Subject	**Fwd: Your BIR AFS eSubmission uploads were received**
From	jesse baloca <j_baloca@yahoo.com>
To	Elizabeth Quiambao <equiambao@the-evergreenchapels.com>
Date	2024-04-30 07:52

Sent from my iPhone

Begin forwarded message:

From: eafs@bir.gov.ph
Date: April 30, 2024 at 2:51:22 AM GMT+8
To: j_baloca@yahoo.com
Cc: j_baloca@yahoo.com
Subject: Your BIR AFS eSubmission uploads were received

Hi EVERGREEN LIFEPLAN SERVICES INC.,

Valid files

- EAFS010545145ITRTY122023.pdf
- EAFS010545145AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-N3NSMSY04144VP42QYXVNPN10M4ZSSSZZ**
Submission Date/Time: **Apr 30, 2024 02:51 AM**
Company TIN: **010-545-145**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

For BIR Use Only | BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-RT
January 2018(ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filled with the BIR and one held by the taxpayers.

1702-RT 01/18ENCS P1

1 For (●) Calendar ( ) Fiscal
2 Year Ended (MM/20YY) 12 - December 20 23

3 Amended Return? ( ) Yes (●) No

4 Short Period Return ( ) Yes (●) No

5 Alphanumeric Tax Code (ATC)
IC 055–Minimum Corporate Income Tax(MCIT) ( )
IC010 - CORPORATION IN GENERAL - JAN 1, 2009 (●)

Part I - Background Information

6 Tax Identification Number (TIN) 010 - 545 - 145 - 00000

7 RDO Code 043

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
EVERGREEN LIFEPLAN SERVICES INC.

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
300 C. RAYMUNDO AVE. MAYBUNGA, PASIG CITY

9A ZIP Code 1607

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 11/16/2020

11 Contact Number 85712989

12 Email Address j_baloca@yahoo.com

13 Method of Deductions (●) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Tax Due	34,748
15 Less: Total Tax Credits/Payments	50,530
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15)*	(15,782)
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 16 and 20)*	(15,782)

If Overpayment, mark one(1) box only *(Once the choice is made, the same is irrevocable)*
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (●) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

Jesse Baloca
Signature over Printed Name of President/Principal Officer/Authorized Representative

MARIA MICHIKO BALOCA
Signature over Printed Name of Treasurer/Assistant Treasurer

22 Number of Attachments 000

Title of Signatory | TIN | Title of Signatory | TIN

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date(MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others(Specify Below)				0

Machine Validation/Revenue Official Receipt Details *[if not filed with an Authorized Agent Bank (AAB)]*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P2

Taxpayer Identification Number(TIN) 010 545 145 00000

Registered Name EVERGREEN LIFEPLAN SERVICE, INC.

Part IV - Computation of Tax

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

27 Sales/Revenues/Receipts/Fees	2,516,464
28 Less:Sales Returns, Allowances and Discounts	0
29 Net Sales/Revenues/Receipts/Fees *(Item 27 Less Item 28)*	2,516,464
30 Less: Cost of Sales/Services	723,876
31 Gross Income from Operation *(Item 29 less Item 30)*	1,792,588
32 Add: Other Taxable Income Not Subjected to Final tax	2,000
33 Total Taxable Income *(Sum of Items 31 and 32)*	1,794,588
Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions	1,655,595
35 Special Allowable Itemized Deductions	0
36 NOLCO *(Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)*	0
37 Total Deductions *(Sums of Items 34 to 36)*	1,655,595
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction (OSD) *(40% of Item 33)*	0
39 Net Taxable Income/(Loss) *(If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	138,993
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Mininum Corporate Income Tax(MCIT) *(Item 39 x Item 40)*	34,748
42 MCIT Due *(2% of Item 33)*	0
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)*	34,748
Less: Tax Credits/Payments(attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	50,530
47 Excess MCIT Applied this Current Taxable Year	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 Total Tax Credits/Payments *(Sum of Items 44 to 54)*	50,530
56 Net Tax Payable (Overpayment) *(Item 43 Less Item 55)*	(15,782)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add:Special Tax Credits	0
59 Total Tax Relief Availment *(Sum of Items 57 & 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) Page 3	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P3

Taxpayer Identification Number(TIN) 010 545 145 00000

Registered Name EVERGREEN LIFEPLAN SERVICE, INC.

Part VI - Schedules

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s if necessary)*

1	Amortization	0
2	Bad Debts	0
3	Charitable and Other Contributions	0
4	Depletion	0
5	Depreciation	0
6	Entertainment, Amusement and Recreation	0
7	Fringe Benefits	0
8	Interest	0
9	Losses	0
10	Pension Trusts	0
11	Rental	65,650
12	Research and Development	0
13	Salaries, Wages and Allowances	135,768
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	13,814
15	Taxes and Licenses	175,773
16	Transportation and Travel	0
17	Others(Deductions Subject to Withholding Tax and Other Expenses) *(Specify below; Add additional sheet(s), if necessary)*	
a	Janitorial and Messengerial Services	0
b	Professional Fees	532,000
c	Security Services	0
d	OTHER SERVICES	108,334
e	COMMUNICATION, LIGHT AND WATER	32,112
f	SMALL TOOLS AND EQUIPMENT	67,583
g	MARKETING MATERIALS	196,113
h	SOFTWARE	241,135
i	OTHERS	87,313
18	**Total Ordinary Allowable Itemized Deductions** *(Sum of Items 1 to 17i)*	1,655,595

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)*		0

BIR Form No. **1702-RT** January 2018(ENCS) Page 4	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P4

Taxpayer Identification Number(TIN) 010 545 145 00000

Registered Name EVERGREEN LIFEPLAN SERVICE, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	0
2	Less: Ordinary Allowable Itemized Deductions	0
3	Net Operating Loss *(Item 1 Less Item 2) (To Schedule IIIA,Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Year Incurred	Net Operating Loss A) Amount	B) NOLCO Applied Previous Year/s
4		0	0
5	2022	561,183	0
6		0	0
7		0	0

Continuation of Schedule IIIA *(Item numbers continue from table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	0
5	0	0	561,183
6	0	0	0
7	0	0	0
8	**Total NOLCO** *(Sum of Items 4D to 7D)*	0	

Schedule IV -Computation of Minimum corporate Income Tax(MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	**Total Excess MCIT Applied** *(Sum of Items 1F to 3F)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per Books	320,585
	Add: Non-deductible Expenses/Taxable Other Income	
2	TAX EXPENSE	39,940
3	PENALTIES	17,499
4	Total *(Sum of Items 1 to 3)*	378,024
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	INTEREST INCOME	239,031
6		0
	B) Special Deductions	
7		0
8		0
9	Total *(Sum of Items 5 to 8)*	239,031
10	**Net taxable Income (Loss)** *(Item 4 Less Item 9)*	138,993

Maria Fe Marasigan - Viaña

From:	equiambao@the-evergreenchapels.com
Sent:	Saturday, 13 April 2024 12:28 pm
To:	Maria Fe Marasigan - Viaña
Cc:	J Baloca
Subject:	Fwd: Tax Return Receipt Confirmation

Hi Ms. Fe,

Please see below email confirmation from BIR.

=========

From: ebirforms-noreply@bir.gov.ph
Date: April 13, 2024 at 1:12:36 AM GMT+8
To: j_baloca@yahoo.com
Subject: **Tax Return Receipt Confirmation**

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 010545145000-1702RTv2018C-122023.xml
Date received by BIR: 13 April 2024
Time received by BIR: 12:51 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

Evergreen
Lifeplan Services, Inc.

300 C. Raymundo Ave.
Maybunga, Pasig City

7750-6015, 16, 17
evergreenlifeplan.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **Evergreen Lifeplan Services 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, the 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 value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the 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 **Evergreen Lifeplan Services 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 has 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) **Evergreen Lifeplan Services Inc.** has filed all applicable tax 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.

JESSE SOLIS V. BALOCA
Chairman and President

MARIA MICHIKO C. BALOCA
Treasurer

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and Stockholders
Evergreen Lifeplan Services Inc.
300 C. Raymundo Ave.
Maybunga, Pasig City

We have audited the financial statements of **Evergreen Lifeplan Services Inc.** for the year ended December 31, 2023, on which we have rendered the attached report dated April 11, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

AMC & ASSOCIATES

By: Joseph Cedric V. Calica
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10075913, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-002582-001-2023
(issued on Oct. 12, 2023 valid until Oct. 11, 2026)
SEC Accreditation No. 94541-SEC (Group A)
(valid to audit 2023 to 2027 financial statements)
IC Accreditation No. 94541-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 94541-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

April 11, 2024

AMC & ASSOCIATES

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Evergreen Lifeplan Services Inc.
300 C. Raymundo Ave.
Maybunga, Pasig City

Report on the Audited of the Financial Statements

Opinion

We have audited the financial statements of **Evergreen Lifeplan Services Inc.** (the "Company"), which comprise the statement of financial position as at December 31, 2023 and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year ended in accordance with Philippine Financial Reporting Standards for Pre-need Companies as described in Note 3 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). 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 the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2022 were audited by other auditor, who expresses and unmodified opinion on those financial statements on March 28, 2023 prior to restatement of accounts as mentioned in Note 18.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies generally accepted in the Philippines for Pre-Need Companies of the financial statements, 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.

