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For BIR BCS/Item



1702-MX0613P1

<p>Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas</p>	<h2>Annual Income Tax Return</h2> <p>For Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE</p> <p>Enter all required information in CAPITAL LETTERS using BLACK ink. Mark all applicable boxes with an "X" Two copies MUST be filed with the BIR and one held by the taxpayer.</p>		BIR Form No. 1702-MX June 2013 Page 1
	<p>1 For <input type="checkbox"/> Calendar <input type="checkbox"/> Fiscal</p> <p>2 Year Ended (MM/20YY) 12 / 2015</p> <p>3 Amended Return? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>4 Short Period Return? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>5 Alphanumeric Tax Code (ATC) 1C055 Minimum Corporate Income Tax (MCIT)</p>		

Part I - Background Information			
6 Taxpayer Identification Number (TIN)	002 - 838 - 406 - 000	7 RDO Code	25A
8 Date of Incorporation/Organization (MM/DD/YYYY)		07/11/1996	
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC			
10 Registered Address (Indicate complete registered address) 35 PASEO DEL CONGRESO CATMON BULACAN 3000			
11 Contact Number	12 Email Address		
2443975	lavriel_0125@yahoo.com.ph		
13 Main Line of Business ACTIVITIES OF OTHER MEMBERSHIP ORGANIZATIONS, N.E.C			14 PSIC Code 9199
15 Method of Deduction <input checked="" type="checkbox"/> Itemized Deduction [Section 34 (A-J), NIRC]			

Part II - Total Tax Payable		<i>(Do NOT enter Centavos)</i>	
16 Total Income Tax Due (Overpayment) (From Part V Item 37D)	1,387,772		
17 Less: Total Tax Credits/Payments (From Part V Item 38D)	1,387,772		
18 Net Tax Payable (Overpayment) (Item 16 Less Item 17)	0		
19 Add: Total Penalties (From Part V Item 43)	0		
20 Total Amount Payable (Overpayment) (Sum of Items 18 & 19) or (From Part V Item 44)	0		
21 If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)			
<input type="checkbox"/> To be refunded <input type="checkbox"/> To be issued a Tax Credit Certificate (TCC) <input type="checkbox"/> To be carried over as a tax credit for next year/quarter			

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


 GENER C. LUCIANO Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer
Title of Signatory	Number of pages filed
General Manager	9

22 Community Tax Certificate (CTC) Number	138299	23 Date of Issue (MM/DD/YYYY)	01/29/1997
SEC Registration Number			
24 Place of Issue	MANDALUYONG CITY	25 Amount, if CTC	0

Part III - Details of Payment			
Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY) Amount
26 Cash/Bank Debit Memo			APR 28 2016

REVENUE COLLECTION SECTION

27 Check				
28 Tax Debit Memo				
29 Others (Specify Below)				
Machine Validation/Revenue Official Receipt Details <i>(if not filed with an Authorized Agent Bank)</i>			Stamp of Receiving Office/AAB and Date of Receipt <i>(RO's Signature/Bank Teller's Initial)</i>	

Annual Income Tax Return Page 2	BIR Form No. 1702-MX June 2013	 1702-MX06/13P2
TIN 002 - 838 - 406 - 000	Registered Name PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC	

Part IV - Basis of Tax Relief

30 Basis of Tax Relief under Special Law or International Tax Treaty if there is only one activity/program under EXEMPT and SPECIAL Tax Regimes, fill up spaces below. If there are more than one activities/programs under EXEMPT and SPECIAL Tax Regimes, use as many Mandatory Attachments per Activity (Part VII) as necessary and mark "X" the box at the left.


	A. Exempt	B. Special Rate	C. Special Tax Relief (Under Regular/Normal Rate)
31 Investment Promotion Agency (IPA)/ Implementing Government Agency	BIR		
32 Legal Basis	SEC 30 NIRC01/2		
33 Registered Activity/Program (Reg. No.)	NA		
34 Special Tax Rate		0.0	
35 From (MM/DD/YYYY)	01/29/1997		
36 To (MM/DD/YYYY)	01/29/2047		

Part V - Computation of Amount Payable per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
37 TOTAL INCOME TAX DUE (OVERPAYMENT) <i>(From Schedule 1 Item 16B/16C/16D) (To Part II Item 16)</i>	0.00	0	1,387,772	1,387,772
38 Less: Tax Credits/Payments <i>(From Schedule 0 Item 13) (To Part II Item 17)</i>	0	0	1,387,772	1,387,772
39 NET TAX PAYABLE (OVERPAYMENT) <i>(Item 37 Less Item 38) (To Part II Item 18)</i>	0	0	0	0
Add Penalties				
40 Surcharge				0
41 Interest				0
42 Compromise				0
43 Total Penalties (Sum of Items 40 to 42) <i>(To part II Item 19)</i>				0
44 TOTAL AMOUNT PAYABLE (OVERPAYMENT) <i>(Sum of Items 39 and 43) (To Part II Item 20)</i>				0

Part VI - Information - External Auditor/Accredited Tax Agent

45 Name of External Auditor/Accredited Tax Agent AMC AND ASSOCIATES				
	46 TIN	216	-115	-435 -000
47 Name of Signing Partner (If External Auditor is a Partnership) JOSEPH CEDRIC CALICA				
	48 TIN	163	-257	-226 -000
49 BIR Accreditation No.		50 Issue Date (MM/DD/YYYY)		51 Expiry Date (MM/DD/YYYY)
08	-	002582	-	001 - 2014
				01/05/2015
				01/04/2018

Annual Income Tax Return Page 3 - Schedules 1 & 2			BIR Form No. 1702-MX June 2013	 1702-MX06/13P3
TIN		Registered Name		
002 - 838 - 406 - 000		PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC		

Instructions: A. Fill up the applicable columns below, if there is only one activity/program under EXEMPT and/or SPECIAL Tax Regimes.
 B. Use as many Part VIII-Mandatory Attachments per Activity as necessary, if there are more than one activities/programs under EXEMPT and/or SPECIAL Tax Regimes. Consolidated amounts from Part VIII Mandatory Attachments PER TAX REGIME shall be reflected under the corresponding columns below.


Part VII - SCHEDULES

Schedule 1 - COMPUTATION OF TAX Per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Sales/Revenues/Receipts/Fees <i>(From Schedule 3 Item 6) and (From all of Part VIII Sched B Item 1)</i>	35,187,448	0	0	35,187,448
2 Less: Cost of Sales/Services <i>(From Schedule 3 Item 2) (From all of Part VIII Sched B Item 2)</i>	0	0	0	0
3 Gross Income from Operation <i>(Item 1 Less Item 2)</i>	35,187,448	0	0	35,187,448
4 Add: Other Taxable Income not Subjected to Final Tax <i>(From Schedule 4 Item 4) (From all of Part VIII Sched B Item 4)</i>	39,042,530	0	4,625,906	43,668,436
5 Total Gross Income/Gross Taxable Income <i>(Sum of Items 3 & 4)</i>	74,229,978	0	4,625,906	78,855,884
6 Ordinary Allowable Itemized Deductions <i>(From Schedule 5 Item 4) (From all of Part VIII Sched B Item 6)</i>	27,809,122	0	0	27,809,122
7 Special Allowable Itemized Deductions <i>(From Schedule 6 Item 5) (From all of Part VIII Sched B Item 7)</i>	0	0	0	0
8 NOLCO [only for those taxable under Sec. 27 (A to C); Sec 28(A)(1) & (A)(6)(b) of the Tax Code] <i>(From Schedule 7A Item 8D) (From all of Part VIII Sched B Item 8)</i>	0	0	0	0
9 Total Itemized Deductions <i>(Sum of Items 6, 7 & 8)</i>	27,809,122	0	0	27,809,122
10 Net Taxable Income/Net Income <i>(Item 5 Less Item 9)</i>	46,420,856	0	4,625,906	51,046,762
11 Applicable Income Tax Rate <i>(i.e., Special or Regular/Normal rate)</i>	0%	0.0%	30.0%	
12 Income Tax Due other than MCIT <i>(Item 5 OR Item 10 X Item 11)</i>	0	0	1,387,772	1,387,772
13 Less: Share of Other Govt. Agencies, if Remitted directly		0	0	0
14 Net Income Tax Due to National Government <i>(Item 12 Less Item 13)</i>		0	1,387,772	1,387,772
15 MCIT (2% of Gross Income in Item 5)			92,518	92,518
16 Total Income Tax Due (Overpayment) <i>(Item 16B = Item 14B); (Item 16C = Normal Income Tax in Item 12C or MCIT in Item 15C, whichever is higher); (Item 16D = Sum of Items 16B & 16C) (To Part V Item 37B(3)(C/37D))</i>		0	1,387,772	1,387,772

Schedule 2 - Tax Relief Availment

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Regular Income Tax Otherwise Due <i>(30% of the Net Taxable Income in Item 10A for Exempt Item 10B for Special Rate)</i>	13,926,257	0	0	13,926,257
2 Special Allowable Itemized Deductions <i>(30% of the applicable Total in Schedule 6 Item 5)</i>	0	0	0	0
3 Sub-Total (Sum of Items 1 & 2)	13,926,257	0	0	13,926,257
4 Less: Income Tax Due (From Sched 1 Item 16B)	0	0	0	0
5 Tax Relief Availment before Special Tax Credit <i>(Item 3 Less Item 4)</i>	13,926,257	0	0	13,926,257
6 Add: Special Tax Credits <i>(From Schedule 8 Item 10)</i>	0	0	0	0
7 Total Tax Relief Availment (Sum of Items 5 & 6)	13,926,257	0	0	13,926,257

Annual Income Tax Return		BIR Form No. 1702-MX			
Page 4 - Schedule 3		June 2013		1702-MX06/13P4	
TIN			Registered Name		
002 - 838 - 406 - 000			PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC		
Schedule 3 - Sales/Revenues/Receipts/Fees		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Sales of Goods/Properties		0	0	0	0
2 Sales of Services		35,187,448	0	0	35,187,448
3 Lease of Properties		0	0	0	0
4 Total (Sum of Items 1 to 3)		35,187,448	0	0	35,187,448
5 Less: Sales Returns, Allowances & Discounts		0	0	0	0
6 Net Sales/Revenues/Receipts/Fees (Item 4 Less Item 5) (To Schedule 1 Item 1)		35,187,448	0	0	35,187,448
Schedule 3A - Cost of Sales (For Those engaged in Trading)		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Merchandise Inventory, Beginning		0	0	0	0
2 Add: Purchases of Merchandise		0	0	0	0
3 Total of Goods Available for Sale (Sum of Item 1 & 2)		0	0	0	0
4 Less: Merchandise Inventory, Ending		0	0	0	0
5 Cost of Sales (Item 3 Less Item 4) (To Item 27)		0	0	0	0
Schedule 3B - Cost of Sales (For Those engaged in Manufacturing)		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
6 Direct Materials, Beginning		0	0	0	0
7 Add: Purchases		0	0	0	0
8 Materials Available for Use (Sum of Items 6 & 7)		0	0	0	0
9 Less: Direct Materials, Ending		0	0	0	0
10 Raw Materials Used (Item 8 Less Item 9)		0	0	0	0
11 Direct Labor		0	0	0	0
12 Manufacturing Overhead		0	0	0	0
13 Total Manufacturing Cost (Sum of Items 10 to 12)		0	0	0	0
14 Add: Work in Process, Beginning		0	0	0	0
15 Less: Work in Process, Ending		0	0	0	0
16 Cost of Goods Manufactured (Sum of Items 13 & 14 Less Item 15)		0	0	0	0
17 Add: Finished Goods, Beginning		0	0	0	0
18 Less: Finished Goods, Ending		0	0	0	0
19 Cost of Goods Manufactured & Sold (Sum of Items 16 & 17 Less Item 18) (To Item 27)		0	0	0	0
Schedule 3C - Cost of Services (For Those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
20 Direct Charges - Salaries, Wages & Benefits		0	0	0	0
21 Direct Charges - Materials, Supplies & Facilities		0	0	0	0
22 Direct Charges - Depreciation		0	0	0	0
23 Direct Charges - Rental		0	0	0	0
24 Direct Charges - Outside Services		0	0	0	0
25 Direct Charges - Others		0	0	0	0
26 Total Cost of Services (Sum of Items 20 to 25) (To Item 27)		0	0	0	0
27 Total Cost of Sales/Services (Sum of Items 5, 19 & 26, if applicable) (To Schedule 1 Item 2)		0	0	0	0

<h2 style="margin:0;">Annual Income Tax Return</h2> <p style="margin:0;">Page 5 - Schedules 4 & 5</p>	BIR Form No. 1702-MX June 2013	<p style="font-size: small; margin-top: 5px;">1702-MX06/13P5</p>
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Schedule 4 - Other Taxable Income not Subjected to Final Tax <i>(Attach additional sheet/s, if necessary)</i>	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 INSURANCE FUND	17,371,370	0	0	17,371,370
2 GENERAL FUND	9,123,595	0	0	9,123,595
3 OTHERS	12,547,565	0	4,625,906	17,173,471
4 Total Other Taxable Income not Subjected to Final Tax <i>(Sum of Items 1 to 3) (To Schedule 1 Item 4)</i>	39,042,530	0	4,625,906	43,668,436

