COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 3 8 2 9 9

Company Name

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION INC.

Principal Office (No./Street/Barangay/City/Town)Province)

35 PASEO DEL CONGRESO, CATMON, CITY OF MALOLOS, BULACAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
praxisfides@gmail.com	(044) 791-3558	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	February 17	31-Dec

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
GENER LUCIANO	praxisfides@gmail.com	(044) 791-3558	

Contact Person's Address

35 PASEO DEL CONGRESO, CATMON, CITY OF MALOLOS, BULACAN

Note: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Financial Statements

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.

December 31, 2014 and 2013

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock,Non-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013
(Amounts in Philippine Peso)

		2014		2013
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents *(Note 5)*	**P**	**81,828,166**	P	93,593,388
Short-term investments *(Note 6)*		**31,093,974**		23,362,778
Available-for-sale securities *(Note 7)*		**63,885,687**		40,365,800
Loans and other receivables *(Note 9)*		**175,386,946**		117,981,989
Prepayments		**962,202**		1,258,890
Total Current Assets		**353,156,975**		276,562,845
NON-CURRENT ASSETS				
Held-to-maturity investments *(Note 8)*		**22,000,000**		22,000,000
Loans and other receivables *(Note 9)*		**132,228,391**		125,505,579
Property and equipment *(Note 10)*		**16,326,529**		18,526,628
Investment property *(Note 11)*		**62,578,759**		71,698,941
Total Non-current Assets		**233,133,679**		237,731,148
TOTAL ASSETS	**P**	**586,290,654**	P	514,293,993
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Accounts payable and other liabilities *(Note 12)*	**P**	**12,968,888**	P	16,535,980
Legal policy reserves *(Note 13)*		**380,545,334**		317,475,297
Insurance premium reserves *(Note 14)*		**609,686**		554,166
Total Current Liabilities		**394,123,908**		334,565,443
NON-CURRENT LIABILITIES				
Accounts payable and other liabilities *(Note 12)*		**122,256**		125,404
Retirement benefit obligation *(Note 20)*		**4,354,922**		11,754,316
Total Non-Current Liabilities		**4,477,178**		11,879,720
Total Liabilities		**398,601,086**		346,445,163
FUND BALANCE				
Free and unassigned fund balance		**177,295,196**		161,364,944
Assigned fund balance *(Note 18)*		**35,000,000**		33,000,000
Accumulated other comprehensive loss *(Note 18)*		**(24,605,628)**		(26,516,114)
Total Fund Balance		**187,689,568**		167,848,830
TOTAL LIABILITIES AND FUND BALANCE	**P**	**586,290,654**	P	514,293,993

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, 2014 AND 2013
(Amounts in Philippine Peso)

	2014	2013
REVENUES		
Interest on:		
Loans *(Note 9)*	**P 34,304,341**	P 27,071,580
Investment securities and deposits with banks *(Notes 5, 6 and 8)*	**3,336,121**	4,034,294
Income from sale of available-for-sale securities *(Note 7)*	**3,913,412**	6,055,647
Insurance fund *(Note 16)*	**14,835,530**	12,805,597
Service charges and fees *(Note 9)*	**5,345,329**	5,375,543
General fund *(Note 16)*	**9,129,938**	10,163,948
Membership fees *(Note 16)*	**738,950**	798,400
Others *(Notes 10, 11 and 22)*	**4,143,487**	2,103,890
	75,747,108	68,408,899
EXPENSES *(Note 15)*		
Operating expenses	**20,758,109**	18,028,319
Benefit expenses	**5,570,000**	3,030,000
	26,328,109	21,058,319
PROFIT BEFORE TAX	**49,418,999**	47,350,580
TAX EXPENSE *(Note 21)*	**1,446,318**	1,056,949
NET PROFIT	**47,972,681**	46,293,631
OTHER COMPREHENSIVE REVENUES (LOSS)		
Remeasurements of post-employment defined benefit obligation *(Note 20)*	**7,644,758**	518,723
Cummulative fair value gains on disposed available-for-sale securities *(Note 7)*	-	1,157,073
Fair value losses on available-for-sale securities *(Note 7)*	**(5,734,272)**	(12,314,877)
	1,910,486	(10,639,081)
TOTAL COMPREHENSIVE REVENUES	**P 49,883,167**	P 35,654,550

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, 2014 AND 2013
(Amounts in Philippine Peso)