AMC & ASSOCIATES

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

AMC & ASSOCIATES

Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 23 of the basic financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with PFRS for Pre-need Companies. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10075913, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-002582-001-2023
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(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 94541-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

April 11, 2024

EVERGREEN LIFEPLAN SERVICES INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(With Comparative Figures for 2022)
(Amounts in Philippine Peso)

		2023		2022 (As Restated)
A S S E T S				
CURRENT ASSETS				
Cash *(Note 5)*	P	42,241,347	P	41,090,153
Investments in trust fund *(Note 6)*		5,949,012		5,062,623
Prepayments *(Note 7)*		15,782		-
Total Current Assets		48,206,141		46,152,776
NON-CURRENT ASSET				
Investment property *(Note 8)*		62,374,000		62,374,000
TOTAL ASSETS	P	110,580,141	P	108,526,776
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Payables *(Note 9)*	P	487,088	P	-
Due to related parties *(Note 19)*		7,722,120		7,722,120
Pre-need reserves *(Note 10)*		1,245,692		-
Total Current Liabilities		9,454,900		7,722,120
NON-CURRENT LIABILITY				
Deferred tax liability *(Note 17)*		399,704		399,704
Total Liabilities		9,854,604		8,121,824
EQUITY				
Capital stock *(Note 18)*		100,214,000		100,214,000
Retained earnings *(Note 18)*		511,537		190,952
Total Equity		100,725,537		100,404,952
TOTAL LIABILITIES AND EQUITY	P	110,580,141	P	108,526,776

See Notes to Financial Statements.

EVERGREEN LIFEPLAN SERVICES INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 2023
(With Comparative Figures for 2022)
(Amounts in Philippine Peso)

		2023		2022 (As Restated)
REVENUES				
Premium revenue *(Note 11)*	P	2,516,464	P	-
Trust fund income *(Note 12)*		213,073		62,623
Other income *(Note 13)*		2,000		-
		2,731,537		62,623
COST AND EXPENSES				
Cost of contracts issued				
Trust fund contributions *(Notes 10 and 14)*		673,316		-
Registration fees and documentary stamp tax *(Note 15)*		50,560		50,500
General and administrative expenses *(Note 16)*		1,673,094		704,814
		2,396,970		755,314
OPERATING PROFIT (LOSS)		334,567	(	692,691)
OTHER INCOME				
Finance income *(Note 5)*		25,958		39,255
Unrealized fair value gain on investment property *(Note 8)*		-		2,160,000
		25,958		2,199,255
PROFIT BEFORE TAX		360,525		1,506,564
TAX EXPENSE *(Note 17)*		39,940		399,704
NET PROFIT		320,585		1,106,860
OTHER COMPREHENSIVE INCOME		-		-
TOTAL COMPREHENSIVE INCOME	P	320,585	P	1,106,860

See Notes to Financial Statements.

EVERGREEN LIFEPLAN SERVICES INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 2023
(With Comparative Figures for 2022)
(Amounts in Philippine Peso)

	Capital Stock (Note 18)	Retained Earnings (As Restated) (Note 18)	Total
Balance at January 1, 2023			
As previously reported	P 100,214,000	P 682,909	100,896,909
Prior period adjustments	-	(491,957)	(491,957)
As restated	100,214,000	190,952	100,404,952
Total comprehensive income for the year	-	320,585	320,585
Balance at December 31, 2023	**P 100,214,000**	**P 511,537**	**P 100,725,537**
Balance at January 1, 2022	P 100,214,000	(P 915,908)	P 99,298,092
Total comprehensive loss for the year	-	1,106,860	1,106,860
Balance at December 31, 2022	P 100,214,000	P 190,952	P 100,404,952

See Notes to Financial Statements.

EVERGREEN LIFEPLAN SERVICES INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 2023
(With Comparative Figures for 2022)
(Amounts in Philippine Peso)

	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 360,525	P 1,506,564
Adjustments for:		
Increase in pre-need reserves *(Note 10)*	1,245,692	-
Interest income *(Note 5)*	(25,958)	(39,255)
Trust fund income *(Note 12)*	(213,073)	(62,623)
Unrealized fair value gain on investment property *(Note 8)*	-	(2,160,000)
Operating profit (loss) before working capital changes:	1,367,186	(755,314)
Decrease (increase) in prepayments	(15,782)	12,030
Increase in payables	487,088	-
Cash generated from (used in) operations	1,838,492	(743,284)
Interest received on deposit from banks *(Note 5)*	25,958	39,255
Cash paid for income taxes *(Note 17)*	(39,940)	-
Net Cash From (Used in) Operating Activities	1,824,510	(704,029)
CASH FLOWS FROM INVESTING ACTIVITIES		
Contributions to trust fund *(Note 14)*	(673,316)	-
Additions to investments in trust fund *(Note 6)*	-	(5,000,000)
Net Cash Used in Investing Activities	(673,316)	(5,000,000)
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from stockholders *(Note 19)*	-	6,774,500
NET INCREASE IN CASH	1,151,194	1,070,471
CASH AT BEGINNING OF THE YEAR	41,090,153	40,019,682
CASH AT END OF THE YEAR *(Note 5)*	P 42,241,347	P 41,090,153

See Notes to Financial Statements.

EVERGREEN LIFEPLAN SERVICES INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(With Comparative Figures for 2022)
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

Corporate Information

Evergreen Lifeplan Services Inc. (the "Company") was organized under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on November 16, 2020, with SEC Registration Number CS202009801. The primary purpose of the corporation is to engage in the pre-need business and develop and sell contractual plans for the benefit of plan holders, subscribers, or purchasers thereof, which provide for the performance of future service/s, payment of monetary considerations, and/or delivery of other benefits at the time of actual need or agreed maturity date, as specified therein, in exchange for cash or installments amounts with or without interest or insurance coverage and includes life, pension, education, interment and other plans, instruments, contracts or deeds as may in the future be determined by applicable law, rule or regulation. Provided that the corporation shall not solicit, accept, or take investments/placements from the public neither shall it issue investment contracts.

The Company's registered principal office is at 300 C. Raymundo Ave Maybunga, Pasig City.

Approval of Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2023 (including the comparatives as at and for the year ended December 31, 2022) were approved and authorized for issue by the Board of Directors on April 11, 2024.

2. PRE-NEED REGULATIONS

On December 3, 2009, the Republic Act (RA) No. 9829, *An Act Establishing the Pre-need Code of the Philippines*, was approved. It is a consolidation of Senate Bill No. 2077 and House Bill No. 6407 passed by the Senate and the House of Representatives on September 30, 2009 and September 29, 2009, respectively.

The following are the more significant provisions under RA No. 9829:

- *Authority of the Insurance Commission (IC).* All pre-need companies shall be under the primary and exclusive supervision and regulation of the IC (the Commission).

- *Paid-up Capital.* A pre-need company incorporated after the effectivity of the Code shall have a minimum paid-up capital of 100 million. Existing pre-need companies shall comply with the following minimum unimpaired paid-up capital:

    a. P100 million for companies selling at least three (3) types of plan;
    b. P75 million for companies selling two (2) types of plan; and
    c. P50 million for companies selling a single type of plan.

- *Trust Fund.* The trust fund shall at all times be sufficient to cover the required pre-need reserve. The RA specifies the minimum amount of corresponding contributions to the trust fund.

- *Limitations on Different Investments of the Trust Funds.* To ensure the liquidity of the trust fund to guarantee the delivery of the benefits provided for under the plan contract and obtain sufficient capital growth to meet the growing actuarial reserve liabilities, all investments of the trust fund(s) of a pre-need company shall be limited and subject to limitations specified by the RA.

Under Chapter 11, Section 47 of the Pre-need Code, the Insurance Commission shall have the authority to make, amend and rescind such accounting rules and regulations applicable for pre-need companies. In the absence of new accounting rules, amendments to or rescission of the current accounting rules authorized by the IC, the Company continues to follow the amended PNUCA and the applicable IC Circular Letters.

Implementing Rules and Regulations (IRR) of RA No. 9829

After the issuance of RA 9829, the Commission issued the IRR on March 8, 2010. The salient provisions of the IRR are the same with that of RA No. 9829.

SEC Memorandum Circular (SMC) No. 6. Series of 2002

The SEC issued SMC No. 6, Standards for Valuation of Actuarial Reserve Liabilities for Pre-Need Plans (SEC Circular No. 6), effective June 27, 2002 (amended April 10, 2003). The following are the more significant provisions of this Circular:

a. Actuarial reserve liabilities (ARL) must be set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts;

b. Where insurance coverage is provided in the plan contract, insurance premium reserves must be set up as a separate liability.

c. The ARL must be determined by using a prospective method in accordance with the guidelines and Standards of the Actuarial Society of the Philippines;

d. Actuarial reserve valuation methods must be consistent with any allowed accounting adjustments for deferred expenses. The net level contribution method of prospective valuation for both pre-need benefits reserve and insurance premium reserve (IPR) shall be used when there is deferment of expenses. Only first year commissions, overrides and bonuses may be deferred.