Schedule 5 - Ordinary Allowable Itemized Deductions <i>(Attach additional sheet/s, if necessary)</i>	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Advertising and Promotions	0	0	0	0
Amortizations (Specify on Items 2, 3 and 4)				
2				
3				
4				
5 Bad Debts	965,291	0	0	965,291
6 Charitable Contributions	0	0	0	0
7 Commissions	185,125	0	0	185,125
8 Communication, Light and Water	720,932	0	0	720,932
9 Depletion	0	0	0	0
10 Depreciation	1,460,224	0	0	1,460,224
11 Director's Fees	0	0	0	0
12 Fringe Benefits	0	0	0	0
13 Fuel and Oil	0	0	0	0
14 Insurance	6,350,000	0	0	6,350,000
15 Interest	0	0	0	0
16 Janitorial and Messengerial Services	0	0	0	0
17 Losses	0	0	0	0
18 Management and Consultancy Fee	0	0	0	0
19 Miscellaneous	1,286,799	0	0	1,286,799
20 Office Supplies	877,031	0	0	877,031
21 Other Services	0	0	0	0
22 Professional Fees	423,150	0	0	423,150
23 Rental	0	0	0	0
24 Repairs and Maintenance <i>(Labor or Labor & Materials)</i>	222,751	0	0	222,751
25 Repairs and Maintenance <i>(Materials/Supplies)</i>	0	0	0	0
26 Representation and Entertainment	0	0	0	0
27 Research and Development	0	0	0	0
28 Royalties	0	0	0	0
29 Salaries and Allowances	8,871,969	0	0	8,871,969
30 Security Services	0	0	0	0
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	0	0	0	0
32 Taxes and Licenses	269,427	0	0	269,427
33 Tolling Fees	0	0	0	0
34 Training and Seminars	0	0	0	0
35 Transportation and Travels	2,169,853	0	0	2,169,853

<h2 style="margin:0;">Annual Income Tax Return</h2> <p style="margin:0;">Page 6 - Schedules 5 to 7</p>	BIR Form No. 1702-MX June 2013	
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Schedule 5 - Ordinary Allowable Itemized Deductions <i>(Continued from Previous Page)</i>				
Others <i>(Specify below; Attach additional sheet(s), if necessary)</i>	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
36 MEETINGS AND CONFERENCE	2,743,912	0	0	2,743,912
37 ADMINISTRATIVE EXPENSE	932,916	0	0	932,916
38 CONTRACTORS FEES	329,742	0	0	329,742
39				
40 Total Ordinary Allowable Itemized Deductions <i>(Sum of Items 1 to 39) (To Schedule 1 Item 6)</i>	27,809,122	0	0	27,809,122

Schedule 6 - Special Allowable Itemized Deductions <i>(Attach additional sheets, if necessary)</i>					
Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1					
2					
3					
4					
5 Total Special Allowable Itemized Deductions <i>(Sum of Items 1 to 4) (To Schedule 1 Item 7)</i>		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) <i>(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b))</i>	
1 Gross Income	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	0
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule 7A)	0

Schedule 7A - Computation of Available Net Operating Loss Carry Over (NOLCO)				
Net Operating Loss				B) NOLCO Applied Previous Year
Year Incurred	A) Amount			Amount
4				0
5				
6				
7				

Continuation of Schedule 7A <i>(Item numbers continue from table above)</i>			
Item	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss(Unapplied)
4	0	0	0
5			
6			
7			
8 Total NOLCO <i>(Sum of Items 4D to 7D) (To Schedule 1 Item 8)</i>		0	

Schedule 8 - Tax Credits/Payments	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Prior Year's Excess Credits Other Than MCIT	0	0	0	0
2 Income Tax Payments under MCIT from Previous Quarter/s	0	0	0	0
3 Income Tax Payments under Regular/Normal Rate from Previous Quarter/s	0	0	169,905	169,905
4 Excess MCIT Applied this Current Taxable Year <i>(From Schedule 9 Item 4F)</i>	0	0	0	0
5 Creditable Tax Withheld from Previous Quarter/s	0	0	0	0
6 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	0	13,230	13,230

<h2 style="margin:0;">Annual Income Tax Return</h2> <p style="margin:0;">Page 7 - Schedules 8 to 10</p>	BIR Form No. 1702-MX June 2013	<p style="font-size: small; margin-top: 5px;">1702-MX06/13P7</p>
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TIN 002 - 838 - 406 - 000	Registered Name PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
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Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
7 Foreign Tax Credits, if applicable	0	0	0	0
8 Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	1,157,117	1,157,117
9 Income Tax Payments under Special Rate from Previous Quarter/s	0	0	0	0
10 Special Tax Credits (To Schedule 2 Item 6)	0	0	0	0
Other Credits/Payments (Specify Below):				
11 CWT - 1606	0	0	47,520	47,520
12	0	0	0	0
13 Total Tax Credits/Payments (Sum of Items 1 to 12) (To Part V Item 38)	0	0	1,387,772	1,387,772

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT) [Applicable only to those taxable under Sec 27 (A to C)&Sec 28 (A)(2)]

1				
2				
3				

Continuation if Schedule 9 (Item numbers continue from table above)

1				
2				
3				
4	Total Excess MCIT (Sum of Column for Items 1F to 3F) (To Schedule 8 Item 4)		0	

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income <i>(Attach additional sheet/s, if necessary)</i>	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Income (Loss) per books	48,878,669	0	3,238,134	52,116,803
Add: Non-deductible Expenses/Taxable Other Income				
2 TAX EXPENSE	618,536	0	1,387,772	2,006,308
3 NON DEDUCTIBLE EXPENSE	16,332	0	0	16,332
4 Total (Sum of Items 1 to 3)	49,513,537	0	4,625,906	54,139,443
Less: A) Non-Taxable Income and Income Subjected to Final Tax				
5 INTEREST INCOME	3,092,681	0	0	3,092,681
6				
B) Special Deductions				
7				
8				
9 Total (Sum of Items 5 to 8)	3,092,681	0	0	3,092,681
10 Net Taxable Income (Loss) (Item 4 Less Item 9)	46,420,856	0	4,625,906	51,046,762

Annual Income Tax Return Page 8 - Schedules 11 & 12	BIR Form No. 1702-MX June 2013	 1702-MX06/13P8
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TIN 002 - 838 - 406 - 000	Registered Name PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
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Schedule 11 - Balance Sheet

Assets	
1 Current Assets	411,891,058
2 Long-Term Investment	88,088,518
3 Property, Plant and Equipment - Net	15,636,659
4 Long-Term Receivables	153,524,943
5 Intangible Assets	0
6 Other Assets	0
7 Total Assets (Sum of Items 1 to 6)	669,141,178
Liabilities and Equity	
8 Current Liabilities	465,860,509
9 Long-Term Liabilities	3,512,061
10 Deferred Credits	0
11 Other Liabilities	0
12 Total Liabilities (Sum of Items 8 to 11)	469,372,570
13 Capital Stock	0
14 Additional Paid-in Capital	0
15 Retained Earnings	199,768,608
16 Total Equity (Sum of Items 13 to 15)	199,768,608
17 Total Liabilities and Equity (Sum of Items 12 & 16)	669,141,178

Schedule 12- Stockholders Partners Members Information (Top 20 stockholders, partners or members)

(On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership)

REGISTERED NAME	TIN	Capital Contribution	%	to Total
HERNANDEZ, MILAGROS D.	165 514 326 000	476,851	0.1	
DEL ROSARIO, EDERLINDA	108 018 899 000	440,220	0.1	
SURAT, ARNEL	119 981 311 000	378,093	0.08	
MENDOZA, NESTOR	164 355 573 000	337,007	0.07	
MENDOZA, MERLIE C.	900 626 292 000	371,607	0.08	
MIRANDA, URBANA	226 695 864 000	324,644	0.07	
MATIAS, MARIA ELIZA	239 118 006 000	355,785	0.08	
SERGIO, MANUEL	163 770 574 000	285,528	0.06	
MADALLA, CECILIA	204 867 748 000	247,155	0.05	
SANTOS, DIVINA GRACIA	185 109 217 000	247,155	0.05	
SALAZAR, JOCELYN GERMA	171 130 366 000	231,940	0.05	
MARTIN, IRIS DEL ROSARIO	228 246 049 000	221,394	0.05	
COMILANG, ROSALINDA	925 637 121 000	219,450	0.05	
BALAGTAS, LUCIANO	916 903 447 000	217,152	0.05	
GONZALES, LUCIANA	147 877 992 000	202,298	0.04	
MIRANDA, JESSALYN	306 390 887 000	197,655	0.04	
GERMAN, RUSTICO	448 284 809 000	186,378	0.04	
BALTAZAR, FR. NAP	290 369 987 000	172,869	0.04	
BARCELONA, MARITESS	000 000 000 000	255,513	0.06	
OTHERS	000 000 000 000	456,105,512	98.9	

Annual Income Tax Return Page 9 - Schedules 13 & 14	BIR Form No. 1702-MX June 2013	1702-MX06/13P9
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TIN 002 - 838 - 406 - 000	Registered Name PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
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Schedule 13 - Supplemental Information (Attach additional sheet/s, if necessary)

I) Gross Income/Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	3,092,681	618,536
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

II) Sale/Exchange of Real Properties	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property (e.g., land, improvement, etc.)		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No.	0	0
8 Actual Amount/Fair Market Value/Net Capital Gains	0	0
9 Final Tax Withheld/Paid		

III) Sale/Exchange of Shares of Stock	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind (PS/CS) /Stock Certificate Series No.	PS /	PS /
11 Certificate Authorizing Registration (CAR) No.		
12 Number of Shares	0	0
13 Date of Issue (MM/DD/YYYY)		
14 Actual Amount/Fair Market Value/Net Capital Gains	0	0
15 Final Tax Withheld/Paid	0	0

IV) Other Income (Specify)	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57(A)/127 /others of the Tax Code, as amended (Specify)		
17 Actual Amount/Fair Market Value/Net Capital Gains	0	0
18 Final Tax Withheld/Paid	0	0

19 Total Final Tax Withheld/Paid (Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 16A & 18B)	618,536
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Schedule 14-Gross Income/Receipts Exempt from Income Tax

1 Return of Premium (Actual Amount/Fair Market Value)	0
---	---

I) Personal/Real Properties Received thru Gifts, Bequests, and Devises	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property (e.g. land, improvement, etc)		
3 Mode of Transfer (e.g. Donation)		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value	0	0

II) Other Exempt Income/Receipts	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended (Specify)		
7 Actual Amount/Fair Market Value/Net Capital Gains	0	0

8 Total Income/Receipts Exempt from Income Tax (Sum of Items 1, 5A, 5B, 7A, 7B)	0
--	---

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 002-838-406-000
Name	: PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
RDO	: 25A
Form Type	: 1702
Reference No.	: 121600015226402
Amount Payable (Over Remittance)	: 0.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2015
Date Filed	: 04/28/2016
Tax Type	: IT

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 002-838-406-000
Name	: PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
RDO	: 25A
Form Type	: 1702
Reference No.	: 121600015053783
Amount Payable (Over Remittance)	: 1,157,117.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2015
Date Filed	: 04/13/2016
Tax Type	: IT

Receipt of Payment

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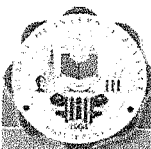
Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

eFPS Payment Form

Filing Reference Number : 121600015053783
Taxpayer Identification Number : 002 - 838 - 406 - 000
RDO Code : 25A
Taxpayer's Name : PRAXIS FIDES MUTUAL BENEFIT AC
Return Period : 12/31/2015 Qtr : 0
Tax Type : IT
Amount Due (PhP) : 1,157,117.00
Payment Transaction Number
(Transaction Log Number) : 162842318
Payment Transaction Date : 04/13/2016
eFPS MODE OF PAYMENT : Bank Transfer
Transacting Bank : 086000 - LBP(HEAD OFFICE)
(Authorized Agent Bank)
Amount : 1157117.00

[Print](#)[Submit](#)[Cancel](#)

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eips

e-Filing and Payment System

Bureau of Internal Revenue
Republic of the Philippines

BIR eFPS has received the payment confirmation for your tax return from LBP.

TIN	002 - 838 - 406 - 000
Taxpayer's Name	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
Tax Type	IT
Return Period	12/31/2015
Transacting Bank	LBP (086000)
Reference Number	121600015053783
Payment Transaction Number	162842318
Payment Transaction Date	04/13/2016
Actual Amount Paid	1157117.00
LBP's Confirmation Number	00041320161500556290

Please refer to the Tax Return Inquiry facility to check the status of your payment.