	Free and Unassigned Fund balance	Assigned Fund Balance	Accumulated Other Comprehensive Loss	Total
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)	-	-	(P 76,713,420)
Transfer to legal policy reserves *(Note 13)*	(63,070,036)	-	-	(P 63,070,036)
Allocation for the year *(Note 18)*	(2,000,000)	2,000,000		-
Total comprehensive revenue for the year	47,972,681	-	1,910,486	49,883,167
Balance at December 31, 2014	**P 177,295,196**	**P 35,000,000**	**(P 24,605,628)**	**P 187,689,568**

	Free and Unassigned Fund balance	Assigned Fund Balane	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2013 *(Notes 16 and 18)*				
As previously reported	P 173,828,845	P 265,085	(P 3,689,869)	P 170,404,061
Additional equity contributions *(Note 18)*	(P 33,000,000)	33,000,000	-	-
Transfer to legal policy reserves *(Notes 13 and 18)*	(P 7,115,861)	-	-	(P 7,115,861)
Effect of adoption of PAS 19 *(Notes 3 and 18)*	467,464	-	(P 12,187,164)	(P 11,719,700)
As restated	134,180,448	33,265,085	(P 15,877,033)	151,568,500
Contributions during the year *(Note 16)*	99,238,097	-	-	99,238,097
Withdrawals during the year	(69,254,642)	-	-	(P 69,254,642)
Transfer to legal policy reserves *(Note 13)*	(49,092,590)	-	-	(P 49,092,590)
Utilization of revaluation reserves	-	(265,085)	-	(P 265,085)
Total comprehensive revenue for the year	46,293,631	-	(10,639,081)	35,654,550
Balance at December 31, 2013	**P 161,364,944**	**P 33,000,000**	**(P 26,516,114)**	**P 167,848,830**

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, 2014 AND 2013
(Amounts in Philippine Peso)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 49,418,999	P 47,350,580
Adjustments for:		
Depreciation *(Notes 10 and 11)*	1,963,264	2,001,672
Impairment losses *(Note 9)*	384,003	384,003
Gain on sale of property and equipment	(60,750)	-
Gain on sale of investment property	(1,830,008)	-
Gain on sale of available-for-sale securities *(Note 7)*	(3,913,412)	(6,055,647)
Interest income *(Notes 5, 6, 8 and 9)*	(37,640,462)	(31,105,874)
Operating profit before working capital changes	8,321,634	12,574,734
Increase in loans and other receivables	(64,511,772)	(49,898,079)
Decrease (increase) in prepayments	585,505	(274,331)
Increase (decrease) in accounts payable and other liabilities	(3,879,800)	6,471,632
Increase (decrease) in post-employment benefit obligation *(Note 20)*	(7,399,394)	1,750,210
Increase in insurance premium reserves	55,520	87,979
Cash used in operations	(66,828,307)	(29,287,855)
Interest received *(Notes 5 and 6)*	3,095,376	3,679,457
Cash paid for income taxes *(Note 21)*	(856,529)	(977,478)
Net Cash Used in Operating Activities	(64,589,460)	(26,585,876)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale securities	52,506,477	79,778,416
Interest received *(Notes 8 and 9)*	34,545,086	27,426,417
Decrease in investment properties *(Note 11)*	10,936,570	3,020,137
Decrease in property and equipment *(Note 10)*	1,348,299	-
Proceeds from sale of property and equipment	200,000	-
Increase in held-to-maturity investments	-	(1,000,000)
Acquisitions of property and equipment *(Note 10)*	(1,237,094)	(2,017,055)
Increase in short-term investments	(7,731,196)	(1,338,487)
Additions to available-for-sale securities *(Note 7)*	(72,112,952)	(102,071,373)
Net Cash From Investing Activities	18,455,190	3,798,055
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' contributions during the year *(Note 16)*	109,741,027	99,238,097
Members' withdrawals during the year	(73,371,979)	(69,254,642)
Allocations during the year	(2,000,000)	-
Utilization of revaluation reserves *(Note 18)*	-	(265,085)
Net Cash Provided by Financing Activities	34,369,048	29,718,370
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,765,222)	6,930,549
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	93,593,388	86,662,839
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 81,828,166	P 93,593,388

See Notes to Financial Statements.

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
(A Non-Stock, Non-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Trustees on April 13, 2015.

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 adoption of this standard result to reclassification of accounts in the 2013 financial statements.