   Administrative and other marketing expenses shall not qualify for deferral. The period of deferment shall not exceed the installment payment period and shall be in accordance with the New Pre-Need Rules which took effect on September 21, 2001;

e. The ARL for a contract that has defaulted in payment of installments of the price, but which may still be reinstated, shall not be less than its reserve minus the uncollected contribution to reserve up to the date of valuation, multiplied by a validated reinstatement factors as determined by the actuary, provided the uncollected contributions to reserve is not reflected as an asset;

f. The interest rate assumption in reserve valuation should be reflective of expenses and taxes incurred on investments, but the rate shall in no case exceed 80% of the average interest rate for the longest-term Philippine government security traded during the previous three (3) months.

   If the experience net yield rate of the trust fund is higher than the set maximum, the actuary must show conclusive proof of the contracts whose reserves are being valued, before assuming such experience net yield;

g. Rates of surrender, cancellation, utilization and inflation, when applied, must consider the actual experience of the company in the last three (3) years, or the industry, in the absence of a reliable company experience.

h. In determining the ARL of fully paid plans, no decrement rates other than utilization rates for the contingent principal benefits may be used. The actuary shall submit to the SEC for approval the necessary justification for any exception made to this rule; and

   The actuary shall validate every year the actuarial assumptions used in the reserve valuation and shall include in the actuarial certification a statement of the validation procedure.

<u>Pre-Need Rule 31, as Amended: Accounting Standards for Pre-Need Plans and Pre-Need Uniform Charts of Accounts (PNUCA)</u>

On May 10, 2007, the Pre-Need Rule 31: Accounting Standards for Pre-Need Plans and Pre-Need Uniform Charts of Accounts (PNUCA) was amended.

The following are the more significant provisions under the Amended Pre-Need Rule 31:

- *Trust Funds*

  a. The net asset value in the trust funds shall be at least equal to the required Pre-Need Reserves (PNR) as determined by a qualified actuary using the method prescribed in this Rule.

  b. All requirements under the rules and regulations as may be promulgated by the IC on trust funds shall be complied with.

  c. The recognitions and measurement of the assets in the trust funds shall be in accordance with Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement* and PAS 40, *Investment Property* and other applicable standards, depending on the composition of the fund.

  d. The component assets and liabilities of the trust funds shall be presented separately in the notes to financial statements.

- *Pre-Need Reserves*

a. PNR shall be set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts;

b. In recognizing the PNR for life plans, the general requirements of PFRS 4, *Insurance Contracts*, on provisioning and specific methodology provided under this item shall be complied by the Company;

c. The amount recognized as a provision to cover the PNR shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision;

d. Since the effect of time value of money for pre-need plans is material the amount of provision shall be the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:

(i) On Currently-Being-Paid Plans

1. Provision for termination values applying the surrender rate experience of the Company; and
2. Liability shall be set up for the currently-being-paid plans. It shall be equivalent to the present value of future benefits reduced by the present value of future fund contributions discounted at an attainable interest rate per Product Model of the Company;

(ii) On Lapsed Plans within the Allowable Reinstatement Period

1. Provision for lapsed plans applying the reinstatement experience of the company shall be set up;

(iii) On Lapsed Plans within the Allowable Reinstatement Period

1. For fully paid plans, the reserve shall be the present value of future benefits discounted at the attainable rate, as determined and certified by the Company's actuary using industry best practices and principles which shall be indicated in such certification.

e. Future events that may affect the foregoing amounts shall be reflected in the amount of provision for PNR where there is sufficient objective evidence that they will occur;

f. The rates of surrender, cancellation, reinstatement, utilization and inflation, when applied, must consider the actual experience of the company in the last three (3) years, or the industry in the absence of a reliable company experience;

g. The computation of the foregoing assumptions shall be validated by an independent qualified actuary of the pre-need company. His or her validation report shall be provided to its external auditors for purposes of statutory audit of the financial statements of the company and shall be submitted to the IC as a separate report;

h. The probability of pre-termination or surrender of fully paid plans shall be considered in determining the PNR of fully paid plans. A pre-need termination experience on fully paid plans of 5% and below shall be considered insignificant. In such cases, derecognition of liability shall be recorded at pre-termination date;

i. The disclosure requirement under PAS 1, Presentation of Financial Statements, relative to methods and assumptions used to estimate the PNR, including the sensitivity of the PNR amount, shall be complied with; and

j. Any excess in the trust fund as a result of the revised reserving method shall not be released from the fund and may be credited for future deposit requirements.

- *Other Reserves Fund*

This represents corporate assets that are allocated to cover the payment of insurance premium and expenses that the Company will incur in administering the pre-need plan after payment period. This shall at least be equal to the amount computed for the Insurance Premium Reserves (IPR) under "Other Reserves" account.

- *Other Reserves*

The Company shall set-up other provisions in accordance with PAS 37 to cover obligations such as Insurance Premium Reserve (IPR). Unless the IC shall so specifically require, a company may, at its option, set up other provisions as a prudent measure.

- *Premium Revenues*

Premiums from sale of pre-need plans shall be recognized as earned when collected. When premiums are recognized as income, the related cost of contracts shall be computed with the result that benefits and expenses are matched with such revenue.

- *Trust Fund Income*

Income generated by the trust fund shall be included in the Investment in Trust Funds account under the asset section of the statement of financial position *(Note 12)*.

The amount of the trust fund income shall be disclosed in the notes to the financial statements. The portion of the retained earnings representing the trust fund income shall be automatically restricted to payment of benefits of plan holders and such other related payments as allowed under the Pre-Need Code and other pertinent rules.

- *Cost of Contracts Issued*

This account pertains to:

a. The increase in PNR for the current year as compared to the provision for the same period of the previous year. If there is a decrease in the PNR as a result of new information or new developments, the amount shall be deducted from the Cost of Contracts Issued of the current period. In case of material prior period error, the requirements of PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, shall be complied with by the pre-need company;

b. Amount of trust funds contributed during the year; and

c. Documentary stamp tax and registration fees.

The foregoing items shall be presented separately on the face of the Statements of Comprehensive Income.

- *Other Direct Costs and Expenses*

  This account includes the following, which shall be presented separately in the notes to the financial statements:

  a. Basic and other commission expenses;
  b. Insurance;
  c. Other expenses that constitute direct cost of contract issued.

SEC Interpretative Bulletin No. 1 Series of 2008

On January 17, 2008, the SEC issued a bulletin to guide pre-need corporations, pre-need actuaries and pre-need external auditors on the implementation of Pre-Need Rule 31, As Amended, Accounting Standards for Pre-Need Plans (Pre-Need Rule 31, As Amended), dated May 10, 2007 and PNUCA.

The more significant provisions of this bulletin are as follows:

- *Pre-Need Reserves*

  The PNR or the reserve for education plan, life plan and pension plan, cover the liabilities for education plan, life plan and pension plan. PNR represents the present value of future pre-need benefits less the present value of future trust fund contributions. The PNR of the three plan types should be maintained separately as they differ in treatment and assumptions. The amount indicated as PNR shall be the same as stated in the Actuarial Valuation Report and Audited Financial Statements with the required disclosures.

- *Other Reserves*

  Under the account "Other Reserves", the Company may, at its option and as a prudent measure, set up other provisions. Thus, the "Other Reserves" account may include the following items:

  1. General administrative expense after the paying period;
  2. Paid up capital reserves;
  3. Reserve for the difference in the PNR computation using a rate other than the SEC approved hurdle rate and;
  4. Other reserves as may be allowed by the Commission.

IC Circular Letter No. 8-2012

On March 15, 2012, the IC issued Circular Letter No. 8-2012, Allowable Investment for Preneed Trust Funds. In addition to the provisions of Section 34 of the Pre-need Code, Investment of the Trust Fund, the following additional investment outlets shall be allowed as "Other Investments" with corresponding maximum limits and subject to prior approval of the IC. The amount allocated shall not exceed twenty percent (20%) of the total trust fund while the investment in any particular item below shall not exceed fifteen percent (15%) of the trust fund.

Provided, further, that no investment in any single entity shall exceed ten percent (10%) of the total value of trust fund.

a. *Preferred shares* - Preferred stock, also called preferred shares, preference shares of simply preferred, is a special equity security that has properties of both equity and a debt instrument and is generally considered a hybrid instrument. Preferred are senior (i.e., higher ranking) to a common stock but are subordinate to bonds. Preferred stock usually carries no voting rights, but may carry a dividend and may have priority over common stock in the payment of dividends and upon liquidation.

b. *Real Estate Investment Trust (REIT)* - Real estate investment trust or REIT as defined under Republic Act No. 9856 is a stock corporation establish in accordance with the Corporation Code of the Philippines and the rules and regulation promulgated by the IC principally for the purpose of owning income-generating real estate assets. For purposes of clarity, a REIT, although designated as a 'Trust' does not have the same technical meaning as 'trust' under existing laws and regulations but it used herein for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

c. *Tier 2 Notes* - Tier 2 notes that generally constitute direct, unconditional, unsecured and subordinated obligations of a bank. More commonly, claims of all noteholders will enjoy priority over the rights and claims of holders of all classes of equity securities of a bank, including holders of preference shares, if any. The issuer bank should have a credit rating of no less that 'A' from Philippine Rating Services Corporation (PhilRatings).

d. *Service Assets* - Under Republic Act No. 9829, Section 35 Responsibilities of a Trustee of Pre-need Companies under (c) 'Not use the trust fund to invest in or extend any loan or credit accommodation to the pre-need Company, its directors, officers, stockholders and related interests as well as to persons or enterprises controlling, owned or controlled by, or under common control with said company, its directors, officers, stockholders and related interests except for entities which are direct providers of pre-need companies.

