COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CN200902141

COMPANY NAME

SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

3RD FLOOR THE CHANCERY BUILDING CATHEDRAL COMPOUND, ALBAY DISTRICT LEGAZPI CITY, PHILIPPINES

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	IC

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
sedp_mba@yahoo.com.ph	052-481-4449	0917-187-1373

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
N/A	Last Saturday of May	December 31

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
Fr. Jose Victor E. Lobrigo	joviclobrigo@gmail.com	052-481-4449	0917-626-4044

CONTACT PERSON'S ADDRESS

Our Lady of Salvation Parish, Anislag, Daraga, Albay

***NOTE 1**: In case of death, resignation 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.*

***2**: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

2nd Floor Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City 1226 Philippines
www.roxascruztagle.com
Tel: + (632) 8844 2016
Fax: + (632) 8844 2045

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANY INCOME TAX RETURN

The Members and the Board of Trustees
Simbag sa Emerhensya Asin Dagdag Paseguro
Mutual Benefit Association (SEDP MBA), Inc.
3/F The Chancery, Cathedral Compound
Old Albay District, Legazpi City

We have audited the financial statements of **Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc.** (the "Association") for the year ended December 31, 2021, on which we have rendered the attached report dated April 28, 2022.

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

ROXAS CRUZ TAGLE AND CO.

Clark Joseph Babor
Clark Joseph C. Babor
Partner
CPA Certificate No. 0119212
Tax Identification No. 248-709-974-000
SEC Accreditation No. 1809-A, Group B, issued on March 31, 2020,
effective until March 31, 2023
BIR Accreditation No. 08-001682-014-2019, issued on September 27, 2019,
effective until September 26, 2022
BSP Accreditation No. 119212-BSP, Group B, issued on October 14, 2021,
effective until October 14, 2025
IC Accreditation No. 119212-IC, issued on December 17, 2021,
effective until December 16, 2025
PTR No. 8876903, issued on January 24, 2022, Makati City

April 28, 2022
Makati City

Simbag sa Emerhensya asin Dagdag Paseguro
Mutual Benefit Association, Inc. (SEDP MBA)
3/F The Chancery, Cathedral Compound,
Old Albay District, Legazpi City, Albay, Philippines
Telefax: (052) 481-4449 Email: sedp_mba@yaho.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of SEDP Mutual Benefit Association, Inc. (the "Association") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Association, complete and correct in all material respects. Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Association's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c) the Association has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

FR. JOSE VICTOR E. LOBRIGO
Chairman of the Board

ROBERTO A. DALIT
Chief Executive Officer

MR. ANDRES PACLIBAR
Treasurer

Signed this 28th day of APRIL, 2022.

REVENUE REGION NO. 10 RDO 067 LEGAZPI CITY
BUREAU OF INTERNAL REVENUE
RECEIVED
13 MAY 2022
DATE
RCO'S NAME: JANE ROTH L. BELLUDO
RCO CODE: 005177
INITIAL:

Republic of the Philippines

SECRETARY'S CERTIFICATE

I, AMY BOMBUHAY, of legal age, Filipino and with office address at VILLAHERMOSA, RAPU-RAPU, ALBAY after being duly sworn in accordance with law hereby depose, and state that:

1. I am the Corporate Secretary of SEDP Mutual Benefit Association, Inc., a Company duly organized and existing under the laws of the Philippines with principal office address at 3rd Floor, The Chancery Building, Cathedral Compound, Albay District, Legazpi City.

2. At the special meeting of the Board of Trustees of the aforesaid Company held on April 28, 2022 at its principal office where a quorum was present, the following resolutions were unanimously approved by the directors present in the said meeting:

   RESOLVED, AS IT IS HEREBY RESOLVED, that the audited financial statements of the Company as at December 31, 2021, as it is hereby approved;

   RESOLVED, FURTHER, that the issuance on April 28, 2022 of the said financial statements be, as it is hereby authorized;

   RESOLVED, FINALLY, that the VICE PRESIDENT of the Company, FR. REX PAUL ARJONA, be, as she is hereby authorized to sign and approve the said financial statements on behalf of the Board of Trustees.

3. The foregoing resolutions have not in any way been amended, rescinded, or revoked and are in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto affixed my signature on this ***28th*** day of April 2022 at Legazpi City.

AMY BOMBUHAY
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 29 2022 day of ________, 2022 at ________ City, affiant exhibiting to me his ________ No. ________ issued on ________, 2022 at ________ City.