The effects of the adoption of the revised SCA for MBAs on the statement of financial position for the year ended December 31, 2013 are shown below:

		As Previously Reported		Effect of Adoption of SCA for MBAs		As Adopted
Changes in fund balance:						
Contributed equity	P	166,096,241	(P	166,096,241)	P	-
Free and unassigned fund balance		-		133,096,241		133,096,241
Assigned fund balance	P	-	P	33,000,000	P	33,000,000

The adoption of SCA for MBAs did not have a material impact on Association's statement of cash flows for the year ended December 31, 2013.

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 2014 that are Relevant in the Association*

In 2014, the Association adopted for the first time the following new PFRS, revisions and amendments thereto that are relevant to the Association and effective for financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets —Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement-Novation of Derivatives And Continuation of Hedge Accounting
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

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

i. PAS 32 (Amendment), *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with its transitional provisions. The Association's existing offsetting and settlement arrangements for its financial instruments with its counterparties are not affected by the amendment; hence, such did not have an impact on the presentation of financial assets and financial liabilities on the Association's financial statements for any periods presented.

ii. PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets.* The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement,* such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the financial statements. This amendment did not result in additional disclosures in the financial statements since the recoverable amounts of the Association's non-financial assets where impairment losses have been recognized were determined based on value-in-use which have been adequately disclosed in accordance with PAS 36 *(see Notes 10 and 11)*.

iii. PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting.* The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Association neither enters intro transactions involving derivative instruments nor does it applies hedge accounting, the amendment did not have any impact on the Association's financial statements.

iv. Philippine Interpretation IFRIC 21, *Levies.* This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Association's financial statements.

b. *Effective in 2014 that are not Relevant to the Association*

Among the amendments to PFRS which are effective for the annual period beginning or after January 1, 2014, the Amendments to PFRS 10, *Consolidated Financial Statements,* PFRS 12, *Disclosure of Interests in Other Entities,* and PAS 27, *Separate Financial Statements,* in relation to the exception from consolidation for an investment equity of its investments in subsidiaries are not relevant to the Association.

c. *Effective Subsequent to 2014 but not Adopted Early*

There are new PFRS, amendments, annual improvements to existing standards effective for annual periods subsequent to 2014 which are adopted by the FRSC, subject to the approval of the BOA. 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.

a) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions employees or third parties is dependent on the number of years 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.

b) 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.

c) 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 economic benefits of an intangible assets 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 and expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

d) 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.

e) 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 other, 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.

f) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after July 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Association but management does not expect those to have material impact on the Association's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

a. 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.

b. 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 amount 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 employee or directors.

c. PFRS 13 (Amendment), *Fair Value Measurement.* The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvement to PFRS (2011-2013 Cycle)

a) 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 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

b) PAS 40 (Amendment), *Investment Property.* The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of 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.

Annual Improvements to PFRS (2012-2014 Cycle)

a) PFRS 5 (Amendment), *Non-current Assets Held for Sale and Discounted Operations.* The amendment clarifies that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of PFRS 5 does not apply. It also states that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of PFRS 5.

b) 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 the asset.

c) 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, 2014 and 2013, 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, 2014 and 2013, 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 Taxes

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.

Related Party Relationships and Transactions

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.

Fund Balance

Assigned Fund Balance represent 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.

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, 2014 and 2013. 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 P5.73 million in 2014 and P12.31 million in 2013 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. *Estimating 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, 2014 and 2013, 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 2014 and 2013, 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:

	2014	2013
Cash in banks	**P 37,792,073**	P 44,940,101
Short-term placements	**44,036,093**	48,653,287
	P 81,828,166	P 93,593,388

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 .75% to 3.50% in 2014 and .88% to 4.63% in 2013.

The interest earned on cash in banks and short-term placements amounted to P911,935 in 2014 and P1,765,431 in 2013 and are presented as part of interest on investment securities and deposits with banks in the statement of comprehensive revenues.

6. SHORT-TERM INVESTMENTS

The short-term investments amounted to P 31,093,974 in 2014 and P23,362,778 in 2013. 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 2014 and 1.25% to 3.63% in 2013.

The interest earned on short-term investments amounted to P916,705 in 2014 and P471,123 in 2013 and are presented as part of interest on investment securities and deposits with banks in the statement of comprehensive revenues.

7. AVAILABLE-FOR-SALE SECURITIES

This account comprises of equity securities as follows:

	2014	2013
Quoted	**P 63,385,687**	P 39,865,800
Unquoted	**500,000**	500,000
	P 63,885,687	P 40,365,800

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

	2014	2013
Balance at beginning of year	**P 40,365,800**	P 23,175,000
Additions	**72,112,952**	102,071,373
Disposals	**(42,858,793)**	(73,722,769)
Fair value losses	**(5,734,272)**	(11,157,804)
Balance at end of year	**P 63,885,687**	P 40,365,800

In 2014 and 2013, the Association recognized gain from disposal of securities amounting to P3,913,412 and P6,055,647, respectively. These are presented as income from sale of available- for-sale securities in the statement of comprehensive revenues.