Reference No : 121600015053783

Date Filed : April 13, 2016 02:24 PM

Batch Number : 0

For BIR BCS/Item



1702-MX06/13P1

<p>Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas</p>	<h2>Annual Income Tax Return</h2> <p>For Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE</p> <p>Enter all required information in CAPITAL LETTERS using BLACK ink. Mark all applicable boxes with an "X". Two copies MUST be filed with the BIR and one hold by the taxpayer.</p>		BIR Form No. 1702-MX June 2013 Page 1
	<p>1 For Calendar Fiscal</p> <p>2 Year Ended (MM/20YY) 12 /2015</p>		

3 Amended Return? Yes No	4 Short Period Return? Yes No	5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT)
-----------------------------	----------------------------------	--

Part I - Background Information

6 Taxpayer Identification Number (TIN)	002 - 838 - 406 - 000	7 RDO Code	25A
8 Date of Incorporation/Organization (MM/DD/YYYY)	07/11/1996		
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC		
10 Registered Address (Indicate complete registered address)	35 PASEO DEL CONGRESO CATMON BULACAN 3000		
11 Contact Number	2443975	12 Email Address	javriel_0125@yahoo.com.ph
13 Main Line of Business	ACTIVITIES OF OTHER MEMBERSHIP ORGANIZATIONS, N.E.C	14 PSIC Code	9199
15 Method of Deduction	Itemized Deduction [Section 34 (A-J), NIRC]		

Part II - Total Tax Payable

(Do NOT enter Centavos)

16 Total Income Tax Due (Overpayment) (From Part V Item 37D)	1,387,772
17 Less: Total Tax Credits/Payments (From Part V Item 38D)	230,655
18 Net Tax Payable (Overpayment) (Item 16 Less Item 17)	1,157,117
19 Add: Total Penalties (From Part V Item 43)	0
20 Total Amount Payable (Overpayment) (Sum of Items 18 & 19) or (From Part V Item 44)	1,157,117
21 If Overpayment, mark "X" one 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	

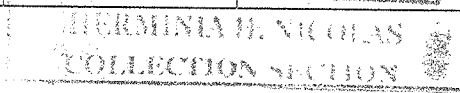
We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.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

 GENER C. LUCIANO Signature over printed name of President/Principal Officer/Authorized Representative	 RAMON V. BAGAY Signature over printed name of Treasurer/Assistant Treasurer
Title of Signatory	General Manager
Number of pages filed	9

22 Community Tax Certificate (CTC) Number	138299	23 Date of issue (MM/DD/YYYY)	01/29/1997
SEC Registration Number			
24 Place of Issue	MANDALUYONG CITY	25 Amount, if CTC	0

Part III - Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo			APR 28 2016	



27 Check				
28 Tax Debit Memo				
29 Others (Specify Below)				
Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank)			Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

Annual Income Tax Return Page 2	BIR Form No. 1702-MX June 2013	1702-MX06/13P2
TIN 002 - 838 - 406 - 000	Registered Name PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC	

Part IV - Basis of Tax Relief

30	Basis of Tax Relief under Special Law or International Tax Treaty If there is only one activity/program under EXEMPT and SPECIAL Tax Regimes, fill up spaces below.	If there are more than one activities/programs under EXEMPT and SPECIAL Tax Regimes, use as many Mandatory Attachments per Activity (Part VII) as necessary and mark "X" the box at the left.
	A. Exempt	B. Special Rate
31	Investment Promotion Agency (IPA)/ Implementing Government Agency	C. Special Tax Relief (Under Regular/Normal Rate)
	BIR	
32	Legal Basis	
	SEC 30 NIRC	
33	Registered Activity/Program (Reg. No.)	
	NA	
34	Special Tax Rate	0.10
35	From (MM/DD/YYYY)	01/29/1997
36	To (MM/DD/YYYY)	01/29/2047

Part V - Computation of Amount Payable per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
37 TOTAL INCOME TAX DUE (OVERPAYMENT) <i>(From Schedule 1 Item 16B/16C/16D) (To Part II Item 16)</i>	0.00	0	1,387,772	1,387,772
38 Less: Tax Credits/Payments <i>(From Schedule 8 Item 13) (To Part II Item 17)</i>	0	0	230,655	230,655
39 NET TAX PAYABLE (OVERPAYMENT) <i>(Item 37 Less Item 38) (To Part II Item 18)</i>	0	0	1,157,117	1,157,117
Add Penalties				
40 Surcharge				0
41 Interest				0
42 Compromise				0
43 Total Penalties (Sum of Items 40 to 42) <i>(To part II Item 19)</i>				0
44 TOTAL AMOUNT PAYABLE (OVERPAYMENT) <i>(Sum of Items 39 and 43) (To Part II Item 20)</i>				1,157,117

Part VI - Information - External Auditor/Accredited Tax Agent

45 Name of External Auditor/Accredited Tax Agent AMC AND ASSOCIATES				
	46 TIN	216	-115	-435 -000
47 Name of Signing Partner (If External Auditor is a Partnership) JOSEPH CEDRIC CALICA				
	48 TIN	163	-257	-226 -000
49 BIR Accreditation No. 08 - 002582 - 001 - 2014		50 Issue Date (MM/DD/YYYY) 01/05/2015		51 Expiry Date (MM/DD/YYYY) 01/04/2018

Annual Income Tax Return

Page 3 - Schedules 1 & 2

BIR Form No.

1702-MX

June 2013



1702-MX06/13P3

TIN	Registered Name
002 - 838 - 406 - 000	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC

Instructions: A. Fill up the applicable columns below, if there is only one activity/program under EXEMPT and/or SPECIAL Tax Regimes.
 B. Use as many Part VIII-Mandatory Attachments per Activity as necessary, if there are more than one activities/programs under EXEMPT and/or SPECIAL Tax Regimes. Consolidated amounts from Part VIII Mandatory Attachments PER TAX REGIME shall be reflected under the corresponding columns below.

Part VII - SCHEDULES

Schedule 1 - COMPUTATION OF TAX Per Tax Regime

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Sales/Revenues/Receipts/Fees <i>(From Schedule 3 Item 6) and (From all of Part VIII Sched B Item 1)</i>	35,187,448	0	0	35,187,448
2 Less: Cost of Sales/Services <i>(From Schedule 3 Item 2) (From all of Part VIII Sched B Item 2)</i>	0	0	0	0
3 Gross Income from Operation <i>(Item 1 Less Item 2)</i>	35,187,448	0	0	35,187,448
4 Add: Other Taxable Income not Subjected to Final Tax <i>(From Schedule 4 Item 4) (From all of Part VIII Sched B Item 4)</i>	39,042,530	0	4,625,906	43,668,436
5 Total Gross Income/Gross Taxable Income <i>(Sum of Items 3 & 4)</i>	74,229,978	0	4,625,906	78,855,884
6 Ordinary Allowable Itemized Deductions <i>(From Schedule 5 Item 4) (From all of Part VIII Sched B Item 6)</i>	27,809,122	0	0	27,809,122
7 Special Allowable Itemized Deductions <i>(From Schedule 6 Item 5) (From all of Part VIII Sched B Item 7)</i>	0	0	0	0
8 NOLCO [only for those taxable under Sec. 27 (A to C); Sec 28(A)(1) & (A)(6)(b) of the Tax Code] <i>(From Schedule 7A Item 6D) (From all of Part VIII Sched B Item 8)</i>			0	0
9 Total Itemized Deductions <i>(Sum of Items 6, 7 & 8)</i>	27,809,122	0	0	27,809,122
10 Net Taxable Income/Net Income <i>(Item 5 Less Item 9)</i>	46,420,856	0	4,625,906	51,046,762
11 Applicable Income Tax Rate <i>(i.e., Special or Regular/Normal rate)</i>	0%	0.0	% 30.0	%
12 Income Tax Due other than MCIT <i>(Item 5 OR Item 10 X Item 11)</i>	0	0	1,387,772	1,387,772
13 Less: Share of Other Govt. Agencies, if Remitted directly		0	0	0
14 Net Income Tax Due to National Government <i>(Item 12 Less Item 13)</i>		0	1,387,772	1,387,772
15 MCIT (2% of Gross Income in Item 5)			92,518	92,518
16 Total Income Tax Due (Overpayment) <i>(Item 16B = Item 14B); (Item 16C = Normal Income Tax in Item 12C or MCIT in Item 15C, whichever is higher) (Item 16D = Sum of Items 16B & 16C) (To Part V Item 37B/37C/37D)</i>		0	1,387,772	1,387,772

Schedule 2 - Tax Relief Availment

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Regular Income Tax Otherwise Due <i>(30% of the Net Taxable Income in Item 10A for Exempt Item 10B for Special Rate)</i>	13,926,257	0	0	13,926,257
2 Special Allowable Itemized Deductions <i>(30% of the applicable Total in Schedule 6 Item 5)</i>	0	0	0	0
3 Sub-Total (Sum of Items 1 & 2)	13,926,257	0	0	13,926,257
4 Less: Income Tax Due (From Sched 1 Item 16B)	0	0	0	0
5 Tax Relief Availment before Special Tax Credit <i>(Item 3 Less Item 4)</i>	13,926,257	0	0	13,926,257
6 Add: Special Tax Credits (From Schedule 8 Item 10)	0	0	0	0
7 Total Tax Relief Availment (Sum of Items 5 & 6)	13,926,257	0	0	13,926,257

Annual Income Tax Return

Page 4 - Schedule 3

BIR Form No.
1702-MX
June 2013



1702-MX06/13P4

TIN 002 - 838 - 406 - 000	Registered Name PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
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Schedule 3 - Sales/Revenues/Receipts/Fees	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Sales of Goods/Properties	0	0	0	0
2 Sales of Services	35,187,448	0	0	35,187,448
3 Lease of Properties	0	0	0	0
4 Total (Sum of Items 1 to 3)	35,187,448	0	0	35,187,448
5 Less: Sales Returns, Allowances & Discounts	0	0	0	0
6 Net Sales/Revenues/Receipts/Fees (Item 4 Less Item 5) (To Schedule 1 Item 1)	35,187,448	0	0	35,187,448

Schedule 3A - Cost of Sales (For Those engaged in Trading)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Merchandise Inventory, Beginning	0	0	0	0
2 Add: Purchases of Merchandise	0	0	0	0
3 Total of Goods Available for Sale (Sum of Item 1 & 2)	0	0	0	0
4 Less: Merchandise Inventory, Ending	0	0	0	0
5 Cost of Sales (Item 3 Less Item 4) (To Item 27)	0	0	0	0

Schedule 3B - Cost of Sales (For Those engaged in Manufacturing)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
6 Direct Materials, Beginning	0	0	0	0
7 Add: Purchases	0	0	0	0
8 Materials Available for Use (Sum of Items 6 & 7)	0	0	0	0
9 Less: Direct Materials, Ending	0	0	0	0
10 Raw Materials Used (Item 8 Less Item 9)	0	0	0	0
11 Direct Labor	0	0	0	0
12 Manufacturing Overhead	0	0	0	0
13 Total Manufacturing Cost (Sum of items 10 to 12)	0	0	0	0
14 Add: Work in Process, Beginning	0	0	0	0
15 Less: Work in Process, Ending	0	0	0	0
16 Cost of Goods Manufactured (Sum of Items 13 & 14 Less Item 15)	0	0	0	0
17 Add: Finished Goods, Beginning	0	0	0	0
18 Less: Finished Goods, Ending	0	0	0	0
19 Cost of Goods Manufactured & Sold (Sum of Items 16 & 17 Less Item 18) (To Item 27)	0	0	0	0

Schedule 3C - Cost of Services (For Those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
20 Direct Charges - Salaries, Wages & Benefits	0	0	0	0
21 Direct Charges - Materials, Supplies & Facilities	0	0	0	0
22 Direct Charges - Depreciation	0	0	0	0
23 Direct Charges - Rental	0	0	0	0
24 Direct Charges - Outside Services	0	0	0	0
25 Direct Charges - Others	0	0	0	0
26 Total Cost of Services (Sum of Items 20 to 25) (To Item 27)	0	0	0	0
27 Total Cost of Sales/Services (Sum of Items 5, 19 & 26, if applicable) (To Schedule 1 Item 2)	0	0	0	0

Annual Income Tax Return

Page 5 - Schedules 4 & 5

BIR Form No.
1702-MX
June 2013



1702-MX06/13P5

TIN	Registered Name
002 - 838 - 406 - 000	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC

Schedule 4 - Other Taxable Income not Subjected to Final Tax <i>(Attach additional sheet/s, if necessary)</i>	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 INSURANCE FUND	17,371,370	0	0	17,371,370
2 GENERAL FUND	9,123,595	0	0	9,123,595
3 OTHERS	12,547,565	0	4,625,906	17,173,471
4 Total Other Taxable Income not Subjected to Final Tax <i>(Sum of Items 1 to 3) (To Schedule 1 Item 4)</i>	39,042,530	0	4,625,906	43,668,436

Schedule 5 - Ordinary Allowable Itemized Deductions <i>(Attach additional sheet/s, if necessary)</i>	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Advertising and Promotions	0	0	0	0
Amortizations (Specify on Items 2, 3 and 4)				
2				
3				
4				
5 Bad Debts	965,291	0	0	965,291
6 Charitable Contributions	0	0	0	0
7 Commissions	185,125	0	0	185,125
8 Communication, Light and Water	720,932	0	0	720,932
9 Depletion	0	0	0	0
10 Depreciation	1,446,604	0	0	1,446,604
11 Director's Fees	0	0	0	0
12 Fringe Benefits	0	0	0	0
13 Fuel and Oil	0	0	0	0
14 Insurance	6,350,000	0	0	6,350,000
15 Interest	0	0	0	0
16 Janitorial and Messengerial Services	0	0	0	0
17 Losses	0	0	0	0
18 Management and Consultancy Fee	0	0	0	0
19 Miscellaneous	1,300,419	0	0	1,300,419
20 Office Supplies	877,031	0	0	877,031
21 Other Services	0	0	0	0
22 Professional Fees	423,150	0	0	423,150
23 Rental	0	0	0	0
24 Repairs and Maintenance <i>(Labor or Labor & Materials)</i>	222,751	0	0	222,751
25 Repairs and Maintenance <i>(Materials/Supplies)</i>	0	0	0	0
26 Representation and Entertainment	0	0	0	0
27 Research and Development	0	0	0	0
28 Royalties	0	0	0	0
29 Salaries and Allowances	8,871,969	0	0	8,871,969
30 Security Services	0	0	0	0
31 SSS, GSIS, Philhealth, HDMP and Other Contributions	0	0	0	0
32 Taxes and Licenses	269,427	0	0	269,427
33 Tolling Fees	0	0	0	0
34 Training and Seminars	0	0	0	0
35 Transportation and Travels	2,169,853	0	0	2,169,853

Annual Income Tax Return

Page 6 - Schedules 5 to 7

BIR Form No.
1702-MX
June 2013



1702-MX0613P6

TIN				Registered Name			
002	- 838	- 406	- 000	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC			

Schedule 5 - Ordinary Allowable Itemized Deductions (Continued from Previous Page)
Others (Specify below, Attach additional sheet(s), if necessary)

	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
36 MEETINGS AND CONFERENCE	2,743,912	0	0	2,743,912
37 ADMINISTRATIVE EXPENSE	932,916	0	0	932,916
38 CONTRACTOR FEES	329,742	0	0	329,742
39				
40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Schedule 1 Item 6)	27,809,122	0	0	27,809,122

