,000,000.00	0.95
New	120,000,000.00	0.40	152,600,000.00	0.58
Recurring	173,842,340.00	0.58	97,400,000.00	0.37
Amortization Income	12,357,389.00	0.04	13,158,736.85	0.05
Spot Cash Discount	(9,600,000.00)	(0.03)	(5,264,000.00)	(0.02)
Other Income	3,254,620.00	0.01	5,263,157.89	0.02
TOTAL REVENUE	299,854,349.00	1.00	263,157,894.74	1.00
LESS: VAT, DIRECT & OTHER COSTS				
Reserves	113,106,632.00	0.38	107,894,736.84	0.41
Commissions & Other Costs	106,552,596.00	0.36	86,842,105.26	0.33
VAT	21,426,653.00	0.07	18,421,052.63	0.07
Total Direct & Other Costs	241,085,881.00	0.80	213,157,894.74	0.81
GROSS MARGIN	58,768,468.00	0.20	50,000,000.00	0.19
LESS: OPERATING EXPENSES				
Compensation/Fringe Benefits	27,867,984.00	0.09	21,692,154.80	0.08
Other Administrative/Marketing Expenses	19,073,680.00	0.06	14,551,820.84	0.06
Depreciation/Amortization	4,402,931.00	0.01	2,357,559.41	0.01
Total Operating Expense	51,344,595.00	0.17	38,601,535.06	0.15
OPERATING INCOME / (LOSS)	7,423,873.00	0.02	11,398,464.94	0.04



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