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:

	2014	2013
5-Year Treasury Bonds	**P 5,000,000**	P 5,000,000
10-Year Treasury Bonds	**10,000,000**	10,000,000
20-Year Treasury Bonds	**7,000,000**	7,000,000
	P 22,000,000	P 22,000,000

Treasury bonds bear interest ranging from 3.25% to 7.25% in 2014 and 2013. 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 P1,155,000 in 2014 and P1,440,141 in 2013 and are presented as part of interest on investment securities and deposits with banks in the statement of comprehensive revenues.

9. LOANS AND OTHER RECEIVABLES

The details of this account are shown below:

	2014	2013
Consumption loans	**P 288,033,403**	P 227,946,768
Other receivables:		
Accrued interest receivable	**15,356,720**	10,235,913
Accounts receivable	**9,761,853**	10,558,043
	313,151,976	248,740,724
Allowance for impairment losses	**(5,536,639)**	(5,253,156)
	P 307,615,337	P 243,487,568

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

	2014	2013
Current	**P 175,386,946**	P 117,981,989
Non-current	**132,228,391**	125,505,579
	P 307,615,337	P 243,487,568

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% and 5% to 17% in 2014 and 2013, respectively.

The interest earned on loans and other receivables amounted to P34,304,341 in 2014 and P27,071,580 in 2013 and are presented as interest on loans in the statement 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 P5,345,329 and P5,375,543 in 2014 and 2013, respectively and presented as services charges and fees in the statement of comprehensive revenues.

Past due loans amounted to P10,307,259 in 2014 and P9,787,228 in 2013.

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

	2014	2013
Balance at beginning of year	**P 5,253,156**	P 4,869,153
Impairment losses during the year	**384,003**	384,003
Reversal	**(100,520)**	-
Balance at end of year	**P 5,536,639**	P 5,253,156

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2014 and 2013 are shown below:

	Building and Improvements	**Transportation Equipment**	**Furniture Fixtures and Equipment**	**Land**	**Total**
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	**P 8,241,483**	**P 1,308,745**	**P 594,164**	**P 6,182,137**	**P 16,326,529**
December 31, 2013					
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	P 8,065,111	P 1,912,919	P 1,018,162	P 7,530,436	P 18,526,628
January 1, 2013					
Cost or valuation	P 10,704,452	P 3,478,941	P 3,985,132	P 15,449,370	P 33,617,895
Accumulated depreciation	(3,089,382)	(1,024,372)	(2,732,180)	-	(6,845,934)
Net carrying amount	P 7,615,070	P 2,454,569	P 1,252,952	P 15,449,370	P 26,771,961

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2014 and 2013 is shown below:

	Building And Improvements	Transportation Equipment	Furniture Fixtures and Equipment	Land	Total
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	(494,263)	(784,424)	(670,957)	-	(1,949,644)
Balance at December 31, 2014, net of accumulated depreciation	**P 8,241,483**	**P 1,308,745**	**P 594,164**	**P 6,182,137**	**P 16,326,529**
Balance at January 1, 2013, net of accumulated depreciation	P 7,615,070	P 2,454,569	P 1,252,952	P 15,449,370	P 26,771,961
Additions	1,181,538	196,880	638,637	-	2,017,055
Transfer to investment property-net *(see Note 11)*	(362,601)	-	-	(7,918,934)	(8,281,535)
Depreciation charge for the year	(368,896)	(738,530)	(873,427)	-	(1,980,853)
Balance at December 31, 2012, net of accumulated depreciation	P 8,065,111	P 1,912,919	P 1,018,162	P 7,530,436	P 18,526,628

The Association recognized gain on sale of transportation equipment amounting to P60,750 presented as part of other income in the statement of comprehensive revenues.

There were no expenses recognized related to impairment in both years.