Schedule 6 - Special Allowable Itemized Deductions
(Attach additional sheet(s), if necessary)

Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1					
2					
3					
4					
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Schedule 1 Item 7)		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) [only for those taxable under Sec. 27(A) to (C); Sec. 28(A)(1) & (A)(6)(b)]

1 Gross income	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	0
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule 7A)	0

Schedule 7A - Computation of Available Net Operating Loss Carry Over (NOLCO)

Net Operating Loss				B) NOLCO Applied Previous Year	
Year Incurred		A) Amount			
4					0
5					
6					
7					

Continuation of Schedule 7A (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied)
4	0	0	0
5			
6			
7			
8 Total NOLCO (Sum of Items 4D to 7D) (To Schedule 1 Item 8)		0	

Schedule 8 - Tax Credits/Payments

	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Prior Year's Excess Credits Other Than MCIT	0	0	0	0
2 Income Tax Payments under MCIT from Previous Quarter/s	0	0	0	0
3 Income Tax Payments under Regular/Normal Rate from Previous Quarter/s	0	0	169,905	169,905
4 Excess MCIT Applied this Current Taxable Year (From Schedule 9 Item 4F)	0	0	0	0
5 Creditable Tax Withheld from Previous Quarter/s	0	0	0	0
6 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	0	13,230	13,230

Annual Income Tax Return

Page 7 - Schedules 8 to 10

BIR Form No.
1702-MX
June 2013



1702-MX06/13P7

TIN	Registered Name
002 - 838 - 406 - 000	PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC

Schedule 8 - Tax Credits/Payments (Continued from Previous Page)

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
7 Foreign Tax Credits, if applicable	0	0	0	0
8 Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
9 Income Tax Payments under Special Rate from Previous Quarter/s	0	0	0	0
10 Special Tax Credits (To Schedule 2 Item 6)	0	0	0	0
Other Credits/Payments (Specify Below):				
11 CWT - 1606	0	0	47,520	47,520
12				0
13 Total Tax Credits/Payments (Sum of Items 1 to 12) (To Part V Item 38)	0	0	230,655	230,655

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT) [Applicable only to those taxable under Sec 27 (A to C) & Sec 28 (A)(2)]

1				
2				
3				

Continuation of Schedule 9 (Item numbers continue from table above)

1				
2				
3				
4	Total Excess MCIT (Sum of Column for Items 1F to 3F) (To Schedule 8 Item 4)			0

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)		A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1	Net Income (Loss) per books	48,878,669	0	3,238,134	52,116,803
Add: Non-deductible Expenses/Taxable Other Income					
2	TAX EXPENSE	618,536	0	1,387,772	2,006,308
3	NON-DEDUCTIBLE EXPENSE	16,332	0	0	16,332
4	Total (Sum of Items 1 to 3)	49,513,537	0	4,625,906	54,139,443
Less: A) Non-Taxable Income and Income Subjected to Final Tax					
5	INTEREST INCOME	3,092,681	0	0	3,092,681
6					
B) Special Deductions					
7					
8					
9	Total (Sum of Items 5 to 8)	3,092,681	0	0	3,092,681
10	Net Taxable Income (Loss) (Item 4 Less Item 9)	46,420,856	0	4,625,906	51,046,762

TIN 002 - 838 - 406 - 000	Registered Name PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC
-------------------------------------	---

Schedule 13 - Supplemental Information (Attach additional sheet/s, if necessary)

I) Gross Income/Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	3,092,681	618,536
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

II) Sale/Exchange of Real Properties	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property (e.g., land, improvement, etc.)		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No.	0	0
8 Actual Amount/Fair Market Value/Net Capital Gains	0	0
9 Final Tax Withheld/Paid		

III) Sale/Exchange of Shares of Stock	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind (PS/CS) /Stock Certificate Series No.	PS	PS
11 Certificate Authorizing Registration (CAR) No.		
12 Number of Shares	0	0
13 Date of Issue (MM/DD/YYYY)		
14 Actual Amount/Fair Market Value/Net Capital Gains	0	0
15 Final Tax Withheld/Paid	0	0

IV) Other Income (Specify)	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57(A)/127 /others of the Tax Code, as amended (Specify)		
17 Actual Amount/Fair Market Value/Net Capital Gains	0	0
18 Final Tax Withheld/Paid	0	0

19 Total Final Tax Withheld/Paid (Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)	618,536
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Schedule 14-Gross Income/Receipts Exempt from Income Tax

1 Return of Premium (Actual Amount/Fair Market Value)	0
--	---

I) Personal/Real Properties Received thru Gifts, Bequests, and Devises	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property (e.g land, improvement, etc)		
3 Mode of Transfer (e.g. Donation)		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value	0	0

II) Other Exempt Income/Receipts	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended (Specify)		
7 Actual Amount/Fair Market Value/Net Capital Gains	0	0

8 Total Income/Receipts Exempt from Income Tax (Sum of Items 1, 5A, 5B, 7A, 7B)	0
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PRAXIS FIDES
MUTUAL BENEFIT ASSOCIATION, INC.
#35 Paseo del Congreso, Catmon, City of Malolos, Bulacan
Tel. No. (044) 791-3558; (044) 662-4288

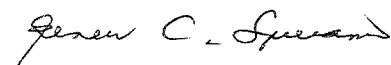
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURNS**


The management of **Praxis Fides Mutual Benefit Association, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2015. 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, 2015 and the accompanying Annual Income Tax Return are in accordance with the books and records of Praxis Fides Mutual Benefit Association, 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 association books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and,
- c) Praxis Fides Mutual Benefit Association, 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.


MSGR. LUCIANO C. BALAGTAS
Chairman and President


MR. GENER C. LUCIANO
General Manager


MR. RAMON V. BAGAY
Chief Financial Officer



Certified Public Accountants

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
TO ACCOMPANY INCOME TAX RETURN**

The Board of Trustees
Praxis Fides Mutual Benefit Association, Inc.
(A Non-Stock, Non-Profit Organization)
35 Paseo del Congreso, Catmon
Malolos, Bulacan

We have audited the financial statements of Praxis Fides Mutual Benefit Association, Inc. for the year ended December 31, 2015, on which we have rendered the attached report dated April 11, 2016.

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 members of the Association.

AMC & ASSOCIATES

By: Joseph Cedric V. Calica
Partner

CPA Cert. No. 94541
TIN 163-257-226-000

PTR No. 5331080, Jan. 7, 2016, Makati City
BIR Accreditation No. 08-002582-1-2014
(Jan. 5, 2015 to Jan. 4, 2018)

BSP Accreditation (Category B)
(Feb. 14, 2014 to Feb. 13, 2017)

IC Accreditation No. SP-2015/010-R
(Mar. 3, 2015 to Mar. 2, 2018)

SEC Accreditation No. 1261-A (Group C)
(Nov. 5, 2012 to Apr. 30, 2016)

April 11, 2016

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

CDA CEA No. 0075-AF - August 11, 2014 to August 10, 2017

BSP Accredited - February 14, 2014 to February 13, 2017

BOA/PRC Certificate of Registration No. 4275 - valid until December 31, 2016

BIR Accreditation No. 08-002582-0-2014 - valid until January 4, 2018

IC Accreditation No. F-2015/004-R - March 3, 2015 to March 2, 2018

SEC Accreditation No. 0164-FR-1 (Group B) - July 11, 2013 to July 10, 2016



Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Praxis Fides Mutual Benefit Association, Inc.
(A Non-Stock, Non-Profit Organization)

35 Paseo del Congreso, Catmon
Malolos, Bulacan

Report on the Financial Statements

We have audited the accompanying financial statements of Praxis Fides Mutual Benefit Association, Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive revenues, statements of changes in fund balance and statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Praxis Fides Mutual Benefit Association, Inc. as at December 31, 2015 and 2014, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.



Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information for the year ended December 31, 2015 required by the Bureau of Internal Revenue as disclosed in Note 26 of the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the management. The information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the 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. 5331080, Jan. 7, 2016, Makati City

BIR Accreditation No. 08-002582-1-2014

(Jan. 5, 2015 to Jan. 4, 2018)

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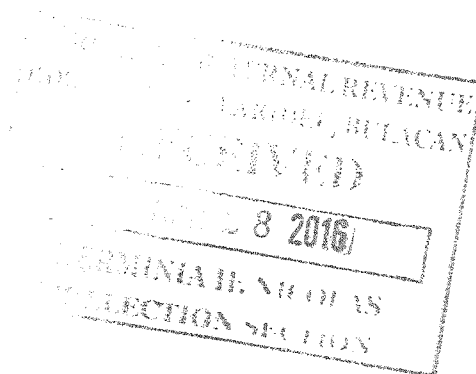
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(Mar. 3, 2015 to Mar. 2, 2018)

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April 11, 2016



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SEC Accreditation No. 0164-FR-1 (Group B) - July 11, 2013 to July 10, 2016

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.

(A Non-Stock, Non-Profit Organization)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

(Amounts in Philippine Peso)

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents (Note 5)	P 97,840,223	P 81,828,166
Short-term investments (Note 6)	43,720,705	31,093,974
Available-for-sale securities (Note 7)	78,672,830	63,885,687
Loans and other receivables (Note 9)	190,256,544	175,386,946
Prepayments	1,400,756	962,202
Total Current Assets	<u>411,891,058</u>	<u>353,156,975</u>
NON-CURRENT ASSETS		
Held-to-maturity investments (Note 8)	17,000,000	22,000,000
Loans and other receivables (Note 9)	153,524,943	132,228,391
Property and equipment (Note 10)	15,636,659	16,326,529
Investment property (Note 11)	71,088,518	62,578,759
Total Non-current Assets	<u>257,250,120</u>	<u>233,133,679</u>
TOTAL ASSETS	<u><u>P 669,141,178</u></u>	<u><u>P 586,290,654</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable and other liabilities (Note 12)	P 12,134,486	P 12,968,888
Legal policy reserves (Note 13)	452,886,187	380,545,334
Insurance premium reserves (Note 14)	839,836	609,686
Total Current Liabilities	<u>465,860,509</u>	<u>394,123,908</u>
NON-CURRENT LIABILITIES		
Accounts payable and other liabilities (Note 12)	122,712	122,256
Retirement benefit obligation (Note 20)	3,389,349	4,354,922
Total Non-Current Liabilities	<u>3,512,061</u>	<u>4,477,178</u>
Total Liabilities	<u>469,372,570</u>	<u>398,601,086</u>
FUND BALANCE		
Free and unassigned fund balance	190,450,665	177,295,196
Assigned fund balance (Note 18)	35,000,000	35,000,000
Accumulated other comprehensive loss (Note 18)	(25,682,057)	(24,605,628)
Total Fund Balance	<u>199,768,608</u>	<u>187,689,568</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>P 669,141,178</u></u>	<u><u>P 586,290,654</u></u>

See Notes to Financial Statements.

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)

STATEMENTS OF COMPREHENSIVE REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Peso)

	2015	2014
REVENUES		
Interest on:		
Loans (Note 9)	P 35,187,448	P 34,304,341
Investment securities and deposits with banks (Notes 5, 6, 7 and 8)	3,197,466	3,336,121
Income from sale of available-for-sale securities (Note 7)	3,770,580	3,913,412
Insurance fund (Note 16)	17,371,370	14,835,530
General fund (Note 16)	9,123,595	9,129,938
Service charges and fees (Note 9)	6,071,031	5,345,329
Membership fees (Note 16)	743,800	738,950
Others (Notes 11, 15 and 22)	6,483,275	4,143,487
	81,948,565	75,747,108
EXPENSES		
Operating expenses (Note 15)	21,475,454	20,758,109
Benefit expenses (Note 15)	6,350,000	5,570,000
	27,825,454	26,328,109
PROFIT BEFORE TAX	54,123,111	49,418,999
TAX EXPENSE (Note 21)	2,006,308	1,446,318
NET PROFIT	52,116,803	47,972,681
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of post-employment defined benefit obligation (Notes 18 and 20)	136,793	7,644,758
Items that will be reclassified subsequently to profit or loss		
Fair value loss on available-for-sale securities (Note 7)	(1,213,222)	(5,734,272)
	1,076,429	1,910,486
TOTAL COMPREHENSIVE REVENUES	P 51,040,374	P 49,883,167


See Notes to Financial Statements.



PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Peso)

	Free and Unassigned Fund balance	Assigned Fund Balance	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2015 (Notes 16 and 18)	P 177,295,196	P 35,000,000	(P 24,605,628)	P 187,689,568
Contributions during the year (Note 16)	117,848,482	-	-	117,848,482
Withdrawals during the year	(84,468,963)	-	-	(84,468,963)
Transfer to legal policy reserves (Note 13)	(72,340,853)	-	-	(72,340,853)
Total comprehensive revenue for the year	<u>52,116,803</u>	<u>-</u>	<u>(1,076,429)</u>	<u>51,040,374</u>
Balance at December 31, 2015 (Notes 16 and 18)	<u>P 190,450,665</u>	<u>P 35,000,000</u>	<u>(P 25,682,057)</u>	<u>P 199,768,608</u>
Balance at January 1, 2014 (Notes 16 and 18)	P 161,364,944	P 33,000,000	(P 26,516,114)	P 167,848,830
Contributions during the year (Note 16)	109,741,027	-	-	109,741,027
Withdrawals during the year	(76,713,420)	-	-	(76,713,420)
Transfer to legal policy reserves (Note 13)	(63,070,036)	-	-	(63,070,036)
Allocation for the year (Note 18)	(2,000,000)	2,000,000	-	-
Total comprehensive revenue for the year	<u>47,972,681</u>	<u>-</u>	<u>1,910,486</u>	<u>49,883,167</u>
Balance at December 31, 2014 (Notes 16 and 18)	<u>P 177,295,196</u>	<u>P 35,000,000</u>	<u>(P 24,605,628)</u>	<u>P 187,689,568</u>

See Notes to Financial Statements.


PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Peso)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 54,123,111	P 49,418,999
Adjustments for:		
Depreciation (Notes 10 and 11)	1,460,224	1,963,264
Impairment losses (Note 9)	965,291	384,003
Gain on sale of property and equipment	-	(60,750)
Gain on sale of available-for-sale securities (Note 7)	(3,770,580)	(3,913,412)
Gain on sale of investment property (Note 11)	(3,846,750)	(1,830,008)
Interest income (Notes 5, 6, 8 and 9)	(38,384,914)	(37,640,462)
Operating profit before working capital changes	10,546,382	8,321,634
Increase in loans and other receivables	(32,421,309)	(59,390,965)
Decrease (increase) in prepayments	(438,554)	296,688
Decrease in accounts payable and other liabilities	(1,681,503)	(3,879,800)
Decrease in post-employment benefit obligation (Note 20)	(828,780)	245,364
Increase in insurance premium reserves	230,150	55,520
Cash used in operations	(24,593,614)	(54,351,559)
Interest received on loans and other receivables (Note 9)	30,477,316	29,183,534
Cash paid for income taxes (Note 21)	(1,158,751)	(1,136,757)
Net Cash From (Used in) Operating Activities	4,724,951	(26,304,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale securities	48,664,282	46,772,205
Interest received on bank deposits and investment securities (Notes 5, 6, 7 and 8)	3,197,466	3,336,121
Proceeds from sale of investment property (Note 11)	6,231,290	3,238,262
Decrease in held-to-maturity investments	5,000,000	-
Proceeds from sale of property and equipment	-	200,000
Acquisitions of property and equipment (Note 10)	(756,734)	(1,237,094)
Increase in investment property (Note 11)	(933,754)	9,046,607
Acquisitions of investment property (Note 11)	(9,974,165)	-
Increase in short-term investments	(12,626,731)	(7,731,196)
Additions to available-for-sale securities (Note 7)	(60,894,067)	(72,112,952)
Net Cash Used in Investing Activities	(22,092,413)	(18,488,047)
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' contributions during the year (Note 16)	117,848,482	109,741,027
Members' withdrawals during the year	(84,468,963)	(76,713,420)
Net Cash Used in Financing Activities	33,379,519	33,027,607
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,012,057	(11,765,222)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	81,828,166	93,593,388
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	P 97,840,223	P 81,828,166

See Notes to Financial Statements.



PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014
(Amounts in Philippine Peso)

1. CORPORATE INFORMATION

Organization and Objectives

Praxis Fides Mutual Benefit Association, Inc. (the Association) was incorporated in the Philippines on February 17, 1987 primarily to foster brotherhood thru mutual help and benefit among its members, to encourage the habit of thrift and saving among its members, to provide financial material aid and comforts to members and their families in cases of losses, disability, necessities, unemployment, retirement, or old age as may be authorized by statutes of regulations prescribed by competent authority, and in general to do such acts and things and to undertake such activities not otherwise prohibited by law which are calculated to help members and necessary for the accomplishment of the purpose of which the association has been organized.

The registered office of the Association is located at 35 Paseo del Congreso, Catmon, Malolos, Bulacan.

Tax Exemption

As a non-stock, non-profit association, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the income of whatever kind and character of the Association from any of its properties, real or personal, or from any of its activities conducted for profit, regardless of the disposition made of such income, shall be subjected to tax. Moreover, interest income derived from deposit with banks is subject to final tax.

Approval of Financial Statements

The financial statements of the Association for the year ended December 31, 2015 (including the comparatives for the year ended December 31, 2014) were authorized for issue by the Association's Board of Trustees on April 11, 2016.

2. MEMBERSHIP

Any person eligible for membership shall become a member of the Association only after paying the initial membership fee and the first monthly contribution. Every member in good standing shall have the right, among others, to participate in the distribution of profit of the Association on the basis of his capital contributions after the Association has set aside such reserves as may be required by any existing laws and regulations. In addition, the member can avail of loans in accordance with his borrowing capacity subject to the limitations as provided for under the existing rules and regulations of the Association.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The 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 Standards for Mutual Benefits Associations (MBAs)

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standards in the Philippines applicable to MBAs.

Pursuant to Section 189 of The Amended Insurance Code, the Insurance Commission issued Circular Letter No. 2014-41 dated September 25, 2014 requiring all new and existing mutual benefits associations doing business in the Philippines to use and maintained the revised Standard Chart of Accounts (SCA) for MBAs. The prescribed SCA is to be used by associations in their preparation of financial statements effective for the annual period 2014.

The SCA for MBAs will list a uniform system of account numbers categorized based on MBAs' revenue, expenses, assets, liabilities and fund value for similar transactions and events, in compliance with the latest Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

b. Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Association presents all items of income and expenses in a single statement of comprehensive income.

The Association presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

c. Functional and Presentation Currency

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

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



Adoption of New and Amended PFRS

a. Effective in 2015 that are Relevant in the Association

The Association adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits – Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle)

Discussed below are the relevant information about these new, revised and amended standards.

- i. *PPAS 19 (Amendment), Employee Benefits – Defined Benefit Plans – Employee Contributions.* The amendment clarifies that if the amount of the contributions to defined benefit plans from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The amendment did not have a significant impact on the Association's financial statements since the Association's defined benefit plan does not require employees or third parties to contribute to the benefit plan.
- ii. *Annual Improvements to PFRS.* Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Association but had no material impact on the Association's financial statements as these amendments merely clarify the existing requirements:

Annual Improvements to PFRS (2010-2012 Cycle)

- *PAS 16 (Amendment), Property, Plant and Equipment* and *PAS 38 (Amendment), Intangible Assets.* The amendments clarify that when an item of property, plant and equipment and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.
- *PAS 24 (Amendment), Related Party Disclosures.* The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.



Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32, *Financial Instruments: Presentation*.
- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40 or a business combination in accordance with PFRS 3.

b. Effective in 2015 that are not Relevant to the Association

The following annual improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2014 but are not relevant to the Association's financial statements:

PFRS (2010-2012 Cycle)		
PFRS 2 (Amendment)	:	Share-based Payment - Definition of Vesting Condition
PFRS 3 (Amendment)	:	Business Combinations - Accounting for Contingent Consideration in a Business Combination
PFRS 8 (Amendments)	:	Operating Segments - Aggregation of Operating Segments, and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets
PFRS (2011-2013 Cycle)		
PFRS 3 (Amendment)	:	Business Combinations - Scope Exceptions for Joint Ventures

c. Effective Subsequent to 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 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 significant impact on the Association's financial statements:



- i. PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- ii. PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- iii. PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.
- iv. PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
 - Three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - An expected loss model in determining impairment of all financial assets that are not measured at fair value through profit and loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,



- A new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flow that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial assets is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contract that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Association does not expect to implement and adopt any version of PFRS 9 until its effective date in addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Association and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- v. Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Association but management does not expect these to have material impact on the Association's financial statements:
- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
 - PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.



Cash and Cash Equivalents

Cash include cash on hand and in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Short-term Investments

Short-term investment includes time deposits with original maturities of more than three months but less than one year.

Financial Instruments

1. Financial Assets

Financial assets are recognized when the Association becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at Fair Value Through Profit or Loss (FVTPL), loans and receivables, HTM investments and AFS securities. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value, plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recognized at fair value and transaction costs related to it are recognized in profit or loss.

The foregoing categories of financial instruments of the Association are more fully described below:

a. Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at FVTPL upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

As of December 31, 2015 and 2014, the Association does not have financial assets designated at FVTPL.



b. *AFS Securities*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All financial assets within this category are measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

c. *HTM Investments*

This includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as HTM if the Association has the positive intention and ability to hold them until maturity. Investments intended to be held for an undefined period are not included in this classification.

If the Association sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS securities under PFRS, and the Association will be prohibited from holding investments under the HTM category for the next two years after tainting occurred. The tainting provision under PFRS will not apply if the sales or reclassifications of HTM investments are (1) so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; (2) occur after the Association has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or (3) are attributable to an isolated event that is beyond the control of the Association, is nonrecurring and could not have been reasonably anticipated by the Association.

Subsequent to initial recognition, the HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated future cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

d. *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Association provides money or services directly to a debtor with no intention of trading the receivables. Included in this category are those arising from direct loans to customers and all receivables from customers and other association.



The Association's financial assets categorized as loans and receivables are presented as Cash and cash equivalents, Short-term investments and Loans and other receivables in the statements of financial position.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, if any. Any change in their value is recognized in profit or loss, except for increases in fair values of reclassified financial assets under PAS 39 and PFRS 7. Increases in estimates of future cash receipts from such financial assets shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amount of the financial asset at the date of the change in estimate.

Impairment loss is provided when there is objective evidence that the Association will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows.

For investments that are actively traded in organized financial markets, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest 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.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2. *Offsetting Financial Instruments*

Financial assets and liabilities are set-off and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

3. *Impairment of Financial Assets*

The Association assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Association about certain loss events, including, among others: significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in interest or principal payments; it is probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

a. Assets Carried at Amortized Cost

The Association first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Association determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans or HTM investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit loss that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income. If loans or HTM investments have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Association may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Association's grading process that considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Association and historical loss experience for assets with credit risk characteristics similar to those in the Association. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.



Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimated future cash flows are reviewed regularly by the Association to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the statement of comprehensive revenues.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive revenues.

b. Assets Carried at Fair Value

The Association assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

If any such evidence exists for AFS securities, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss - is removed from capital funds and recognized in the statement of comprehensive revenues.

Impairment losses recognized in the statement of comprehensive revenues on equity instruments are not reversed through the statement of comprehensive revenues. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit or loss, the impairment loss is reversed through the statement of comprehensive revenues.

c. Assets Carried at Cost

If there is objective evidence of impairment for any of the unquoted equity securities carried at cost, the amount of impairment loss is recognized. The amount of impairment loss is the difference between the carrying amount of the equity security and the present value of the estimated future cash flows discounted at the current market rate of return of a similar asset. Impairment losses on assets carried at cost cannot be reversed.



4. *Financial Liabilities*

Financial liabilities are classified as financial liabilities at FVTPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Association determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

As at December 31, 2015 and 2014, the Association did not have financial liabilities at FVTPL or derivative liabilities designated as hedging instruments.

The Association's financial liabilities include accounts payable and other liabilities, legal policy reserves, insurance premium reserves and members' equity contributions. These are recognized when the Association becomes a party to the contractual agreements of the instrument.

Accounts payable and other liabilities, insurance premium reserves and members' equity contributions are initially recognized at their fair value and subsequently measured at amortized cost, using effective interest method for any maturities beyond one year, less settlement payments.

Legal policy reserves are recognized as financial liabilities based on the amounts recommended by an independent actuary.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss in the statement of comprehensive revenues.

Property and Equipment

Land and building and improvements are measured at acquisition or construction cost less depreciation for building and improvements. As no finite useful life for land can be determined, related carrying amount are not depreciated. All other property and equipment are carried at acquisition cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.



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

Building and improvements	2-30 years
Office furniture, fixtures and other equipment	2-5 years
Transportation equipment	2-5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of revenues in the year the item is derecognized.

Investment Property

This account includes parcels of land acquired in settlement of loans recorded at the lower of the total loan exposure or bid price at the same time of foreclosure, which should not be higher than the fair value of the property less costs to sell. Any excess of the loan balance over the bid price that is not recoverable from the borrower is included under Other losses in the statements of revenues. Holding costs subsequent to foreclosure or acquisition of the properties are charged to operations as incurred.

Other investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This investment property is initially recognized at cost, which includes acquisition price plus directly attributable cost incurred such as legal fees, transfer taxes and other transaction impairment losses, if any.

Any gain or loss resulting from either a change in the fair value or the sale or retirement of an investment property is immediately recognized in the profit or loss as Fair value gains from investment property under the Other gains (losses) in the statements of revenues.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

Impairment of Non-financial Assets

The Association's property and equipment and 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 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 for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount 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 Association'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 and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Fair Value of Financial Instruments

The fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

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 obligation 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 time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. 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 to the Association that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.



Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- *Interest* - revenue is recognized as the interest accrues taking into account the effective yield on the asset, except that no interest is accrued on past due loans in accordance with Association's policy.

Interest collected in advance (unearned interest income) is amortized to earnings using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate 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. When calculating the effective interest rate, the Association estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

- *General and insurance funds and membership fees* - revenue is recognized monthly as they become due from members.
- *Service charges and fees* - revenue is amortized and recognized using the effective interest rate method over the term of the loan.

Cost and operating expenses are recognized in profit or loss upon utilization of services or at the date they are incurred.

Short-term Employee Benefits

Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Association to its employees include salaries and wages, social security contributions, short-term compensated absences, and non-monetary benefits.

Retirement Benefits

The Association does not have a formal retirement plan. However, the Association accrues for retirement benefit obligation based on an actuarial valuation from an independent actuary.



The liability recognized in the statements of financial position for defined benefit pension plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated futures cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive revenues in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the statement of profit or loss.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment.

Leases

The Association accounts for its leases as follows:

a. Association as Lessee

Leases which do not transfer to the Association substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statements of revenues on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

b. Association as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The Association determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Income Tax

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using to 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 the profit or loss.



Fund Balance

Assigned fund balance represents that amount set-aside based on certain percentage from net profit during the year.

Free and unassigned fund balance includes all current and prior period results as disclosed in the statements of revenues.

Accumulated other comprehensive loss includes all the accumulated fair value changes in the available-for-sale securities and defined benefit obligation.

Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Association and its related parties, regardless 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 Association; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Association that gives them significant influence over the Association 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 Association'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 JUDGMENTS AND ESTIMATES

The Association'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 Association's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

a. Classification of Financial Instruments

The Association exercises judgment in classifying a financial instrument on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

The Association classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

b. Classifying Financial Assets as Held-to-maturity Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as held-to-maturity investments, the Association evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity. If the Association fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class as available-for-sale financial assets. In such a case, the investments would therefore be measured at fair value, not amortized cost.

c. Impairment of Available-for-sale Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Association evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. Based on the recent evaluation of information and circumstances affecting the Association's available-for-sale financial assets, management concluded that none of the AFS financial assets are impaired as of December 31, 2015 and 2014. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

d. Distinction between Investment properties and Owner-Managed Properties

The Association determines whether a property qualifies as investment property. In making its judgment, the Association considers whether the property generated cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.



Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production and supply of goods and services or for administrative purposes. If these portion can be sold separately or leased out separately under finance lease, the Association accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Association considers each property separately in making its judgment.

e. Distinction between Operating and Finance Leases

The Association has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

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 3 above and disclosures on relevant provisions and contingencies are presented in Note 22.

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 assets and liabilities within the next financial year:

a. Impairment on Financial Assets (AFS Securities, HTM Investments and Loans and Other Receivables)

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Association evaluates the amount of allowance for impairment based on available facts and circumstances, including, but not limited to, the length of the Association's relationship with the borrowers, the borrowers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

The carrying value of AFS securities, HTM investments and loans and other receivables and the analysis of allowance for impairment on such financial assets are shown in Notes 7, 8 and 9, respectively.

b. Fair Value of 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 reporting date.

Fair value losses of P1,213,222 in 2015 and P5,734,272 in 2014 on available-for-sale financial assets was reported in the Other comprehensive revenues. The carrying values of the assets are disclosed in Note 7.

The fair values of the Association's financial instruments are disclosed in Note 24.

c. Estimation of Useful Lives of Property and Equipment

The Association estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment 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 property and equipment are analysed in Note 10. Based on management's assessment as of December 31, 2015 and 2014, 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.

d. Valuation of Post-employment Defined Benefit

The determination of the Association's obligation and cost of post-employment is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 20 and include, among others, discount rates, expected rate of return on plan assets and expected rate of salary increases. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit as well as the significant assumptions used in estimating such obligation are presented in Note 20.

e. Impairment of Non-financial Assets

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

In 2015 and 2014, there were no impairment losses recognized on non-financial assets.



5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	<u>2015</u>	<u>2014</u>
Cash in banks	P 48,383,366	P 37,792,073
Short-term placements	<u>49,456,857</u>	<u>44,036,093</u>
	<u>P 97,840,223</u>	<u>P 81,828,166</u>

Cash in banks generally earn interest at rates based on daily banks deposit rates. Short-term placements are made for varying periods of between 30 to 90 days and earn effective annual interest ranging from 1.25% to 4.25% in 2015 and 0.75% to 3.50% in 2014.

The interest earned on cash in banks and short-term placements amounted to P1,153,836 in 2015 and P911,935 in 2014 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive revenues.

6. SHORT-TERM INVESTMENTS

The short-term investments amounted to P43,720,705 in 2015 and P31,093,974 in 2014. These investments have a term for more than three months but less than one-year term and bear an annual effective interest ranging from 1.50% to 5.25% in 2015 and 2014.

The interest earned on short-term investments amounted to P1,079,156 in 2015 and P916,705 in 2014 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive revenues.

7. AVAILABLE-FOR-SALE SECURITIES

This account comprises of equity securities as follows:

	<u>2015</u>	<u>2014</u>
Quoted	P 78,172,830	P 63,385,687
Unquoted	<u>500,000</u>	<u>500,000</u>
	<u>P 78,672,830</u>	<u>P 63,885,687</u>

The reconciliation of the carrying amounts of available-for-sale financial assets is as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 63,885,687	P 40,365,800
Additions	60,894,067	72,112,952
Disposals	(44,893,702)	(42,858,793)
Fair value losses	<u>(1,213,222)</u>	<u>(5,734,272)</u>
Balance at end of year	<u>P 78,672,830</u>	<u>P 63,885,687</u>



In 2015 and 2014, the Association recognized gain from disposal of securities amounting to P3,770,580 and P3,913,412, respectively. These are presented as Income from sale of available-for-sale securities in the statements of comprehensive revenues. The interest earned on these securities amounts to P104,785 in 2015 and P240,745 in 2014 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive income.

Quoted equity securities consist of investments in companies listed in the Philippine Stock Exchange. Unquoted equity security consists of investment in a non-stock association.

The fair values of listed equity securities have been determined directly by reference to published prices in active markets.

Unquoted equity securities are carried at cost since fair values bases are neither readily available nor is there an alternative basis for deriving a reasonable valuation as of reporting date. Management believes that no impairment should be recognized with this investment.

8. HELD-TO-MATURITY INVESTMENTS

This account consists of the following treasury bonds:

	<u>2015</u>	<u>2014</u>
5-Year Treasury Bonds	P -	P 5,000,000
10-Year Treasury Bonds	10,000,000	10,000,000
20-Year Treasury Bonds	<u>7,000,000</u>	<u>7,000,000</u>
	<u>P 17,000,000</u>	<u>P 22,000,000</u>

Treasury bonds bear interest ranging from 3.25% to 7.25% in 2015 and 2014. These investments were set aside as guarantee fund reserves in compliance with the Association's registration as mutual benefit association.

The interest earned on these investments amounted to P859,689 in 2015 and P1,266,736 in 2014 and are presented as part of Interest on investment securities and deposits with banks in the statements of comprehensive revenues.

9. LOANS AND OTHER RECEIVABLES

The details of this account are shown below:

	<u>2015</u>	<u>2014</u>
Consumption loans	P 324,471,801	P 288,033,403
Accrued interest receivable	20,066,852	15,356,720
Accounts receivable	<u>5,397,473</u>	<u>9,761,853</u>
	349,936,126	313,151,976
Allowance for impairment losses	(<u>6,154,639</u>)	(<u>5,536,639</u>)
	<u>P 343,781,487</u>	<u>P 307,615,337</u>



In the statements of financial position, these are presented as follows:

	<u>2015</u>	<u>2014</u>
Current	P 190,256,544	P 175,386,946
Non-current	<u>153,524,943</u>	<u>132,228,391</u>
	<u>P 343,781,487</u>	<u>P 307,615,337</u>

The Association grants loans ranging from P1,000 to P12,000,000 and P1,000 to P10,000,000 with annual effective interest rates ranging from 5% to 16% in 2015 and 2014.

The interest earned on loans and other receivables amounted to P30,477,316 in 2015 and P29,183,534 in 2014 and are presented as Interest on loans in the statements of comprehensive revenues.

Accounts receivable pertains to unremitted collections and receivable to borrowers who reacquired their previously foreclosed properties.

The Association collects service fees at 3% of loans granted. Service fees amounted to P6,071,031 and P5,345,329 in 2015 and 2014, respectively and presented as Services charges and fees in the statement of comprehensive revenues.

Past due loans amounted to P11,454,467 in 2015 and P10,307,259 in 2014.

The movements in the allowance for impairment losses in loans receivables are as follow:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 5,536,639	P 5,253,156
Impairment losses during the year	965,291	384,003
Reversal	(347,291)	(100,520)
Balance at end of year	<u>P 6,154,639</u>	<u>P 5,536,639</u>



10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2015 and 2014 are shown below:

	<u>Building and Improvements</u>	<u>Transportation Equipment</u>	<u>Furniture Fixtures and Equipment</u>	<u>Land</u>	<u>Total</u>
December 31, 2015					
Cost or valuation	P 12,263,704	P 3,632,221	P 5,363,882	P 6,182,137	P 27,441,944
Accumulated depreciation	(4,346,011)	(2,698,116)	(4,761,158)	(-)	(11,805,285)
Net carrying amount	<u>P 7,917,693</u>	<u>P 934,105</u>	<u>P 602,724</u>	<u>P 6,182,137</u>	<u>P 15,636,659</u>
December 31, 2014					
Cost or valuation	P 12,194,024	P 3,438,321	P 4,870,728	P 6,182,137	P 26,685,210
Accumulated depreciation	(3,952,541)	(2,129,576)	(4,276,564)	(-)	(10,358,681)
Net carrying amount	<u>P 8,241,483</u>	<u>P 1,308,745</u>	<u>P 594,164</u>	<u>P 6,182,137</u>	<u>P 16,326,529</u>
January 1, 2014					
Cost or valuation	P 11,523,389	P 3,675,821	P 4,623,769	P 7,530,436	P 27,353,415
Accumulated depreciation	(3,458,278)	(1,762,902)	(3,605,607)	(-)	(8,826,787)
Net carrying amount	<u>P 8,065,111</u>	<u>P 1,912,919</u>	<u>P 1,018,162</u>	<u>P 7,530,436</u>	<u>P 18,526,628</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2015 and 2014 is shown below:

	<u>Building And Improvements</u>	<u>Transportation Equipment</u>	<u>Furniture Fixtures and Equipment</u>	<u>Land</u>	<u>Total</u>
Balance at January 1, 2015, net of accumulated depreciation					
	P 8,241,483	P 1,308,745	P 594,164	P 6,182,137	P 16,326,529
Additions	69,680	193,900	493,154	-	756,734
Depreciation charge for the year (see Note 15)	(393,470)	(568,540)	(484,594)	-	(1,446,604)
Balance at December 31, 2015, net of accumulated depreciation	<u>P 7,917,693</u>	<u>P 934,105</u>	<u>P 602,724</u>	<u>P 6,182,137</u>	<u>P 15,636,659</u>
Balance at January 1, 2014, net of accumulated depreciation					
	P 8,065,111	P 1,912,919	P 1,018,162	P 7,530,436	P 18,526,628
Additions	670,635	319,500	246,959	-	1,237,094
Disposal - net	-	(139,250)	-	-	(139,250)
Transfer to investment property - net (see Note 11)	-	-	-	(1,348,299)	(1,348,299)
Depreciation charge for the year (see Note 15)	(494,263)	(784,424)	(670,957)	-	(1,949,644)
Balance at December 31, 2014, net of accumulated depreciation	<u>P 8,241,483</u>	<u>P 1,308,745</u>	<u>P 594,164</u>	<u>P 6,182,137</u>	<u>P 16,326,529</u>

As of December 31, 2015 and 2014, the management believes that there is no indication of impairment and that the carrying value of the property and equipment can be recovered through use in operations.

In addition, there were no property and equipment pledge as security or collateral for liabilities.



11. INVESTMENT PROPERTY

The Association's investment property pertains to the portion of the land and land improvements held for sale and lease. These also include real and other properties acquired in satisfaction of unsettled debts. The Association currently holds these acquired assets for purposes of capital appreciation and continues to value its properties using the cost model.

The gross carrying amounts and the accumulated depreciation of investment property are shown below:

	<u>Land</u>	<u>Land Improvements</u>	<u>Total</u>
December 31, 2015			
Cost	P 70,773,976	P 341,782	P 71,115,758
Accumulated depreciation	<u>-</u>	<u>(27,240)</u>	<u>(27,240)</u>
Net carrying amount	<u>P 70,773,976</u>	<u>P 314,542</u>	<u>P 71,088,518</u>
December 31, 2014			
Cost	P 62,250,597	P 341,782	P 62,592,379
Accumulated depreciation	<u>-</u>	<u>(13,620)</u>	<u>(13,620)</u>
Net carrying amount	<u>P 62,250,597</u>	<u>P 328,162</u>	<u>P 62,578,759</u>

The reconciliations of the carrying amounts at the beginning and end of 2015 and 2014, of investment property, are shown below:

	<u>Land</u>	<u>Land Improvements</u>	<u>Total</u>
Balance at January 1, 2015, net of accumulated depreciation	P 62,250,597	P 328,162	P 62,578,759
Aquisitions	9,974,165	-	9,974,165
Adjustments	933,754	-	933,754
Depreciation charge for the year	-	<u>(13,620)</u>	<u>(13,620)</u>
Disposal	<u>(2,384,540)</u>	<u>-</u>	<u>(2,384,540)</u>
Balance at December 31, 2015, net of accumulated depreciation	<u>P 70,773,976</u>	<u>P 314,542</u>	<u>P 71,088,518</u>
Balance at January 1, 2014, net of accumulated deprecation	P 71,357,159	P 341,782	P 71,698,941
Adjustments	<u>(9,046,607)</u>	-	<u>(9,046,607)</u>
Depreciation charge for the year	-	<u>(13,620)</u>	<u>(13,620)</u>
Disposal	<u>(1,408,254)</u>	-	<u>(1,408,254)</u>
Transfers from property and equipment- net (see Note 10)	<u>1,348,299</u>	<u>-</u>	<u>1,348,299</u>
Balance at December 31, 2014, net of accumulated depreciation	<u>P 62,250,597</u>	<u>P 328,162</u>	<u>P 62,578,759</u>



The Association recognized gain on sale of investment property amounting P3,846,750 in 2015 and P1,830,008 in 2014 are presented as part of Other income in the statements comprehensive of revenues (see Note 15).

The Association's investment properties include real and other properties acquired in satisfaction of unsettled debts. The Association currently holds these acquired assets for purposes of capital appreciation and continues to value its properties using the cost model.