   Service assets are investment by a pre-need company directly or through a service provider in resources or capabilities that may be used to offset a future liability. These are assets or shares which are not intended for resale or investment but to offset future liabilities.

   i. Pre-need companies differ from insurance companies because their obligations are not necessarily financial in nature. Some of their liabilities may be in the form of assets or services. Hence, there are arbitrage opportunities where the pre-need company is able to provide the service or asset at a cost below the amount originally projected in the financial model.

   ii. Mortuaries - Historically investments by pre-need companies in mortuaries have allowed some pre-need companies to answer their life plan obligation. Investments take the form of buying or investing in mortuaries, purchasing assets required to provide memorial services, such as hearses, cremation machines or loaning funds to independent mortuaries where conditions of the loan include providing discounted memorial services.

   iii. Memorial lots and/or columbaries - Some life plan liabilities are in the form of memorial lots or columbaries, where the commitment of the life plan company is to provide a complete funeral service including a memorial lot.

Memorial lots or columbaries that are not part of the package of a funeral service shall be considered as inventories held for sale. In which case, the asset shall be considered as real estate.

iv. Schools – Investments by pre-need companies in educational institutions would reduce the cost of servicing education plans, because the cost of educating additional students is only marginal. The pre-need company would only have to spend on the marginal cost of educating additional students.

v. Retirement homes – Some pension plans may include the provision of adult oriented housing for retirees as a benefit of the pension plan. Consequently, the ownership of such service assets will inoculate or control the liability of the preneed company.

As at December 31, 2023 and 2022, the Company has complied with the allowable investments under IC Circular Letter No. 8-2012 *(see Note 6).*

IC Circular Letter No. 23-2012

On November 23, 2012, the IC issued Circular Letter 23-2012 relating to the Valuation of Transitory Pre-Need Reserves (TPNR). The Circular states that in order to provide regulatory leeway for old basket of plans previously approved by the SEC, the valuation of PNR shall be governed by the following:

a. Discount Interest Rate for the PNR

The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower attainable rates as certified by the Trustee and the following rates below:

Year	Discount Interest Rate
2012-2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

As at December 31, 2023, the Company has used the attainable rate of 6.00% in valuing its PNR *(see Note 10).*

b. Transitory Pre-Need Reserve

In effecting the transition in the valuation of reserves for old basket of plans, IC shall prescribe a TPNR with a maximum period of ten (10) years.

For each of the pre-need plan categories, the TPNR shall be computed annually on all old basket of plans outstanding at the end of each year from 2012 to 2023 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability set-up shall be the PNR. However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by the pre-need company from the trustee for the contractual benefits outstanding as of the end of the year.

The TPNR liability shall be recognized each year. The trust fund deficiency shall be funded by the pre-need company within sixty (60) days from April 30 following the valuation date.

As at December 31, 2023 and 2022, the Company's investment in trust fund is significantly higher than the PNR computed using the discount interest rates required by IC Circular Letter 23-2012.

IC Circular Letter No. 43-2015

On August 7, 2015, the IC has issued Circular Letter No. 43-2015 relating to the Guidelines on the Management of the Trust Fund to govern the management and administration of the trust fund established for the payment of pre-need benefits under plan contracts and to provide an updated and more flexible choice of investments for the net surplus fund subject to rules and regulations that would ensure prudent investment management and protection of the interests of the plan holders, including the promotion of the sound, stable and sustainable growth of the pre-need industry as provided for in Section 2 of the Pre Need Code.

- *Trust fund surplus*

  The net asset value in the trust fund shall be at least equal to the required pre-need reserve liability (PRL) as determined by an accredited actuary. The PRL shall be computed in accordance with the prescribed applicable rate at the time of valuation.

- *Net surplus fund*

  The net surplus fund is an extended fund of the trust fund. Its availability shall be determined based on the trust fund income as of December 31 of the immediately preceding calendar year. The net surplus fund is determined as the difference between the trust fund surplus against the sum of provision for adverse deviation and excess liability reserve.

  Trust fund surplus refers to the excess of the net asset value in the trust fund over the preneed reserve liability. The net asset value is the trust fund balance at the time of valuation. The net asset value is also referred to as trust fund equity.

- *Investment of the trust fund and net surplus fund*

  Investment of the trust fund shall be limited to the allowable investments provided for under Section 34 of the Pre-Need Code and to such other investments approved by the Commission, and shall be subject to the limitations found therein.

  In case there is a net surplus, investment of the same shall be limited to the items enumerated under Section 34 of the Pre-Need Code and other allowable investments approved by the Commission, without the percentage limits set forth. Any investment outlet not enumerated therein may be allowed subject to the prior approval of the Insurance Commission.

The net surplus shall be placed in net surplus fund of each of the plan type (life, pension and education plan).

- ***Withdrawal of the excess liability reserves of closed accounts***

  Withdrawal of the excess liability reserve (ELR) of closed accounts from the trust fund may be allowed subject to the prior approval of the commission and payment of processing fee of 50,000 per application. Request for the withdrawal of the ELR of closed accounts shall be submitted within thirty (30) days from receipt by the Commission of the Actuarial Valuation Report.

  In case the Commission acts favorably on the request, withdrawal shall be made within sixty (60) days from receipt of approval. No withdrawal after sixty (60) day period shall be allowed by the trustee bank. The total plan deposit and ELR information per plan contract shall be included in the monthly trust fund withdrawal report submitted to the Commission.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation of Financial Statements

a. *Statement of Compliance with Philippine Financial Reporting Standard for Pre-need Companies*

The Company's financial statements have been prepared in accordance with financial reporting framework in the Philippines for pre-need companies and Philippine Financial Reporting Framework as set forth in Philippine Financial Reporting Standards (PFRS) applicable for pre-need companies in the Philippines. PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC except for the accounting treatment of revenues and financial liabilities under PAS and PFRS 4 where the SEC issued a notice of the Revised PNUCA on May 10, 2007. The Company's financial statements have been prepared in accordance with accounting standards set forth in the Pre-need Rule 31, *As Amended: Accounting Standards for Pre-Need Plans and Pre-Need Uniform Chart of Accounts (PNUCA).*

The financial statements are prepared under the historical cost convention modified for the measurement of financial assets at their Fair Value and/or Present Value as dictated by the standard.

SEC Accounting Rules

The significant provisions of the rules and regulations of the revised PNUCA adopted by the Company are as follows:

a. Presentation of Financial Statements adopting the SEC Uniform Chart of Accounts resulted to reclassification of current financial statement accounts and additional disclosures;

b. Pre-Need Reserve Liabilities are set up for all pre-need benefits guaranteed and payable by the Company as defined in the pre-need plan contracts;
c. Provisions for Pre-Need Reserves are set up by the Company in accordance with PFRS 4;
d. Premium Revenue represents collections from sale of pre-need plans and presented as the major source of revenue in the Statements of Comprehensive Income.

b. Presentation of Statement of Comprehensive Income and Statement of Changes in Equity

The Company opted to present separate statement of comprehensive income and separate statement of changes in equity even when the changes to equity during the years presented arise only from profit or loss.

c. Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

Adoption of New and Amended PFRS

a. Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 (Amendments)	:	Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements:

i. PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability. Furthermore, this clarifies that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.

ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies.* The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

iii. PAS 8 (Amendments), *Definition of Accounting Estimates.* The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

iv. PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

b. Effective in 2023 that are not Relevant to the Company

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules,* are not relevant to the Company's financial statements.

c. Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements:

i. PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

ii. PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

iii. PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

iv. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)

v. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17* and *PFRS 9 – Comparative Information* (effective from January 1, 2025)

vi. PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

As a pre-need company, the effectivity of PFRS 17 has the significant impact on the Company's financial statements. PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC 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. Early application is permitted. The Company is currently assessing the impact of adopting PFRS 17.

As of report date, the Company has not yet adopted PFRS 17. The Company will be ready come the timeline prescribed by the Insurance Commission.

Current versus Non-Current Classification

The Company presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Product Classification

The provisions of PFRS 4 provides that insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risks from another party (the planholders) by agreeing to compensate the planholders if a specified uncertain future event (the insured event) adversely affects the planholder. As a general guideline, the Company defines significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

As provided under PFRS 4, this product classification exercise is solely for accounting purposes and does not make the Company an insurance company for statutory and regulatory purposes. The Company as a pre-need company is under the regulation of the Insurance Commission.

For financial options and guarantees which are not closely related to the host insurance contract, bifurcation is required to measure these embedded financial derivatives separately at FVTPL. Bifurcation is not required if the embedded derivative is itself an insurance contract or when the host insurance contract itself is measured at FVTPL.

The surrender options within the life plans issued by the Company are treated as derivative financial instruments, which are closely related to the host contract and therefore not bifurcated subsequently. As such, the Company does not separately measure options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate).

As provided under SEC Interpretative Bulletin No. 1, Series of 2008, the reserves for Life Plans shall be included in the Pre-Need Reserve (PNR) account in the statement of financial position.