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:

	Land	Land Improvements	Total
December 31, 2014			
Cost	P 62,250,597	P 341,782	P 62,592,379
Accumulated depreciation	-	(13,620)	(13,620)
Net carrying amount	**P 62,250,597**	**P 328,162**	**P 62,578,759**
December 31, 2013			
Cost	P 71,357,159	P 362,601	P 71,719,760
Accumulated depreciation	-	(20,819)	(20,819)
Net carrying amount	P 71,357,159	P 341,782	P 71,698,941
January 1, 2013			
Cost	P 71,357,159	P 362,601	P 71,719,760
Accumulated depreciation	-	(20,819)	(20,819)
Net carrying amount	P 71,357,159	P 341,782	P 71,698,941

The reconciliations of the carrying amounts at the beginning and end of 2014 and 2013, of investment property, are shown below:

	Land	Land Improvements	Total
Balance at January 1, 2014, net of accumulated depredation	P 71,357,159	P 341,782	P 71,698,941
Adjustments	(9,046,608)		(9,046,608)
Depreciation charge for the year	-	(13,620)	(13,620)
Disposal	(1,408,254)		(1,408,254)
Transfers from property and equipment- net *(see Note 10)*	1,348,300	-	1,348,300
Balance at December 31, 2014, net of accumulated depreciation	**P 62,250,597**	**P 328,162**	**P 62,578,759**
Balance at January 1, 2013, net of accumulated depreciation	P 66,458,362	P -	P 66,458,362
Transfer to property and equipment	7,993,934	362,601	8,356,535
Depreciation		(20,819)	(20,819)
Adjustments	(3,095,137)	-	(3,095,137)
Balance at December 31, 2013, net of accumulated depreciation	P 71,357,159	P 341,782	P 71,698,941

The Association recognized gain on sale of investment property amounting P1,830,008 presented as part of other income in the statement comprehensive of revenues.

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, 2014 and 2013 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:

	2014	2013
Current:		
Accounts payable	**P 8,832,541**	P 13,227,235
Accrued expenses	**2,785,710**	3,218,400
Insurance claims payable	**530,000**	-
Due to government agencies	**511,077**	90,345
Income tax payable	**309,560**	-
	P 12,968,888	P 16,535,980
Non-Current:		
Advance deposit	**P 122,256**	P 125,404

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:

	2014	2013 (As Restated)
Balance at beginning of year	**P 317,475,297**	P 268,382,707
Transfer from free and unassigned fund balance	**63,070,037**	49,092,590
Balance at end of year	**P 380,545,334**	P 317,475,297

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:

	2014	2013
Insurance fund collateral	**P 1,219,372**	P 1,108,332
Multiply by 50%	**50%**	50%
	P 609,686	P 554,166

The movements of this account are as follows:

	2014	2013
Balance at beginning of year	**P 554,166**	P 466,187
Additional reserves	**55,520**	87,979
Balance at end of year	**P 609,686**	P 554,166

15. OPERATING EXPENSES

This account is consists of the following:

	2014	2013
Salaries, wages and employees benefits *(see Notes 19 and 20)*	**P 9,164,230**	P 7,627,204
Insurance claims	**5,570,000**	3,030,000
Meetings and conferences	**2,279,084**	1,469,281
Depreciation *(see Notes 10 and 11)*	**1,963,264**	2,001,672
Transportation and travel	**1,425,050**	1,919,640
Administrative expenses	**959,655**	714,728
Stationery and office supplies	**805,246**	835,384
Professional fees	**502,733**	368,477
Utilities	**424,741**	431,619
Impairment losses *(see Note 9)*	**384,003**	384,003
Repairs and maintenance	**360,616**	951,574
Taxes and licenses *(see Note 26)*	**318,452**	135,344
Communication	**269,126**	288,959
Contractors fees	**190,138**	-
Commission	**187,994**	-
Miscellaneous	**1,523,777**	900,434
	P 26,328,109	P 21,058,319

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

	2014	2013
Operating expenses	**P 20,758,109**	P 18,028,319
Benefit expenses	**5,570,000**	3,030,000
	P 26,328,109	P 21,058,319

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 P9,129,938 and P10,163,948 and in 2014 and 2013, respectively while insurance fund amounted to P14,835,530 and P12,805,597 in 2014 and 2013, respectively.

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 P109,741,027 and P99,238,097 in 2014 and 2013, respectively.

Membership fees are recorded as revenues and are shown as Membership fees in the statement of comprehensive revenues. Membership fees amounted to P738,950 and P798,400 in 2014 and 2013, respectively.

As of December 31, 2014 and 2013, the Association has a total of P88,227 and P76,005 members, respectively.

17. DIVIDENDS

The Association's Board of Trustees declared dividends amounting to P38,321,408 in 2014 and P41,549,578 in 2013. These dividends are being transferred to contributed equity and is available for distribution to members.