The fair value information of the investment properties as at December 31, 2015 and 2014 cannot be determined reliably primarily because comparable market transactions were infrequent and alternative reliable estimates of fair value based on discounted cash flow projections were not available as at the financial reporting date.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	<u>2015</u>	<u>2014</u>
Current:		
Accounts payable	P 6,536,864	P 8,832,541
Accrued expenses	3,059,917	2,785,710
Insurance claims payable	880,000	530,000
Due to government agencies	500,588	511,077
Income tax payable	<u>1,157,117</u>	<u>309,560</u>
	<u>P 12,134,486</u>	<u>P 12,968,888</u>
Non-Current-		
Advance deposit	<u>P 122,712</u>	<u>P 122,256</u>

13. LEGAL POLICY RESERVES

This account represents the amount set-up by the Association to cover future benefit payments to members based on the amounts recommended by an independent actuary accredited by the Insurance Commission.

The movement of legal policy reserves is presented below:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 380,545,334	P 317,475,297
Transfer from free and unassigned fund balance	<u>72,340,853</u>	<u>63,070,037</u>
Balance at end of year	<u>P 452,886,187</u>	<u>P 380,545,334</u>



14. INSURANCE PREMIUM RESERVES

This account represents the amount set-up by the Association as insurance premium reserves based on 50% of the total insurance collected from the members to cover any insurance claim by the members.

The account is broken down as follows:

	<u>2015</u>	<u>2014</u>
Insurance fund collateral	P 1,679,672	P 1,219,372
Multiply by 50%	<u>50%</u>	<u>50%</u>
	<u>P 839,836</u>	<u>P 609,686</u>

The movements of this account are as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 609,686	P 554,166
Additional reserves	<u>230,150</u>	<u>55,520</u>
Balance at end of year	<u>P 839,836</u>	<u>P 609,686</u>

15. EXPENSES AND OTHER REVENUES

Expenses

This account is consists of the following:

	<u>2015</u>	<u>2014</u>
Salaries, wages and employees benefits (see Notes 19 and 20)	P 8,871,969	P 9,164,230
Insurance claims	6,350,000	5,570,000
Meetings and conferences	2,743,912	2,279,084
Transportation and travel	2,169,853	1,425,050
Depreciation (see Notes 10 and 11)	1,460,224	1,963,264
Impairment losses (see Note 9)	965,291	384,003
Administrative expenses	932,916	959,655
Stationery and office supplies	877,031	805,246
Utilities	475,993	424,741
Professional fees	423,150	502,733
Contractors fees	329,742	190,138
Taxes and licenses (see Note 26)	285,759	318,452
Communication	244,939	269,126
Repairs and maintenance	222,751	360,616
Commission	185,125	187,994
Miscellaneous	<u>1,286,799</u>	<u>1,523,777</u>
	<u>P 27,825,454</u>	<u>P 26,328,109</u>



These expenses are classified in the statements of comprehensive revenues as follows:

	<u>2015</u>	<u>2014</u>
Operating expenses	P 21,475,454	P 20,758,109
Benefit expenses	<u>6,350,000</u>	<u>5,570,000</u>
	<u>P 27,825,454</u>	<u>P 26,328,109</u>

Other Revenues

This account consist of the following:

	<u>2015</u>	<u>2014</u>
Gain on sale of investment property (see Note 11)	P 3,846,750	P 1,830,008
Penalty income	829,137	582,585
Rental income (see Note 22)	779,156	866,719
Miscellaneous	<u>1,028,232</u>	<u>864,175</u>
	<u>P 6,483,275</u>	<u>P 4,143,487</u>

16. MEMBERS' CONTRIBUTIONS

The Association collects monthly contributions from members ranging from P100 to P20,000 depending on the mode of payments and insurance cover which forms part of general fund and insurance fund. The general fund amounted to P9,123,595 and P9,129,938 and in 2015 and 2014, respectively while insurance fund amounted to P17,371,370 and P14,835,530 in 2015 and 2014, respectively. These funds were presented in the statements of comprehensive revenues.

Members can only withdraw the contributed equity upon termination of membership in the Association. A portion of members' equity is transferred to general fund when members fail to remit their monthly loan contributions. Members whose equity is less than the members' outstanding loan balance are reclassified as non-members. Total contributions amounted to P117,848,482 and P109,741,027 in 2015 and 2014, respectively.

Membership fees are recorded as revenues and are shown as Membership fees in the statements of comprehensive revenues. Membership fees amounted to P743,800 and P738,950 in 2015 and 2014, respectively.

As of December 31, 2015 and 2014, the Association has a total of 100,465 and 88,227 members, respectively.

17. DIVIDENDS

The Association's Board of Trustees declared dividends amounting to P38,321,408 in 2014. These dividends are being transferred to contributed equity and is available for distribution to members.



18. FUND BALANCE

Assigned Fund Balance

This account is composed of:

	<u>2015</u>	<u>2014</u>
Guaranty fund	P 33,000,000	P 33,000,000
Allocation of funds	<u>2,000,000</u>	<u>2,000,000</u>
	<u>P 35,000,000</u>	<u>P 35,000,000</u>

Fund Assigned for Guaranty Fund

This pertains to the portion of the fund balance set aside for guaranty fund.

Fund Assigned for Member's Benefits

These funds were assigned for the following accounts:

Funds for incremental benefit for individual equity value	P 500,000
Funds assigned for education and training	500,000
Funds assigned for other member's benefit	500,000
Funds assigned for community development	<u>500,000</u>
	<u>P 2,000,000</u>

Accumulated Other Comprehensive Loss

The breakdown of revaluation reserves is shown below:

	<u>Fair value gain (loss) of AFS</u>	<u>Actuarial gain on Remeasurements of Retirement benefit obligation</u>	<u>Total</u>
December 31, 2015			
Balance at beginning of year	(P 20,581,945)	(P 4,023,683)	(P 24,605,628)
Revaluation during the year	<u>(1,213,222)</u>	<u>136,793</u>	<u>(1,076,429)</u>
Balance at end of year	<u>(P 21,795,167)</u>	<u>(P 3,886,890)</u>	<u>(P 25,682,057)</u>
December 31, 2014			
Balance at beginning of year	(P 14,847,673)	(P 11,668,441)	(P 26,516,114)
Revaluation during the year	<u>(5,734,272)</u>	<u>7,644,758</u>	<u>1,910,486</u>
Balance at end of year	<u>(P 20,581,945)</u>	<u>(P 4,023,683)</u>	<u>(P 24,605,628)</u>

19. RELATED PARTY TRANSACTIONS

The Association's related parties include the Association's employees, directors, officers, stockholders and related interest (DOSRI) and key management personnel.



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

	2015		2014	
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
DOSRI				
Loans and interest	P 557,255	P 1,916,276	P 783,616	P 1,359,021
Key Management Personnel				
Compensation	9,942,767	-	6,000,819	-

Loans and Receivables with Related Parties

In the ordinary course of business, the Association has loans and other transactions with its members, including officers and employees of the Association (hereinafter referred to as related parties). Under the Association's policy, these loans and other transactions are made substantially on the same terms as with other members.

The movement of these loans to related parties is presented below:

	2015	2014
Balance at beginning of year	P 1,359,021	P 575,405
Releases during the year	758,506	1,318,074
Collections during the year	(201,251)	(534,458)
Balance at end of year	<u>P 1,916,276</u>	<u>P 1,359,021</u>

The outstanding balance includes interest receivables amounting to P133,412 in 2015 and P40,945 in 2014. Total interest income recognized amounted to in P135,946 2015 and P82,031 in 2014 presented as part of Interest income on loans in the statements of comprehensive revenues.

Key Management Compensation

The compensation of key management is broken down as follows:

	2015	2014
Salaries and wages	P 2,547,035	P 1,762,739
Short-term benefits	461,452	225,367
Retirement benefits	<u>6,934,280</u>	<u>4,012,713</u>
	<u>P 9,942,767</u>	<u>P 6,000,819</u>

Key management includes general manager and higher positions.



20. EMPLOYEE BENEFITS

Salaries and Employee Benefit Expense

Expenses recognized for salaries and employee benefits are presented below:

	<u>2015</u>	<u>2014</u>
Salaries and wages	P 5,328,068	P 4,552,053
Employees welfare and benefits	1,587,782	1,683,886
Retirement costs	1,522,083	2,596,227
Social security costs	<u>434,036</u>	<u>332,064</u>
	<u>P 8,871,969</u>	<u>P 9,164,230</u>

Retirement Benefit Obligation

a. *Characteristics of the Retirement Benefit Obligation*

The Association does not have yet a tax-qualified, non-contributory retirement plan as of December 31, 2015.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 5 years of credited service and late retirement after age 60, both subject to the approval of the Association's BOD. Normal retirement benefit is an amount equivalent to 150% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

b. *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2015 and 2014.

The amounts of retirement benefit obligation recognized in the statements of financial position are as follows:

	<u>2015</u>	<u>2014</u>
Present value of the obligation	P 14,072,049	P 12,635,517
Fair value of plan assets	<u>(10,682,700)</u>	<u>(8,280,595)</u>
Retirement benefit obligation	<u>P 3,389,349</u>	<u>P 4,354,922</u>



The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 12,635,517	P 17,684,048
Interest cost	635,455	936,311
Current service cost	1,358,520	2,036,110
Benefits paid	(145,654)	-
Actuarial gains	(411,789)	(8,020,952)
Balance at end of year	<u>P 14,072,049</u>	<u>P 12,635,517</u>

The movements in the fair value of plan assets are presented below:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	P 8,280,595	P 5,929,732
Actual return	196,896	-
Contributions	2,350,863	2,350,863
Benefits paid	(145,654)	-
Balance at end of year	<u>P 10,682,700</u>	<u>P 8,280,595</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	P 8,395,685	P 5,086,460
Quoted equity securities	-	362,922
Retirement loan to employees	<u>2,287,015</u>	<u>2,831,213</u>
Balance at end of year	<u>P 10,682,700</u>	<u>P 8,280,595</u>

The fair values of the above equity and debt securities are determined based on the quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not compromise any of the Association's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive revenues in respect of the retirement benefit obligation are as follows:

	<u>2015</u>	<u>2014</u>
<i>Reported in profit or loss:</i>		
Current service costs	P 1,358,520	P 2,036,110
Interest costs	<u>163,563</u>	<u>560,117</u>
	<u>P 1,522,083</u>	<u>P 2,596,227</u>
<i>Reported in other comprehensive revenues-</i>		
Actuarial gains	<u>P 136,793</u>	<u>P 7,644,758</u>

Current service and interest cost is allocated and presented as part of operating expenses in the statement of profit or loss.



In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

	<u>2015</u>	<u>2014</u>
Discount rates	5.31%	5.03%
Expected rate of salary increases	7%	7%

Assumptions regarding mortality are based on published statistics and mortality tables. The average age of the employees is 35.78 years and 35.85 years in 2015 and 2014, respectively, while the average years of service is 7.08 in 2015 and 7.37 years in 2014. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

c. Risks Associated with the Retirement Plan

The plan exposes the Association to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

i. Interest Risk

The present value of the retirement benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

ii. Longevity and Salary Risks

The present value of the retirement benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

d. Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below:

Sensitivity Analysis

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefit obligation at the actuarial valuation report date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement, based on changes in the relevant assumption that were reasonably possible at the valuation date, while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the retirement benefit obligation.



The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31, 2015 and 2014:

	Impact on defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2015			
Discount rate	1%	P 2,624,361	(P 2,572,393)
Salary increase rate	1%	2,396,945	(2,349,481)
Withdrawal rate	10%	(107,848)	105,712
December 31, 2014			
Discount rate	1%	P 2,332,025	(P 2,276,044)
Salary increase rate	1%	2,113,109	(2,071,265)
Withdrawal rate	10%	(247,353)	242,455

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statements of financial position.

21. TAX EXPENSE

The components of tax expense as reported in the statements of revenues are presented below:

	2015	2014
Final tax at 20%	P 618,536	P 619,075
Regular corporate income tax	<u>1,387,772</u>	<u>827,243</u>
	<u>P 2,006,308</u>	<u>P 1,446,318</u>

As mentioned in Note 1, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the Association's income from rental is subjected to regular income tax of 30%.

In 2013, the Association donated computer equipment to Alexis G. Santos National High School, Masagana Public High School and Lolomboy National High School amounting to P164,350. Likewise, the Association donated computer equipment of P147,045 to San Gabriel Elementary School in 2012, science equipment package of P73,550 in 2011 to Turo Elementary School located in Bocaue, Bulacan and P80,000 in 2010 to Sta. Maria Elementary School located in Poblacion, Sta. Maria, Bulacan. Under the Memorandum of Agreement between the Association and Department of Education, the Association entitles to tax incentives equivalent to the amount donated plus an additional 50% of the amount donated subject to approval by the Bureau of Internal Revenue (BIR) pursuant to Revenue Regulations No. 10-2003.



On June 30, 2014, the Association received an exception from the BIR for the Adopt a School Program in favor of DepEd Turo Elementary School and Sta. Maria Elementary School. The said exemption entitles the Association to a full deductibility of donation and entitlement to a 50% additional deduction. The donation also exempts the Association from paying donors tax pursuant to R.A. 8525.

22. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Association:

Operating Lease

The Association is a lessor on various offices with terms ranging from one to ten years, with renewal options, and includes annual escalation rates of 10%. The future minimum lease payments receivable under these leases as of December 31 are as follows:

	<u>2015</u>		<u>2014</u>
Within one year	P 466,654	P	636,293
After one year but not more than five years	<u>96,351</u>		<u>527,505</u>
	<u>P 563,005</u>	P	<u>1,163,798</u>

Rental income recognized from these leases amounted to P779,156 in 2015 and P866,719 in 2014 and presented as part of Others under Revenues account in the statements of comprehensive revenues.

Others

In the normal course of business, the Association makes various commitments and incurs certain contingent liabilities that are not given recognition in the Association's financial statements. As of December 31, 2015, management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Association's financial statements.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to a variety of financial risks in relation to financial instruments. The Association's financial assets and liabilities by category are summarized in Note 24. The main types of risks are market risk, credit risk and liquidity risk.