Financial Instruments

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their settlement date (i.e., the date that the Company commits to purchase or sell the asset).

At initial recognition, the Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are incremental or directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

a. Classification, Measurement and Classification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding page.

i. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met (and are not designated as FVTPL):

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, Revenue from Contracts with Customers, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any expected credit loss (ECL).

Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement (see Note 3). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash.

Cash includes bank deposits held to meet short-term cash commitments rather than for investment purposes. Cash in banks earn interest at the respective bank deposit rates.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For the purposes of reporting cash flows, cash includes cash in banks with maturities of less than three months. Cash includes cash in banks which are subject to an insignificant risk of changes in value.

ii. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL. The Company has designated equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value changes are reclassified to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Miscellaneous under Other Operating Income account, when the Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statements of comprehensive income as part of Finance Income.

As at December 31, 2023 and 2022, the Company does not have FVOCI.

iii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include equity securities which are held for trading purposes.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statements of comprehensive income. Related transaction costs are recognized directly as expense in profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Finance Income in the statements of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

As at December 31, 2023 and 2022, the Company does not have financial assets designated at FVTPL.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

Interest income is recognized using the effective interest rate (EIR) method for all financial instrument measured at amortized cost and financial instrument designated at FVTPL. Interest income on interest bearing financial assets measured at FVOCI are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive (negative) adjustment to the carrying amount of the asset in the statements of financial position with an increase (reduction) in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of comprehensive income.

The Company calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets other than credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves the interest earned is recognized in the statements of comprehensive income as part of Finance income.

b. *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses its ECL on a forward-looking basis associated with its financial assets which consist of debt instruments carried at amortized cost and FVOCI. No impairment loss is recognized on equity investments. The Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Company recognized a loss allowance for such losses at each reporting date.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime or lifetime LGD. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those Company would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation., hence, this is the amount that the Company expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the Company shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur, unless the drawdown after default will be mitigated by the normal credit risk management actions and policies of the Company.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognizes in other comprehensive income and accumulated in Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the statements of financial position and other contingent accounts, for which the loss allowance is recognizes in the other liability account.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c. *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. 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.

d. *Classification and Measurement of Financial Liabilities*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities, which include payables [excluding tax-related liabilities] and due to related parties, are recognized when the Company becomes a party to the contractual terms of the instrument.

Payables and due to related parties are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Pre-need reserves is discussed in the succeeding pages.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

e. *Derecognition of Financial Liabilities*

Financial liabilities are derecognized from the statements of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

f. Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest income or Interest expense, Impairment losses, Gain on disposal of financial assets, Dividend income and Recoveries from accounts written-off (presented as part of Other income) in the profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

g. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statements of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

Prepayments

Prepayments pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Prepayments and other current assets include prepaid tax which is claimed against income tax due are carried over in the succeeding period for the same purpose. Prepayments are recognized and measured at transaction costs, or the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire over time.

Investments in Trust Fund

Trust Fund is a fund set-up from planholders' payments, separate and distinct from the paid-up capital of a registered pre-need company and registered by the Commission to engage in the business of selling pre-need plans.

Measurement, recognition and disclosure for trust fund shall be in accordance with PFRS 9 (Financial Instruments) and PAS 40 (Investment Property) and other applicable standards, depending on the composition of the fund.

The net asset value in the trust fund shall be at least equal to the required Pre-Need Reserves as determined by a qualified actuary using the method prescribed by Pre-Need Rule 31, as amended.

Income generated by the Company's trust funds are included in the "Investment in Trust Fund" account under the assets section of the Statements of Financial Position and credited to "Trust Fund Income". This income is restricted to payments as enumerated/explained in Note 12.

The net unrealized gain/loss in value of trust funds' investments are included in the "Investment in Trust Fund" account and is shown separately as "Revaluation Reserve from Financial Assets" in the stockholders' equity of the Statement of financial position and statement of changes in equity.

Liquidity Reserve Fund is the portion of the trust fund set aside by the Trustee to cover the benefits due to planholders during the ensuing year. Pursuant to SRC Section 16, Rule 18, the Company is required to maintain at least twenty percent (20%) liquidity reserve to cover the benefits due to planholders during the ensuing year unless the actuary determines otherwise.

Investment Property

Investment property consist of land and condominium units owned by the Company that are held for capital appreciation. Costs of investment properties are initially measured at cost at the time it is incurred. These costs include costs incurred initially to acquire the investment property and costs incurred subsequently to add, to replace part of, or service a property. Subsequently, investment property is stated at fair value as determined by an independent appraiser. Investment properties are being recognized as an asset when, and only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and the cost of the investment property can be measured reliably. Any gain or loss resulting from either change in the fair value or the sale retirement of an investment property is immediately recognized in the profit or loss as fair value gains from investment property under the other gains and (losses) and shown as part of other income (loss) in the statement of comprehensive income.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction. Transfers are made from investment properties when and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

The Company recognizes in the carrying amount of an investment property the cost of replacing part of an existing investment property at the time the cost is incurred if the recognition criteria for investment property are met. The fair values of investment properties are determined with reference to market-based evidence, which is the amount for which the property could be exchanged in an arm's length transaction as at the valuation date. The Company uses the fair valuation model in accounting for its investment property. Revalued amounts are fair market values determined based on appraisals by external professional appraiser once every two years or more frequently if market factors indicate a material change in fair value.

Investment property is derecognized on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the caring amount of the asset) is included in the statement of comprehensive income.

Impairment of Non-financial Assets

The investment property are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Pre-need Reserves

Pre-Need Reserves (PNR) is being set-up for all pre-need benefits guaranteed and payable by the Company as defined in the pre-need plan contracts. Pre-Need Reserves are computed using the modified net premium reserving method based on a prospective approach and is in accordance with the Guideline and Standards of the Actuarial Society of the Philippines.

The actuarial assumptions used in the valuation of reserves (e.g. interest rate, inflation rate, withdrawal rate, availment rate and contingent benefit costs) are based on the provisions of the Pre-need Code, its implementing rules and subsequent IC memos on its implementation. For 2023 and 2022, the Company used an interest rate assumption of 6%.

The Company did not use lapse and withdrawal rates in line with the Insurance Commission's requirement. The Company used utilization rates which are based on the Company's experience, imputing margins for conservatism. The Company likewise used inflation rates and contingent benefit costs which are based on its actual experience. No other decrement, other than utilization rate, was used after payment period of the plan. The assumptions were then validated by an independent actuary.

Revenues

Revenue is measured by reference to the fair value of the consideration received or receivable by the Company for services provided, excluding value-added tax.

To determine whether to recognize revenue, the Company follows a five-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as a performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

i. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
ii. each party's rights regarding the goods or services to be transferred or performed can be identified;
iii. the payment terms for the goods or services to be transferred or performed can be identified;
iv. the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
v. collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized either at a point in time or overtime, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

i. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
ii. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
iii. the Company's performance does n;ot create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company often enters into transactions involving the sale of pre-need plans. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations. The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have an original expected duration of one year or less.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

a. *Premium revenues*- Premiums from sale of pre-need plans shall be recognized as earned when collected. When premiums are recognized as income, the related cost of contracts shall be computed with the result that benefits and expenses are matched with such revenues.

b. *Trust fund income* - Income generated by the trust fund is presented as 'Trust fund income' in the statement of comprehensive income. The amount of the trust fund income is disclosed in the notes to the financial statements. The portion of the retained earnings representing the trust fund income is automatically restricted to payments of benefits of plan holders and such other related payments as allowed under the Pre-need Rules.

c. *Interest income* - Interest Income shall be recognized in the statements of comprehensive income as it accrues, taking into account the effective yield of the asset or liability or an applicable floating rate. Income and expense includes the amortization of any discount or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

d. *Other income* - This may include service fee, plan administration and other contract fees, surcharge and amendment fees and miscellaneous income. These are recognized as revenue in the period in which the related services are performed.

The Company presents a contract liability when a customer pays the consideration, or a Company has the right to an amount of consideration that is unconditional (i.e., a receivable), before the Company transfers goods to the customer. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Cost of Contract Issued

Cost of contracts issued includes the following which are presented separately on the face of the statement of comprehensive income:

a. The increase in PNR in the current year as compared to the provision for the same period of the previous year. If there is a decrease in the PNR as a result of new information or new developments, the amount shall be deducted from the cost of contracts issued of the current period;
b. Amount of trust funds contributed during the year; and
c. Documentary stamp tax and IC registration fees.

These expenses are expensed as incurred.

Other Direct Costs and Expenses

Other direct costs and expenses include the following which are disclosed in the notes to financial statements:

a. Basic commissions;
b. Other commissions such as overrides and bonuses;
c. Insurance;
d. Benefit payout;
e. Surrenders;
f. Termination benefits; and
g. Other expenses that constitute direct cost of contracts issued.

Commissions

Commissions expenses are charged to operations when incurred. Commissions and other related expenses are due and payable whenever there are collections on pre-need plans that are credited to "Premium Revenue". These are paid only to licensed active agents of the Company.

Plan Benefits

Plan benefits pertains to benefits availed by the planholders/beneficiaries that include memorial service and termination benefits except benefits paid from insurance coverage.