In accordance with the Insurance Commission, dividends distributed to inactive members were reclassified as Dividends payable in the statements of financial position.

18. FUND BALANCE

Assigned Fund Balance

Fund Assigned for Guaranty Fund

This pertains to the portion of the fund balance set aside for guaranty fund amounting to P33,000,000 in 2014 and 2013.

Fund Assigned for Member's Benefits

In 2014, additional 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		500,000
	P	2,000,000

Accumulated Other Comprehensive Loss

The breakdown of revaluation reserves are shown below:

	Fair value gain (loss)of AFS	Actuarial gain on Remeasurements of Retirement benefit obligation	Total
December 31, 2014			
Balance at beginning of year	(P 14,847,673)	(P 11,668,441)	(P 26,516,114)
Revaluation during the year	(5,734,272)	7,644,758	1,910,486
Balance at end of year	**(P 20,581,945)**	**(P 4,023,683)**	**(P 24,605,628)**
December 31, 2013			
Balance at beginning of year	(P 3,689,869)	(P 12,187,164)	(P 15,877,033)
Revaluation during the year	(11,157,804)	518,723	(10,639,081)
Balance at end of year	(P 14,847,673)	(P 11,668,441)	(P 26,516,114)

Prior Period Adjustments

The balance of free and unassigned fund balance as of January 1, 2012 were restated from the amount previously reported to reflect the following adjustments which is applicable to year prior to 2012:

	Member's Equity Contributions	Unassigned Fund Balance
Transfer to legal policy reserve	(P 7,115,861)	P -
Transfer to members equity contributions	(9,318)	(9,318)
Effect of adoption of PAS19	-	467,464
	(P 7,125,179)	P 458,146

The effect of the above restatements is to increase total liabilities by P7,115,861 in 2012.

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:

	2014		2013	
	Amount of Transaction	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
DOSRI				
Loans and interest	**P 783,616**	**P 1,359,021**	(P 76,730)	P 575,405
Key Management Personnel				
Compensation	**6,000,819**	**-**	5,756,270	-

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:

	2014	2013
Balance at beginning of year	**P 575,405**	P 652,135
Releases during the year	**1,318,074**	199,865
Collections during the year	**(534,458)**	(276,595)
Balance at end of year	**P 1,359,021**	P 575,405

The outstanding balance includes interest receivables amounting to P40,945 in 2014 and P15,608 in 2013. Total interest income recognized amounted to P82,031 in 2014 and P127,726 in 2013 presented as part of interest income on loans in the statement of comprehensive revenues.

Key Management Compensation

The compensation of key management is broken down as follows:

	2014	2013
Salaries and wages	**P 1,762,739**	P 1,574,294
Short-term benefits	**225,367**	1,925,929
Retirement benefits	**4,012,713**	2,256,047
	P 6,000,819	P 5,756,270

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:

	2014	2013
Salaries and wages	**P 4,552,053**	P 3,240,321
Retirement costs	**2,596,227**	2,256,047
Employees welfare and benefits	**1,683,886**	1,925,929
Social security costs	**332,064**	204,907
	P 9,164,230	P 7,627,204

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, 2014.

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 2014 and 2013.

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

	2014	2013
Present value of the obligation	**P 12,635,517**	P 17,684,048
Fair value of plan assets	**(8,280,595)**	(5,929,732)
Retirement benefit obligation	**P 4,354,922**	P 11,754,316

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

	2014	2013
Balance at beginning of year	**P 17,684,048**	P 16,375,242
Interest cost	**936,311**	963,941
Current service cost	**2,036,110**	1,638,888
Benefits paid	**-**	(428,517)
Actuarial gains	**(8,020,952)**	(865,506)
Balance at end of year	**P 12,635,517**	P 17,684,048

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

	2014	2013
Balance at beginning of year	**P 5,929,732**	P 5,852,413
Contributions	**2,350,863**	505,836
Benefits paid	**-**	(428,517)
Balance at end of year	**P 8,280,595**	P 5,929,732

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

	2014	2013
Cash and cash equivalents	**P 5,086,460**	P 1,993,564
Quoted equity securities	**362,922**	444,530
Retirement loan to employees	**2,831,213**	3,491,638
Balance at end of year	**P 8,280,595**	P 5,929,732

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:

	2014	2013
Reported in profit or loss:		
Current service costs	**P 2,036,110**	P 1,638,888
Interest costs	**560,117**	617,159
	P 2,596,227	P 2,256,047
Reported in other comprehensive revenues:		
Actuarial gains	**P 7,644,758**	P 518,723

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:

	2014	2013
Discount rates	**5.03%**	5.29%
Expected rate of salary increases	**7%**	10%

Assumptions regarding mortality are based on published statistics and mortality tables. The average age of the employees is 35.85 years and 35.03 years in 2014 and 2013, respectively, while the average years of service is 7.37 years in 2014 and 7.42 years in 2013. 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.