ARMI L. BALLARAN-RABELAS
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES JUNE 30,2022
PTR NO.9810264H/LEGAZPI CITY/JAN.3,2022
IBP NO. 146003/ALBAY/JAN. 20,2021
ROLL OF ATTORNEY NO. 56294
MCLE COMPLIANCE NO. VI-0005921/APRIL 14, 2022

Doc. No. 99
Page No. 20
Book No. D
Series of 2022

ROXAS CRUZ TAGLE AND CO.

BOA/PRC Reg. No. 0005,
August 1, 2021, valid until March 17, 2024
SEC Accreditation No. 0005-SEC,
April 13, 2021, valid until April 12, 2024

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INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Trustees
Simbag sa Emerhensya Asin Dagdag Paseguro
Mutual Benefit Association (SEDP MBA), Inc.
3/F The Chancery, Cathedral Compound
Old Albay District, Legazpi City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc.** (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
The financial statements of the Association as at and for the year ended December 31, 2020 were audited by another auditor whose report dated May 12, 2021 expressed an unqualified opinion on those statements.

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

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

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 25 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.

Clark Joseph Babor
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PTR No. 8876903, issued on January 24, 2022, Makati City

April 28, 2022
Makati City

SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2020)

	Note	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱43,356,761**	₱62,640,266
Short-term investments	5	**29,126,854**	-
Investments in debt and equity securities	6	**63,971,777**	49,024,276
Trade and other receivables	7	**357,513**	7,590,679
Other current assets	8	**43,365**	51,825
Total Current Assets		**136,856,270**	119,307,046
Noncurrent Assets			
Investments in debt and equity securities	6	**199,419,259**	173,528,920
Trade and other receivables	7	**27,000,000**	20,000,000
Furniture, fixtures and office equipment - net	9	**694,778**	50,246
Total Noncurrent Assets		**227,114,037**	193,579,166
		₱363,970,307	₱312,886,212
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Trade and other payables	10	**₱17,272,779**	₱7,109,953
Insurance contract liabilities	11	**2,067,649**	1,262,412
Total Current Liabilities		**19,340,428**	8,372,365
Noncurrent Liability			
Aggregate reserves for unexpired risks	12	**203,947,051**	180,795,026
Total Liabilities		**223,287,479**	189,167,391
Fund Balances			
Guaranty Fund	13	**36,613,935**	32,183,492
Appropriated Special Fund	14	**58,912,359**	51,500,192
General Fund	15	**42,740,825**	37,833,478
Revaluation reserve on investments at FVTOCI	6	**2,415,709**	2,201,659
Total Fund Balances		**140,682,828**	123,718,821
		₱363,970,307	₱312,886,212

See Notes to the Financial Statements.

REVENUE REGION NO. 10 RDO 067 LEGAZPI CITY
BUREAU OF INTERNAL REVENUE
RECEIVED
13 MAY 2022
DATE
RCO'S NAME: JANE ROTH L. BELL
RCO CODE: 005177
INITIAL:

SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2020)

	Notes	2021	2020
REVENUES			
Gross members' premium contributions		**₱88,608,854**	₱79,348,855
Less: Contributions to Guaranty Fund	*13*	**-**	3,967,443
Net members' premium contributions		**88,608,854**	75,381,412
Interest and investment income, net	*5,6*	**8,130,497**	7,875,038
Membership fees	*16*	**2,106,317**	1,192,520
Other income		**375,364**	49,893
Total Revenues		**99,221,032**	84,498,863
BENEFITS AND OPERATING EXPENSES			
Benefits and claims paid to members	*11*	**43,416,130**	30,204,677
Increase in aggregate reserves for unexpired risks	*12*	**23,152,025**	26,677,146
Collection costs	*10,19*	**6,384,865**	4,943,859
Membership enrollment and marketing expenses		**430,815**	481,972
Total Members' Benefits and Expenses		**73,383,835**	62,307,654
Compensation and employees' benefits	*17*	**2,836,970**	2,439,655
General and administrative expenses	*18*	**4,275,135**	1,569,068
Depreciation	*9*	**116,637**	47,661
Total Benefits and Operating Expenses		**80,612,577**	66,364,038
NET SURPLUS FOR THE YEAR		**18,608,455**	18,134,825
OTHER COMPREHENSIVE INCOME			
Item that may not be subsequently reclassified to profit or loss:			
Changes in value of investments at FVTOCI	*6*	**214,050**	893,974
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**₱18,822,505**	₱19,028,799

See Notes to the Financial Statements.

SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2020)

	Note	2021	2020
GUARANTY FUND	*13*		
Opening balances		**₱32,183,492**	₱28,216,049
Contributions from members during the year		**4,430,443**	3,967,443
Closing balances		**36,613,935**	32,183,492
APPROPRIATED SPECIAL FUNDS	*14*		
Opening balances		**51,500,192**	46,519,319
Additional funding during the year		**9,770,666**	12,856,575
Disbursements during the year		**(2,358,499)**	(7,875,702)
Closing balances		**58,912,359**	51,500,192
GENERAL FUND	*15*		
Opening balances		**37,833,478**	32,555,228
Additional guaranty fund		**(4,430,443)**	-
Reclassification fund assigned for guaranty fund		**500,000**	-
Appropriations to Special Funds	*14,15*	**(9,770,666)**	(12,856,575)
Net surplus for the year		**18,608,456**	18,134,825
Closing balances		**42,740,825**	37,833,478
REVALUATION RESERVE ON INVESTMENTS AT FVTOCI			
Opening balances		**2,201,659**	1,307,685
Changes in value of investments in equity securities at FVTOCI	*6*	**214,050**	893,974
Closing balances		**2,415,709**	2,201,659
		₱140,682,828	₱123,718,821

See Notes to the Financial Statements.

REVENUE REGION NO. 10 RDO 067 LEGAZPI CITY
BUREAU OF INTERNAL REVENUE
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RCO'S NAME: JANE ROTH L BELLUZ
RCO CODE: 005177
INITIAL:

SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2020)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year		**₱18,822,505**	₱18,134,825
Add (deduct) adjustments for:			
Increase in aggregate reserves for unexpired risks	12	**23,957,262**	26,677,146
Retirement benefits	10	**763,891**	109,350
Depreciation	9	**116,637**	47,661
Interest and investments income	5,6	**(8,130,497)**	(7,875,038)
Operating surplus before working capital changes		**35,529,798**	37,093,944
Add (deduct) changes in working capital, excluding cash:			
Decrease (increase) in:			
Trade and other receivables	7	**7,233,166**	(7,037,215)
Other current assets	8	**8,460**	23,162
Increase (decrease) in:			
Trade and other payables	10	**9,398,935**	(872,466)
Insurance contract liabilities	11	**-**	477,223
Net cash provided by operating activities		**52,170,359**	29,684,648
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest and investment income	5, 6	**8,130,497**	7,875,038
Short-term investments		**(29,126,854)**	-
Increase in investments in debt and equity securities	6	**(47,837,840)**	(20,039,769)
Additions to furniture, fixtures and office equipment	9	**(761,169)**	(71,693)
Net cash used for investing activities		**(69,595,366)**	(12,236,424)
CASH FLOWS FOR FINANCING ACTIVITIES			
Increase in Guaranty Fund	13	**-**	3,967,443
Increase in Special Funds	14	**(1,858,498)**	(7,875,702)
Net cash used for financing activities		**(1,858,498)**	(3,908,259)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(19,283,505)**	13,539,965
CASH AND CASH EQUIVALENTS AT JANUARY 1		**62,640,266**	49,100,301
CASH AND CASH EQUIVALENTS AT DECEMBER 31	5	**₱43,356,761**	₱62,640,266

See Notes to the Financial Statements.

SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASSOCIATION (SEDP MBA), INC.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. (the "Association") was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 17, 2009. The Association was organized by the members of Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA), Inc. to advance the interests and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general; to extend financial assistance to its members, spouse, siblings, children and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance; and to ensure continued access to benefits/resources by actively involving the members in the management of the Association that will include implementation of policies and procedures geared towards sustainability and improved services.

The Association is a non-stock, non-profit association that no part of the income, which the Association may obtain as an incident to its operations, shall be distributed as dividends to its members, trustees or officers subject to the provisions of the Corporation Code on dissolution. Any profit obtained by the Association as a result of its operations, whenever necessary or proper, shall be used for the furtherance of its purpose.

The registered office address of the Association is at 3rd Floor of The Chancery Building, Cathedral Compound, Albay District, Legazpi City.

2. Basis of Preparation

Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The financial statements were approved and authorized for issuance by the the Executive Committee of the Board of Trustees (BOT) on April 28, 2022.