Expense Recognition

Expenses are recognized in the profit or loss in the statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss in the statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when 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.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When the time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, they are not recognized in the financial statements.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior period reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow or part of the deferred tax asset to be utilized.

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. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model which objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

Employee Benefits

The Company provides short term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. *Short-term Benefits*

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave is recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave is recognized when the absences occur.

b. *Defined Benefit Plan*

The Company has not yet established a formal post-employment plan nor accrues the estimated cost of post-employment benefits under a defined benefit plan required by the provisions of Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, in as much as such the estimated retirement benefits is not material to the financial statements. The Company will recognize these benefits as an expense as they fall due.

c. *Defined Contribution Plan*

A defined-contribution plan under which the Company pays fixed contributions into an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Equity

Capital stock represents the nominal value of shares that have been issued.

Retained earnings represent all current and prior period results of operations as reported in the statement of comprehensive income including appraisal increments in the market value of an investment property and gains and losses due to the revaluation of financial assets from trust fund reduced by the amounts of dividends declared.

Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the financial statements:

a. *Determination of Lease Term of Contracts with Removal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of the premises/offices, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company included the renewal period as part of the lease term due to the significance of these assets to its operations. Some leases have a short, non-cancellable lease period and there will be a significant negative effect on Company's operation if a replacement is not readily available.

The lease term is reassessed if an option is actually exercised or not exercised, or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

b. *Evaluation of Business Model Applied in Managing Financial Instruments*

Upon adoption of PFRS 9, the Company developed business models that reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument, or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Company's investment and trading strategies.

c. *Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met.

In view of this, the Company considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

d. *Determination of Timing of Satisfaction of Performance Obligations*

The Company determines that its revenue from services shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides services without the need for the reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of service as it performs.

e. *Determination of Transaction Price and Amounts Allocated to Performance Obligations*

The transaction price for a contract is allocated among the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value-added taxes (VAT)].

The transaction price is considered receivable to the extent of services with a right of return. Also, the Company uses the practical expedient in PFRS 15 with respect to non-adjustment of the promised amount of consideration for the effects of significant financing component as the Company expects, at contract inception, that the period between when the Company transfers promised services to the customer and payment due date is one year or less.

f. *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2 above and relevant disclosures on contingencies are presented in Note 20.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year:

a. *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Company's financial assets are disclosed in Note 22.

b. *Estimation of Useful Life of Investment Property*

The Company estimates the useful life of investment property based on the period over which the assets are expected to be available for use. The estimated useful life of investment property are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of investment property are analyzed in Note 8. Based on management's assessment as at December 31, 2023 and 2022 there is no change in estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

c. *Impairment of Non-financial Assets*

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

d. *Pre-need Reserves*

The pre-need reserves for life plans are determined using an actuarial formula which is based on the Pre-Need Code, its IRR and subsequent guidelines on its implementation. The assumptions used for the valuation of reserves are consistent with IC rules and regulations. The PNR is determined using the modified net premium method based on the prospective approach and is in accordance with the Guidelines and Standards of the Actuarial Society of the Philippines.

The Company used an interest rate of 6% in computing for the PNR in 2023 and 2022.

e. *Lapsation Rates*

In line with the IC's requirement, the Company did not use lapse and withdrawal rates. The Company also used utilization rates which are based on the Company's experience, imputing margins for conservatism. The Company likewise used contingent benefit costs which are based on actual experience.

The carrying value of PNR amounting to P1,245,692 and nil as at December 31, 2023 and 2022, respectively*(see Note 10).*

5. CASH

This account is composed of cash in banks amounted to P42,241,347 and P41,090,153 as at December 31, 2023 and 2022, respectively.

Cash in banks generally earns interest at rates based on daily bank deposit rates. The interest earned amounted to P25,958 in 2023 and P39,255 in 2022 is presented as Finance income in the statement of comprehensive income.

6. INVESTMENTS IN TRUST FUNDS

The Company has a trust fund which is being administered by one (1) commercial bank under trust agreements for the fulfillment of the Company's obligations under its pre-need plan agreements. In compliance with Chapter VIII, Section 30 of the Pre-need Code and in accordance with the terms of the trust agreements, no withdrawal shall be made from the trust funds except to: (a) pay all costs, expenses and charges incurred in connection with the administration, preservation, maintenance and protection of the fund or any part thereof, needed for the payment of plan benefits; (b) settle, compromise or abandon all claims and demands in favor of or against the fund, with the prior written consent of the Company; (c) pay/settle termination value payable to planholders and (d) contributions to the trust funds of cancelled plans.

As mandated by the Insurance Commission, an actuarial valuation of the adequacy of the trust funds shall be submitted to the IC within one hundred twenty (120) days after the end of every fiscal year of the Company. Any discrepancy in the funds shall be funded within thirty (30) days after receipt of notice of deficiency from the Insurance Commission.

Annual actuarial valuations of the pre-need contractual commitments are based on the computation prescribed by the Commission. The Company had not experienced any deficiency ever since the PNUCA was formulated.

Based on the actuarial certification issued by an independent accredited actuary, the required pre-need reserve or required balance of the trust funds as of December 31, 2023 is P1,245,692 *(see Note 10)*. The Company has trust funds balance of P5,949,012 and P5,062,623 as at December 31, 2023 and 2022, respectively, to back up its PNR. Total contributions to the trust funds amounted to P673,316 in 2023 and nil in 2022 *(see Note 14)*.

The details of the Company's investment in trust funds per trust fund statements from the trustee bank as of December 31 is as follows:

	2023	2022
Assets		
Cash and cash equivalents	**P 9,250**	P 5,407
Financial assets	**5,923,458**	5,040,830
Interest receivables	**23,542**	22,708
Total Assets	**5,956,250**	5,068,945
Less: Liabilities		
Accrued trust fees payable	**7,238**	6,322
	P 5,949,012	P 5,062,623

Net assets				
Fund balance at beginning of year	P	**5,062,623**	P	-
Contributions		**673,316**		5,000,000
Fund balance at end of year		**5,735,939**		5,000,000
Realized		**209,152**		62,623
Unrealized market gain		**3,921**		-
	P	**5,949,012**	P	5,062,623

Financial Assets Held in Trust Funds

The assets included in each of the categories above are detailed below:

a. Cash and Cash Equivalents

The breakdown of cash and cash equivalents follows:

		2023		2022
Assets				
Savings Deposit - Own Bank	**P**	**9,250**	P	5,407
Time Certificates of Deposit - Own Bank		**2,970,000**		-
Special Savings Deposit – other bank		**-**		5,050,000
Expected Credit losses - Deposits	**(**	**5,991)**	(	9,170)
	P	**2,973,259**	P	5,046,237

Cash and cash equivalents earn interest ranging from 5.75% to 6.15% in 2023 and 5.33% in 2022.

Interest income earned on cash and cash equivalents amounted to P212,398 and P18,525 in 2023 and 2022, respectively.

b. Financial Assets

This account consists of the following:

		2023		2022
Investment in Government Securities (GS)	**P**	**2,955,572**	P	-
Accumulated discount/(premium)				
Amortization – GS	**(**	**44)**		-
Accumulated market gain (loss) – GS		**3,921**		-
	P	**2,959,449**	P	-

In 2023, investment in government securities represent mainly fixed rate government treasury bonds with annual interest rates ranging from 5.75% to 6.13%.

c. Interest Receivables

This account consists only of interest receivable mostly from risk-free government securities amounting to P23,542 and P22,708 as of December 31, 2023 and 2022, respectively.

7. PREPAYMENTS

This account pertains to prepaid tax amounting to P15,782 and nil as at December 31, 2023 and 2022, respectively.

Prepaid taxes, which are claimed against income tax due, are carried over in the succeeding period for the same purpose.

8. INVESTMENT PROPERTY

The Company's investment property as at December 31, 2023 and 2022 held for capital appreciation as follows:

	TCT No.	Acquisition Cost	Amount at Fair Value
Alexandra Condo Building	011-2013004488	P 33,696,000	P 35,856,000
Victoria's Place	2019000085	16,200,000	16,200,000
Ayala Westgrove	2015002953	10,318,000	10,318,000
Total		P 60,214,000	P 62,374,000

Real property tax paid on the investment property amounted to P47,115 and P7,000 in 2023 and 2022, respectively, are included under General and administrative expenses in the statement of comprehensive income *(see Note 22)*.

The changes in the carrying amounts of investment property presented in the statements of financial position are summarized below:

	Land	Condominium Unit	Total
Cost			
Balance at January 1, 2023	P 26,518,000	P 33,396,000	P 60,214,000
Additions	-	-	-
Balance at December 31, 2023	26,518,000	33,396,000	60,214,000
Fair value gain			
Balance at January 1, 2023	-	2,160,000	2,160,000
Additions	-	-	-
Balance at December 31, 2023	-	2,160,000	2,160,000
Carrying amount	**P 26,518,000**	**P 35,556,000**	**P 62,374,000**

		Land		Condominium Unit		Total
Cost						
Balance at January 1, 2022	P	26,518,000	P	33,396,000	P	60,214,000
Additions		-		-		-
Balance at December 31, 2022		26,518,000		33,396,000		60,214,000
Fair value gain						
Balance at January 1, 2022		-		-		-
Additions		-		2,160,000		2,160,000
Balance at December 31, 2022		-		2,160,000		2,160,000
Carrying amount	P	26,518,000	P	35,556,000	P	62,374,000

Movement of investment property is as follows:

		2023		2022
Balance at beginning of year	**P**	**62,374,000**	P	60,214,000
Fair value gain		**-**		2,160,000
Balance at end of year	**P**	**62,374,000**	P	62,374,000

The Company's land and condominium are stated at fair value based on an appraisal made on December 5, 2022 by an independent appraiser. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The fair value gain on investment property amounting to P2,160,000 in 2022 is presented as part of Other income in the statements of comprehensive income.