The plan exposes the Association to actuarial risks such as 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, 2014 and 2013:

	Impact on defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
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**
December 31, 2013			
Discount rate	1%	P 3,968,058	(P 3,571,252)
Salary increase rate	1%	3,546,766	(3,192,089)
Withdrawal rate	10%	(170,712)	153,641

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.

	2014	2013
Final tax at 20%	**P 619,075**	P 824,048
Regular corporate income tax	**827,243**	232,901
	P 1,446,318	P 1,056,949

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 exempt 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:

	2014	2013
Within one year	**P 636,293**	P 769,231
After one year but not more than five years	**527,505**	527,629
	P 1,163,798	P 1,296,860

Rental income recognized from these leases amounted to P866,719 in 2014 and P776,337 in 2013 and presented as part of Others under Revenues account in the statement 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, 2014, 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 lquidity 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 P113,920 in 2014 and P53,462 in 2013 assuming reasonably possible change in interest rates of +/-.82% for regular savings and +/-1.49% for time deposit account in 2014 and 2013, 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, 2014 and 2013. 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, loss before tax would have changed by P7,526,985 in 2014 and profit before tax of P2,566,295 in 2013.

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:

	2014	2013
Cash and cash equivalents	**P 81,828,166**	P 93,593,388
Short term investments	**31,093,974**	23,362,778
AFS securities	**63,885,687**	40,365,800
HTM investments	**22,000,000**	22,000,000
Loans and other receivables	**307,615,337**	243,487,568
	P 506,423,164	P 422,809,534

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

	2014					
	Neither Past Due Nor Impaired					
	High Grade	**Standard Grade**	**Substantard Grade**	**Past Due But Not Impaired**	**Impaired**	**Total**
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	-	269,463,875	-	7,963,634	10,605,894	288,033,403
Accrued interest receivable	-	15,088,396	-	-	-	15,088,396
Accounts receivable	-	10,030,177	-	-	-	10,030,177
	P 198,807,827	**P 294,582,448**	**P -**	**P 7,963,634**	**P 10,605,894**	**P 511,959,803**

	2013					
	Neither Past Due Nor Impaired			Past Due		
	High Grade	Standard Grade	Substantard Grade	But Not Impaired	Impaired	Total
Cash and cash equivalents	P 93,593,388	P -	P -	P -	P -	P 93,593,388
Short-term investments	23,362,778	-	-	-	-	23,362,778
AFS Securities	40,365,800	-	-	-	-	40,365,800
HTM investments	22,000,000	-	-	-	-	22,000,000
Loans and receivables:						
Consumption loans	-	218,159,540	-	5,902,850	3,884,378	227,946,768
Accrued interest receivable	-	10,235,913	-	-	-	10,235,913
Accounts receivable	-	10,558,043	-	-	-	10,558,043
	P 179,321,966	P 238,953,496	P -	P 5,902,850	P 3,884,378	P 428,062,690

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.

	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	-	-	-	-	-	-
	P 47,425	**P 473,670**	**P 143,611**	**P 276,781**	**P 7,022,147**	**P 7,963,634**

	2013					
	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 -	P -	P 1,220,252	P 4,682,598	P 5,902,850
Accounts receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
	P -	P -	P -	P 1,220,252	P 4,682,598	P 5,902,850

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:

	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	57,674,037	37,650,000	85,599,548	132,228,391	313,151,976
	159,351,797	81,686,093	116,693,522	154,228,391	511,959,803
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	609,686	-	-	-	609,686
	393,303,271	-	-	122,256	393,425,527
Cumulative gap	**(P233,951,474)**	**P 81,686,093**	**P 116,693,522**	**P 154,106,135**	**(P 118,534,276)**