The Association's risk management is coordinated with the Board of Trustees, and focuses on actively securing the Association's short- to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Association does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Association is exposed to are described below.



Market Risk

The Association is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both its operating and investing activities.

a. Foreign Currency Sensitivity

The Association has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency.

b. Interest Rate Sensitivity

The Association's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Association is exposed only to changes in market interest rates through its cash and cash equivalents, short-term investments and HTM investments as there are no existing bank borrowings. All other financial assets (such as loans and other receivables) and financial liabilities (such as accounts payable and other liabilities) have fixed interest rates.

Interest income would have either increased or decreased by P1,163,297 in 2015 and P919,413 in 2014 assuming reasonably possible change in interest rates of +/-0.82% for regular savings and +/-1.49% for time deposit account in 2015 and 2014, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Association's cash and cash equivalents held at December 31, 2015 and 2014. All other variables are held constant.

c. Other Price Risk Sensitivity

The Association's market price risk arises from its investments carried at fair value (available-for-sale securities). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments. For these securities, an average volatility of 23% has been observed in both years. If quoted price for these securities increased or decreased by that amount, profit before tax would have changed by P15,893,170 in 2015 and P7,526,985 in 2014.

These investments are considered long-term strategic investments. No specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity investments are utilized in the Association's favor.

Credit Risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Association. The Association is exposed to this risk for various financial instruments, for example by granting loans and receivables to borrowers, placing deposits and investment in bonds.



An analysis of the maximum exposure to credit risk, net of allowance for credit and impairment losses, to credit risk exposures before taking into account any collateral held or other credit enhancements for the components of the statements of financial position is shown below:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	P 97,840,223	P 81,828,166
Short-term investments	43,720,705	31,093,974
AFS securities	78,672,830	63,885,687
HTM investments	17,000,000	22,000,000
Loans and other receivables	<u>343,781,487</u>	<u>307,615,337</u>
	<u>P 581,015,245</u>	<u>P 506,423,164</u>

The following tables show the credit quality of financial assets by class (gross of allowance) of the Association:

	2015					
	Neither Past Due Nor Impaired			Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Cash and cash equivalents	P 97,840,223	P -	P -	P -	P -	P 97,840,223
Short-term investments	43,720,705	-	-	-	-	43,720,705
AFS Securities	78,672,830	-	-	-	-	78,672,830
HTM investments	17,000,000	-	-	-	-	17,000,000
Loans and receivables:						
Consumption loans	-	313,017,334	-	5,299,828	6,154,639	324,471,801
Accrued interest receivable	-	20,066,852	-	-	-	20,066,852
Accounts receivable	-	5,397,473	-	-	-	5,397,473
	<u>P 237,233,758</u>	<u>P 338,481,659</u>	<u>P -</u>	<u>P 5,299,828</u>	<u>P 6,154,639</u>	<u>P 587,169,884</u>

	2014					
	Neither Past Due Nor Impaired			Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Cash and cash equivalents	P 81,828,166	P -	P -	P -	P -	P 81,828,166
Short-term investments	31,093,974	-	-	-	-	31,093,974
AFS Securities	63,885,687	-	-	-	-	63,885,687
HTM investments	22,000,000	-	-	-	-	22,000,000
Loans and receivables:						
Consumption loans	-	274,533,130	-	7,963,634	5,536,639	288,033,403
Accrued interest receivable	-	15,356,720	-	-	-	15,356,720
Accounts receivable	-	9,671,853	-	-	-	9,671,853
	<u>P 198,807,827</u>	<u>P 299,561,703</u>	<u>P -</u>	<u>P 7,963,634</u>	<u>P 5,536,639</u>	<u>P 511,869,803</u>



The succeeding tables show the aging analysis of past due loans and other receivables but not yet impaired. Under PFRS, a financial asset is past due when the counterparty has failed to make a payment when contractually due.

	2015					
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Loans and receivables:						
Consumption	P -	P 135,399	P 490,917	P 115,587	P 4,577,925	P 5,299,828
Accounts receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
	<u>P -</u>	<u>P 135,399</u>	<u>P 490,917</u>	<u>P 115,587</u>	<u>P 4,577,925</u>	<u>P 5,299,828</u>
	2014					
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Loans and receivables:						
Consumption	P 47,425	P 473,670	P 143,611	P 276,781	P 7,022,147	P 7,963,634
Accounts receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
	<u>P 47,425</u>	<u>P 473,670</u>	<u>P 143,611</u>	<u>P 276,781</u>	<u>P 7,022,147</u>	<u>P 7,963,634</u>

The Association's management considers the net amount of the above financial assets that are not impaired or past due for each reporting dates are of good credit quality. The bases in grading the Association's financial assets are as follows:

1. *High Grade*

These are financial assets which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security is readily enforceable.

2. *Standard Grade*

These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but with the experience of default.

3. *Substandard Grade*

These are receivables where the counterparty has the experience of default and probability of turning past due in the near future and/or are already past due.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Association's inability to meet its obligations when they fall due without incurring unacceptable losses or costs.

The Association's Management Committee is responsible for the overall management and oversight of the Association's liquidity profile, while the day to day management of liquidity is assumed by the Finance Department. A cash flow mismatch analysis is used to measure the Association's liquidity. A maturity ladder is constructed to determine the cumulative net excess or deficit of funds at appropriate time bands. Net cumulative outflow limits have been put in place to ensure that the Association's funding requirements are not strained.



The tables below summarize the maturity profile of the Association's financial instruments:

	2015				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial Assets:					
Cash and cash equivalents	P 48,383,366	P 49,456,857	P -	P -	P 97,840,223
Short-term investments	-	-	43,720,705	-	43,720,705
AFS securities	78,672,830	-	-	-	78,672,830
HTM investments	-	-	-	17,000,000	17,000,000
Loans and Receivables - gross	<u>84,251,621</u>	<u>32,227,921</u>	<u>79,830,242</u>	<u>153,626,342</u>	<u>349,936,126</u>
	<u>211,307,817</u>	<u>81,684,778</u>	<u>123,550,947</u>	<u>170,626,342</u>	<u>587,169,884</u>
Financial liabilities:					
Accounts payable and other liabilities	10,476,781	-	-	122,712	10,599,493
Legal policy reserves	452,886,187	-	-	-	452,886,187
Insurance premium reserves	<u>839,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839,836</u>
	<u>464,202,804</u>	<u>-</u>	<u>-</u>	<u>122,712</u>	<u>464,325,516</u>
Cumulative gap	<u>(P 252,894,987)</u>	<u>P 81,684,778</u>	<u>P 123,550,947</u>	<u>P 170,503,630</u>	<u>P 122,844,368</u>
2014					
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial Assets:					
Cash and cash equivalents	P 37,792,073	P 44,036,093	P -	P -	P 81,828,166
Short-term investments	-	-	31,093,974	-	31,093,974
AFS securities	63,885,687	-	-	-	63,885,687
HTM investments	-	-	-	22,000,000	22,000,000
Loans and Receivables - gross	<u>57,674,037</u>	<u>37,650,000</u>	<u>85,599,548</u>	<u>132,228,391</u>	<u>313,151,976</u>
	<u>159,351,797</u>	<u>81,686,093</u>	<u>116,693,522</u>	<u>154,228,391</u>	<u>511,959,803</u>
Financial liabilities:					
Accounts payable and other liabilities	12,148,251	-	-	122,256	12,270,507
Legal policy reserves	380,545,334	-	-	-	380,545,334
Insurance premium reserves	<u>609,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,686</u>
	<u>393,303,271</u>	<u>-</u>	<u>-</u>	<u>122,256</u>	<u>393,425,527</u>
Cumulative gap	<u>(P 233,951,474)</u>	<u>P 81,686,093</u>	<u>P 116,693,522</u>	<u>P 154,106,135</u>	<u>P 118,534,276</u>

To ensure that the Association maintains a prudent and management level of cumulative negative gap, the Association maintains a pool of highly liquid assets in the form of short-term investments. Further, the Association has pending credit lines with the banks in the event of funding its operations.



24. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS

a. Fair Value of Financial Instruments

The following tables set forth the carrying values and estimated fair values of financial assets and liabilities, by category and by class, recognized as of December 31, 2015 and 2014:

	2015		2014	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<i>Financial Assets</i>				
Cash and cash equivalents	P 97,840,223	P 97,840,223	P 81,828,166	P 81,828,166
Short-term investments	43,720,705	43,720,705	31,093,974	31,093,974
AFS securities	78,672,830	78,672,830	63,885,687	63,885,687
HTM investments	17,000,000	17,000,000	22,000,000	22,000,000
Loans and other receivables	<u>349,936,126</u>	<u>343,781,487</u>	<u>313,151,976</u>	<u>307,615,337</u>
	<u>P 587,169,884</u>	<u>P 581,015,245</u>	<u>P 511,959,803</u>	<u>P 506,423,164</u>
<i>Financial Liabilities</i>				
Other financial liabilities:				
Accounts payable and other liabilities	P 10,599,493	P 10,599,493	P 12,270,507	P 12,270,507
Legal policy reserves	452,886,187	452,886,187	380,545,334	380,545,334
Insurance premium reserves	<u>839,836</u>	<u>839,836</u>	<u>609,686</u>	<u>609,686</u>
	<u>P 464,325,516</u>	<u>P 464,325,516</u>	<u>P 393,425,527</u>	<u>P 393,425,527</u>

The methods and assumptions used by the Association in estimating the fair value of the financial instruments are as follows:

i. Cash and cash equivalents and short-term investments

The carrying amounts approximate fair values given the short-term nature of the instruments.

ii. AFS securities

For publicly traded equity securities, fair values are based on quoted prices published in markets. For unquoted equity securities, fair value could not be reliably determined due to the unpredictable timing of future cash flows and the lack of suitable methods of arriving at a reliable fair value. These are carried at original cost less allowance for impairment loss.

iii. HTM investments and Loans and other receivables

HTM investments and loans and other receivables are net of impairment losses. The estimated fair value of these financial assets represents the discounted amount of estimated future cash flows expected to be received. Long term interest-bearing loans are periodically repriced at interest rates equivalent to the current market rates, to determine fair value.



iv. *Accounts payable and other liabilities, legal policy reserves, and insurance premium reserves*

These liabilities are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. Fair value of these short-term liabilities approximates their carrying values.

b. *Fair Value Hierarchy*

The Association uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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.

As of December 31, 2015 and 2014, AFS securities are the only financial assets (nil for liabilities) measured at fair value. The financial asset values are determined at fair value hierarchy as follows:

	<u>2015</u>	<u>2014</u>
Level 1	P 78,172,830	P 63,385,687
Level 2	-	-
Level 3	<u>500,000</u>	<u>500,000</u>
	<u>P 78,672,830</u>	<u>P 63,885,687</u>

25. **CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The Associations' capital management objectives are to ensure the Association's ability to continue as a going concern and to provide an adequate return to members by pricing products and services commensurately with the level of risk.

The Association sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Association manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Association may adjust the amount of dividends paid to members or sell assets to reduce debt.



The Association monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2015</u>	<u>2014</u>
Total liabilities	P 469,372,570	P 398,601,086
Total fund balance	<u>199,768,608</u>	<u>187,689,568</u>
Debt-to-fund ratio	<u>2.35:1.00</u>	<u>2.12:1.00</u>

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is 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.

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)*

The Association has no output VAT for the year 2015.

b. *Input VAT*

Input VAT arising from various purchases were directly charged by the Association as cost and expense.

c. *Taxes on Importation*

The Association has no tax on importation since it does not have any transactions which are subject to importation tax.

d. *Excise Tax*

The Association does not have excise tax in any of the year presented since it does not have any transactions which are subject to excise tax.

e. *Documentary Stamps Taxes*

The Association paid documentary stamp taxes on sale of investment property amounting to P9,600 for the year 2015.





f. *Taxes and Licenses*

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

Percentage taxes	P	48,252
Municipal license and permits		26,595
Insurance commission filing and license fee		20,200
Real property tax		5,607
Annual registration fee		500
Community certificate tax		500
Others		<u>184,105</u>
	P	<u>285,759</u>

g. *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2015 are shown below:

Compensation and employee benefits	P	420,749
Expanded		<u>44,820</u>
	P	<u>465,569</u>

h. *Deficiency Tax Assessment and Tax Case*

As of December 31, 2015, the Association neither has any deficiency tax assessment with the BIR nor does it has tax case outstanding or pending in courts or bodies outside the BIR in any of the open years.

Requirements under RR 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, and itemized deductions, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2015 statement of comprehensive income.

a. *Exempt Revenues*

The Association's exempt revenues for the year amounted to P35,187,448 relating to interest income on loans and other receivables.

b. *Cost of Service*

The Association does not have cost of service for the year.

c. *Exempt and Taxable Non-operating and Other Income*

The Associations taxable other income amounted to P4,625,906.



The Association's exempt non-operating and other income for the year are shown below:

Insurance fund	P	17,371,370
General fund		9,123,595
Service charges and fees		6,071,031
Income from sale of available-for-sale securities		3,770,580
Others		1,962,154
Membership fees		<u>743,800</u>
	P	<u>39,042,530</u>

d. *Itemized Deductions*

The Association's exempt itemized deductions for the year are shown below:

Salaries, wages and employees' benefits	P	8,871,969
Insurance		6,350,000
Meetings and conferences		2,743,912
Transportation and travel		2,169,853
Depreciation		1,460,224
Impairment losses		965,291
Administrative expenses		932,916
Stationery and office supplies		877,031
Communication, light and water		720,932
Professional fees		423,150
Contractors fees		329,742
Taxes and licenses		269,427
Repairs and maintenance		222,751
Commission		185,125
Miscellaneous		<u>1,286,799</u>
	P	<u>27,809,122</u>