None of the investment property was pledged as collateral in 2023 and 2022.

9. PAYABLES

This account are broken down as follows:

		2023		2022
Accrued expenses	**P**	**458,395**	P	-
Due to government agency		**28,693**		-
Total	**P**	**487,088**	P	-

Accrued expenses pertain to accruals of expenses which are expected to be settled within 10 days from the end of the financial reporting period.

Due to government agency pertain to statutory payables to BIR which are remitted at an average term of 10-15 days after the end of the financial reporting period.

10. PRE-NEED RESERVES (PNR)

This account consists of traditional life plans as follows:

		2023		2022
In-Force Plans	P	1,245,692	P	-
Lapsed		-		-
	P	1,245,692	P	-

Under Pre-Need Rule 31, as amended, the requirements of PFRS 4 shall be complied with in determining the reserves for life plans. The Modified Net Premium Reserving Method was used in determining the pre-need reserves. The reserves were determined using a discount rate of 6% per annum in 2023.

The increase in PNR for the years ended December 31 consists of the following:

		2023		2022
In-Force Plans	P	1,245,692	P	-
Lapsed		-		-
	P	1,245,692	P	-

In 2023 and 2022, no plan benefit payments were made as there are no claims filed.

The Company did not use lapse and withdrawal rates in line with the Insurance Commission's requirement. No other decrement, other than utilization rate, was used after payment period of the plan.

The actuarial formula, methods and assumptions used for the valuation are based on generally accepted actuarial principles and practice.

11. PREMIUM REVENUE

This account consists of the following:

		2023		2022
Pre-need sales	P	2,567,250	P	-
Administration fees		6,964		
Spot discount	(	57,750)		-
	P	2,516,464	P	-

Administration fees pertain to service charges to a planholder to cover for the plan administration services and other contract fees.

12. TRUST FUND INCOME

This account consists of:

		2023		2022
Income on:				
Cash and cash equivalents	P	**212,398**	P	92,253
Government securities		**3,880**		-
Unit investment trust fund		**16,471**		-
Government bonds investments		**3,922**		-
		236,671		92,253
Trust fees and other investment expenses	(	**26,777)**	(	20,460)
Provision for (recovery for) credit losses		**3,179**	(	9,170)
	P	**213,073**	P	62,623

Trust fees and other investment expenses pertains to the amount paid to the trustee banks as compensation for their services and other expenses and charges incurred in connection with the administration, preservation, maintenance, and protection of the fund.

13. OTHER INCOME

This account pertains to the charges to a planholder to cover operating and other miscellaneous costs amounting to P2,000 and nil in 2023 and 2022, respectively.

14. TRUST FUND CONTRIBUTIONS

The trust fund contributions amounted to P673,316 and nil in 2023 and 2022, respectively. The trust fund contribution are not equal to the total contributions cited in Note 6 due to the deposits made in 2023 and 2022 to fund the Pre-Need Reserve computed on a monthly basis done by the Company.

The reconciliation is as follows:

		2023		2022
Trust fund contributions, per books	**P**	**996,638**	P	-
Deposited on January 20, 2024	(	**323,322)**		-
Trust fund contributions, per bank	**P**	**673,316**	P	-

15. REGISTRATION FEES AND DOCUMENTARY STAMP TAX

This account pertains to registration fees and documentary stamp tax paid amounting to P50,560 and P50,500 in 2023 and 2022, respectively.

16. GENERAL AND ADMINISTRATIVE EXPENSES

The composition of this account are as follows:

		2023		2022
Professional fees	P	532,000	P	323,288
Software		241,135		-
Marketing materials		196,113		-
Taxes and licenses *(see Note 23)*		193,272		173,215
Salaries and wages		149,582		-
Other services		108,334		208,295
Small tools and equipment		67,583		-
Rental *(see Note 20)*		65,650		-
Shared expenses		37,170		
Communication, light and water		32,112		-
Miscellaneous		50,143		16
	P	1,673,094	P	704,814

17. INCOME TAX

The components of tax expense for the years ended December 31 are as follows:

		2023		2022
Current tax expense:				
Regular corporate income tax at 25%	P	34,748	P	-
Final tax at 20%		5,192		-
Deferred tax on fair value gain and net operating loss carry-over (NOLCO)		-		399,704
	P	39,940	P	399,704

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax benefit attributable to continuing operations is as follows:

		2023		2022
Tax on pretax profit at 25%	P	90,131	P	376,641
Adjustment for income subjected to lower tax rate	(	54,566)	(	5,094)
Tax effects of:				
Non-deductible expenses		4,375		540,000
Deferred income tax on origination and reversal of temporary differences		-	(	511,843)
	P	39,940	P	399,704

The net deferred tax liabilities as of December 31, 2023 and 2022 relate to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	2023	2022	**2023**	2022
Deferred tax asset:				
NOLCO	**P 140,296**	P 140,296	**P -**	P 140,296
Deferred tax liability:				
Changes in fair value of investment property	**(540,000)**	(540,000)	**-**	(540,000)
Net deferred tax liability	**(P 399,704)**	(P 399,704)	**P -**	(P 399,704)

The details of net operating loss carry-over are shown below:

Year Incurred	Amount	Unapplied	Valid Until
2022	P 561,183	P 561,183	2025

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act was approved and signed into law. Under the CREATE Act, the RCIT of domestic corporations are taxed at 25% or 20% depending on the amount of total assets and total amount of taxable income. In addition, the MCIT was reduced from 2% to 1% of gross income until June 30, 2023.

On the fourth taxable year immediately the following year in which it commenced its business operations, the Company will be subject to the minimum corporate income tax (MCIT) as defined under the tax regulations, and will be paid at the end of the year whenever the regular corporate income tax is lower than the MCIT. Any MCIT paid can be applied against the regular corporate income tax within the next three years after the year it was paid.

In 2023 and 2022, the Company claims itemized deductions for tax purposes.

18. EQUITY

Capital Stock

The details of capital stock are shown below:

	Shares		**Amount**	
	2023	2022	**2023**	2022
Common stock – P2 par value				
Authorized	**75,000,000**	75,000,000	**P 150,000,000**	P 150,000,000
Issued and outstanding	**50,170,000**	50,170,000	**P 100,214,000**	P 100,214,000

As at December 31, 2023 and 2022, the Company has six stockholders owning 100 or more shares each of the Company's common stock.

Retained Earnings

The cumulative balance of retained earnings as of December 31 are as follows:

	2023	2022
Revaluation reserves – investment property -net of tax	**P 1,620,000**	P 1,620,000
Retained earnings – trust fund	**275,696**	62,623
Deficit – Corporate Assets	**(1,384,159)**	(1,491,671)
	P 511,537	P 190,952

Prior Period Adjustments and Reclassification of Accounts

Certain accounts in the 2022 financial statements were restated and reclassified to conform with the current year's presentation of accounts. Presented below is the effect of the adjustments:

	As Previously Reported	Reclassification	Prior Period Adjustments	As Restated
Statement of Financial Position				
Assets				
Cash	P 41,187,813	P -	(P 97,660)	P 41,090,153
Investments in trust fund	5,057,216	-	5,407	5,062,623
Property and Equipment	62,374,000	(62,374,000)	-	-
Investment property	-	62,374,000	-	-
Liability				
Deferred tax liability	-	-	399,704	399,704
Equity				
Retained Earnings	682,909	-	(491,957)	190,952

Certain properties held for capital appreciation were previously presented as property and equipment. As such, this was reclassified to investment property. The related fair value gain amounting to P2,160,000 previously closed to retained earnings was presented in the 2022 statements of comprehensive income, net of deferred income tax of P540,000.

The balance of cash and investments in trust funds were also restated to reflect the interest earned and expenses, respectively.

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

The summary of the Company's transactions and outstanding balances with its related parties follows:

	2023		2022		
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	Terms and Condition
Stockholders					
Cash advances	P -	P 7,722,120	P 6,774,500	P 7,722,120	Non- interest bearing, no specific repayment terms, unsecured

Key Management Personnel Compensation

The Company has no key management personnel.

20. COMMITMENTS AND CONTINGENCIES

Company as a Lessee

The Company entered into shared operating lease for its office renewable annually. The Company has elected not to recognize a lease liability for short-term leases or leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. Total rentals from this operating lease amounted to P65,650 in 2023 and nil in 2022 *(see Note 16).*

Others

There are no commitments, guarantees, litigation and contingent liabilities that arise in the normal course of the Company's operations, which are not reflected in the accompanying financial statements. Management believes that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

21. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's enterprise-wide risk management framework establishes policies, operating guidelines, risk tolerance limits and practices for risk management. It also provides oversight to the risk management activities within the company's business segment, ensuring discipline and consistency are applied to the practice of risk management.