	2013				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial Assets:					
Cash and cash equivalents	P 44,940,101	P 48,653,287	P -	P -	P 93,593,388
Short-term investments	-	-	23,362,778	-	23,362,778
AFS securities	40,365,800	-	-	-	40,365,800
HTM investments	-	-		22,000,000	22,000,000
Loans and Receivables - gross	10,558,043	46,009,853	66,667,251	125,505,577	248,740,724
	95,863,944	94,663,140	90,030,029	147,505,577	428,062,690
Financial liabilities:					
Accounts payable and other liabilities	16,445,635	-	-	125,404	16,571,039
Legal policy reserves	317,475,297	-	-	-	317,475,297
Insurance premium reserves	554,166	-	-	-	554,166
	334,475,098	-	-	125,404	334,600,502
Cumulative gap	(P 238,611,154)	P 94,663,140	P 90,030,029	P 147,380,173	(P 93,462,188)

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, 2014 and 2013:

	2014		2013	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**P 81,828,166**	**P P 81,828,166**	P 93,593,388	P 93,593,388
Short-term investments	**31,093,974**	**31,093,974**	23,362,778	23,362,778
AFS securities	**63,885,687**	**63,885,687**	40,365,800	40,365,800
HTM investments	**22,000,000**	**22,000,000**	22,000,000	22,000,000
Loans and other receivables	**313,151,976**	**307,615,337**	248,740,724	243,487,568
	P 511,959,803	**P 506,423,164**	P 428,062,690	P 422,809,534
Financial Liabilities				
Other financial liabilities:				
Accounts payable and other liabilities	**P 12,270,507**	**P 12,270,507**	P 16,571,039	P 16,571,039
Legal policy reserves	**380,545,334**	**380,545,334**	317,475,297	317,475,297
Insurance premium reserves	**609,686**	**609,686**	554,166	554,166
	P 393,425,527	**P 393,425,527**	P 334,600,502	P 334,600,502

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, 2014 and 2013, 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:

	2014	2013
Level 1	P 63,385,687	P 39,865,800
Level 2	-	-
Level 3	500,000	500,000
	P 63,885,687	P 40,365,800

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:

	2014	2013
Total liabilities	P 398,601,086	P 346,445,163
Total fund balance	187,689,568	167,848,830
Debt-to-fund ratio	2.12:1.00	2.06:1.00

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

The Association accrued an output VAT amounting to P399,841 for the year.

b. Input Value-Added Tax

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

c. Taxes on Importation

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

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 Tax

The Association did not incur any documentary stamps taxes for the year 2014.

f. Taxes and Licenses

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

Percentage taxes	P	71,714
Transfer tax		46,087
Real property tax		38,132
Municipal license and permits		34,922
Insurance commission filing and license fee		15,000
Annual registration fee		500
Others		112,097
	P	318,452

g. Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2014 are shown below:

Compensation and employee benefits	P	320,324
Expanded		56,781
	P	377,105

h. Deficiency Tax Assessments and Tax Cases

As of December 31, 2014, the Association does not have any deficiency tax assessments with the BIR nor does it have tax cases 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 2014 statement of comprehensive income.

a. Exempt Revenues

The Association's exempt revenues for the year amounted to P34,304,341 relating to interest income on loans and other receivables.

b. Cost of Services

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

c. Exempt and Taxable Non-operating and Other Income

The Associations taxable other income amounted to P2,757,477.

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

Insurance fund	P	14,835,530
General fund		9,129,938
Service charges and fees		5,345,329
Income from sale of available-for-sale securities		3,913,412
Membership fees		738,950
Interest income on investment securities		240,745
Others		4,143,487
	P	38,347,391

d. Itemized Deductions

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

Salaries, wages and employees' benefits	P	9,164,230
Insurance		5,570,000
Meetings and conferences		2,279,084
Depreciation		1,963,264
Transportation and travel		1,425,050
Stationery and office supplies		805,246
Communication, light and water		693,867
Impairment losses		384,003
Repairs and maintenance		360,616
Administrative expenses		959,655
Professional fees		502,733
Taxes and licenses		318,452
Commission		187,994
Contractors Fees		190,138
Miscellaneous		1,523,777
	P	26,328,109

27. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2013 financial statements were reclassified to conform with the 2014 financial statement presentation of accounts.

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchnage Commission and the
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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments *(effective January 1, 2018)*	✓		
PFRS 10	Consolidated Financial Statements			
	Amendment to PFRS 10: Transition Guidance			✓
	Amendment to PFRS 10: Investment Entities - Applying the Consolidation Exception *(effective January 1, 2016)*			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendment to PFRS 12: Transitionn Guidance			✓
	Amendment to PFRS 12: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts *(effective January 1, 2018)*			✓

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative *(effective January 1, 2016)*			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions *(effective July 1, 2014)*	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendment to PAS 27: Investment Entities			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendment to PAS 28 Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
Philippine Interpretaions - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