Governance Framework

The primary objective to the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives. The Company recognizes the importance of having efficient risk management systems in place in order to meet its financial obligation to its planholders.

The Chief Executive Officer is responsible for establishing and implementing the risk management system to identify, control and manage risks and to continuously report to the BOD on risk management issues.

The operations Committee, which is compose of senior management, is responsible for the approval of new or modified operations policies and procedures and ensures that all marketing and finance concerns and requirements are addressed by operating departments. All staff members are responsible for taking reasonable and practicable steps to perform their responsibilities and to report through management any incident that may result in unacceptable levels of risk.

Regulatory Framework

The operations of the Company are subject to the regulatory requirements of the Securities and Exchange Commission and the Insurance Commission. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., pre-need funds are managed by trustee banks and the nature of investment is that the trust funds can be invested in).

Financial Risk

The main purpose of the Company's financial instruments is to fund its operations and meet the financial obligations to its planholders. The company is exposed to financial risk through its financial assets, financial liabilities and pre-need liabilities. The main risks arising from the Company's financial activities are liquidity risk and investment risks. The Board of Directors reviews and agrees on certain policies for managing some of these risks as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages the level of credit risk it accepts through a comprehensive group credit risk policy by setting out the assessment and determination of what constitutes credit risk for the Company; providing guidelines on obtaining collateral and guarantees; reporting of credit risk exposures and breaches to the monitoring authority; monitoring compliance with credit risk policy and reviewing credit risk policy for pertinence and changing environment.

In respect of investment securities, the Company makes use of institutions with high credit worthiness. The Company sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long-term ratings.

Credit risk exposure in respect of all other counterparties is managed by setting standard business terms that are required to be met by all counterparties. Deductions from agents' commissions and other cash incentives are made to establish bond reserves. The credit risk in respect to customer balances, incurred on nonpayment of premiums or contributions will only persist during the grace period specified in the plan contract on the expiry of which the policy is either paid up or terminated.

The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties and industry segments.

As of December 31, the analysis of debt instruments financial assets follows:

	2023			
	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Total**
Cash	**P 42,241,347**	**P -**	**P -**	**P 42,241,347**
Investments in trust fund	**5,949,012**	**-**	**-**	**5,949,012**
	P 48,190,359	**P -**	**P -**	**P 48,190,359**

	2022			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash	P 41,090,153	P -	P -	P 41,090,153
Investments in trust fund	5,062,623	-	-	5,062,623
	P 46,152,776	P -	P -	P 46,152,776

Liquidity Risk

Liquidity or funding risk is the risk associated with the difficulty of selling financial assets in a timely manner at their fair value to meet obligations.

The Company manages liquidity by setting up trust funds, separate and distinct from its paid-up capital established with trustees under trust agreement approved by the Insurance Commission (IC), to pay for the planholders' benefits as provided in the Preneed plan. The Company also specifies the minimum portion of funds to meet the portfolio mix requirement imposed by the IC with an objective to meet the short-term and long-term financial commitments.

The maturity profile of the Company's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments follows:

	2023			
	Less than 3 months	**3 to 6 months**	**Over 6 months**	**Total**
Payables	**P 458,395**	**P -**	**P -**	**P 458,395**
Pre-need reserves	**1,245,692**	**-**	**-**	**1,245,692**
Due to related parties	**-**	**-**	**7,722,120**	**7,722,120**
	P 1,704,087	**P -**	**P 7,722,120**	**P 9,426,207**

	2022			
	Less than 3 months	3 to 6 months	Over 6 months	Total
Payables	P -	P -	P -	P -
Pre-need reserves	-	-	-	-
Due to related parties	-	-	7,722,120	7,722,120
	P -	P -	P 7,722,120	P 7,722,120

Market and Investment Risk

Market and investment risks are the risks arising from the possible decline in the value of acquired assets and investments in equities and debt instruments.

The following policies and procedures are in the place to mitigate the Company's exposure to market risk:

- The trustee bank take positions in debt and other fixed income securities. The trustee bank's risk management activities are aimed at optimizing interest income, managing duration and portfolio positions and facilitate strategy formulation.
- A market risk policy setting out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to top management. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Stipulated diversification benchmark by type of instruments

Cash and cash equivalents and Financial Assets – equity securities are used for the Company's liquidity requirements. Please refer to the terms and maturity profile of these financial assets under the maturity profile section.

Fair Value Interest Rate Risk

Fair value interest risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate investments and receivables in particular are exposed to such risk.

To the extent possible, the Company established matching policy for each portfolio of assets and associated liabilities to keep potential losses within acceptable limits. Thus, the exposure to interest rate risk is minimal.

The Company's market risk policy requires it to manage such risk by setting and monitoring objectives and constraints on investments; diversification plan; and careful and planned use of financial instruments in order to maximize returns.

The following table shows the information relating to the financial assets that are exposed to fair value interest rate risk and presented by maturity profile:

	2023				
	Range of Interest Rate	Up to a year	1-3 years	3-5 years	Total
Cash	0.0625%	P 42,241,347	P -	P -	P 42,241,347
Held in trust					
Cash and cash equivalents	5.75-6.15	2,973,259	-	-	2,973,259
Investment in government securities	5.75-6.125	2,959,449	-	-	2,959,449
Interest receivable		23,542	-	-	23,542
Less: Accrued trust fees payable		(7,238)	-	-	(7,238)
		P 48,190,359	P -	P -	P 48,190,359

	2022				
	Range of Interest Rate	Up to a year	1-3 years	3-5 years	Total
Cash	0.0625%	P 41,090,153	P -	P -	P 41,090,153
Held in trust					
Cash and cash equivalents	5.75-6.15	5,046,237	-	-	5,046,237
Interest receivable		22,708	-	-	22,708
Less: Accrued trust fees payable		(6,322)			(6,322)
		P 46,152,776	P -	P -	P 46,152,776

The other financial instruments of the Company that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The analysis below is performed for reasonably possible movement of the interest rates with all other variables held constant, showing the impact on equity.

Change in Yield Rate	Impact on Equity Increase (Decrease) 2023	2022
+1%	**P 161,403**	P 52,928
-1%	**(161,403)**	(52,928)

22. FAIR VALUE MEASUREMENT

a. Financial Instruments

The following table shows the carrying values and fair values of financial assets and financial liabilities recognized as of December 31, 2023:

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**P 42,241,347**	**P 42,241,347**	P 41,090,153	P 41,090,153
Investments in trust fund	**5,949,012**	**5,949,012**	5,062,623	5,062,623
	P 48,190,359	**P 48,190,359**	P 46,152,776	P 46,152,776

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Payables	**P 487,088**	**P 487,088**	P -	P -
Pre-need reserves	**1,245,692**	**1,245,692**	-	-
Due to related parties	**7,722,120**	**7,722,120**	7,722,120	7,722,120
	P 9,454,900	**P 9,454,900**	P 7,722,120	P 7,722,120

Due to the short-term nature of the financial assets, their carrying values reasonably approximate fair values at year end.

b. Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account 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 relies 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.

As at December 31, 2023 and 2022, there are no financial assets and liabilities are measured at fair value.

Fair Value Measurement of Non-Financial Assets

The non-financial assets measured at fair value as at December 31, 2023 and 2022 pertains to investment property.

The fair value disclosed for the Company's investment property is based on Level 2. The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations and by reference to the present value of expected future cash inflows from the lease of the property as of the end of the reporting period discounted at market prevailing rates. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price or determining the present value of expected future cash inflows from the lease of properties, fair value is included in Level 2 *(see Note 8)*.

23. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in succeeding, pages are the supplementary information which are required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS for Pre-need Companies.

Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

a. Output Value-Added Tax (VAT)

In 2023, the Company's output VAT as follows:

	Tax Base	Output VAT
Vatable sales	P 404,350	P 48,522
Exempt sales	731,950	-
	P 1,136,300	P 48,522

The Company's outstanding output VAT as at December 31, 2023 amounted to P28,321 and is presented as part of Payables in the statement of financial position *(see Note 9)*.

b. Input VAT

The movements of the VAT input tax as at December 31, 2023 are summarized below:

Input Vat at beginning of year	P -
Domestic purchase of services	50,151
Domestic purchase of goods	17,751
Input allocated to exempt sales	(57,196)
Applied against output VAT	(10,706)
Balance at end of year	P -

c. Tax on Importation

The Company does not have tax on importation during the year.

d. Excise Tax

The Company does not have excise tax for the year 2023.

e. Documentary Stamp Tax

The Company paid documentary stamp tax for the year 2023 amounting to P60.

f. Taxes and Licenses

The details of taxes and licenses account are broken down as follows:

Business licenses and permits	P	122,683
Real property taxes		47,115
Community tax certificate		1,530
Others		21,944
	P	193,272

g. Withholding Taxes

The Company's withholding taxes are broken down as follows:

Expanded	P	4,600
Compensation		117
	P	4,717

h. Deficiency Tax Assessment and Tax Case

As at December 31, 2023, the Company neither has any deficiency tax assessment with the BIR nor does it have tax case outstanding or pending in courts or bodies outside the BIR in any of the open years.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, *Transfer Pricing Documentation* (TPD) and other supporting documents. As at December 31, 2023, the Company is not covered by the requirements and procedures for related party transactions provided under this RR.