Basis of Measurement

The financial statements of the Association have been prepared on the historical cost basis, except for financial assets at FVPL and financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value on each reporting date.

Functional and Presentation Currency

The financial statements are presented in Philippine peso (₱), which is the functional currency of the Association. All values are rounded off to the nearest peso, except when otherwise indicated.

3. Significant Accounting Policies

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Association adopted effective for annual periods beginning on or after January 1, 2021:

- Amendments to PFRS 16, *Leases - COVID-19-Related Concessions beyond June 30, 2021*. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

  Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

  This amendment is effective for annual periods beginning on or after April 1, 2021.

  These amendments had no impact on the financial statements of the Association.

New and Amended PFRS Issued but Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*. The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.

- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of Fulfilling a Contract*. The amendments specify the costs a Association includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a "directly related approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

- Annual Improvements to PFRS Standards 2018 - 2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of PFRS - Subsidiary as a First-time Adopter*. The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRS.

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities*. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- Amendments to PFRS 16, *Leases - Lease Incentives.* The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

- PFRS 17, *Insurance Contracts.* This standard will replace PFRS 4, *Insurance Contracts.* It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to the standard, including a deferral of its effective date to 1 January 2023.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current.* The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023, as a result of COVID-19 pandemic.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.* The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard also clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure Initiative - Accounting Policies.* The amendments aim to help entities provide accounting policy disclosures that are more useful by (a) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and (b) Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Association.

Current versus Noncurrent Classification
The Association presents assets and liabilities in the statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Association classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

Financial Assets and Liabilities

Date of Recognition. The Association recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Association recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Association deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Association determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Association classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Association's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Association had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Association may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2021 and 2020, the Association's investment in a mutual security fund is included under this category.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2021 and 2020, the Association's cash and cash equivalents, investments in debt securities and trade and other receivables are included under this category (see Notes 5, 6 and 7).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Association may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2021 and 2020, the Association's investments in Unit Investment Trust Fund are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Association having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2021 and 2020, the Association's trade and other payables and insurance contract liabilities are under this category.

Reclassification. The Association reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI. The Association records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Association has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Association compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Association retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Association has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Association has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Association's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Association could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Association could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities. Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to 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 statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Association; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Association does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Fair Value Measurements
The Association measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Association.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Association determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Cash and Cash Equivalents
Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

Investments in Debt and Equity Securities
The investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Association has the positive intention and ability to hold on to maturity. The investments consist substantially of government debt securities.

Furniture, Fixtures and Office Equipment - Net
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO). Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Association and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Office furniture, fixtures and equipment	3 - 5
IT equipment	2 - 3

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of comprehensive income in the period of retirement and disposal.

Impairment of Non-financial Assets

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when: (a) the Association has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Insurance contracts

The proportion of written and ceded premiums attributable to subsequent periods or to risks that have not yet expired is referred as reserve for unearned premiums and deferred reinsurance premiums. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense, including items previously presented under the statements of changes in equity, that are not recognized in profit or loss for the year. Other comprehensive income of the Association pertains to remeasurement gain on retirement benefits and Fair value reserves on investment securities at FVOCI.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Association perform its obligations; (b) the Association's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Association's performance does not create an asset with an alternative use to the Association and the Association has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Association also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Association has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

Premium Contributions. This represents considerations given by the member in exchange for the promises of the MBA to pay a stipulated sum in the event of a loss covered under the basic benefits indicated in the Internal Rules and Regulations (IRR) of the MBA and/or membership certificates. Under the provisions of PFRS 4, the Association recognizes premium contributions as earned when collected with corresponding allocation as approved by the Insurance Commission (IC). The proportion of the premiums collected pertaining to periods after reporting date is carried forward to subsequent accounting periods as unearned premiums, so that earned premiums relate to risks carried during the accounting period.

The members' gross premium contributions are allocated as follows:

- 50% goes to the reserve for members' equity, intended for members' entitlements of equity value upon payment of the first contribution to the Association, representing 50% of the total membership dues collected;
- 35% goes to cover basic benefits of members;
- 5% goes to Guarantee Fund, and the remaining
- 10% goes to general operations, to cover administrative costs.

The Association collects its premiums/contributions of members through SEDP - Simbag sa Pag-Asenso, Inc, an affiliate, with a certain commission (collection cost).

Investments income. Income from investments is accounted for under PFRS 9 Financial instruments. Income from investments in debt and equity equities held to collect contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) are recognized at amortized cost, with interest income recognized at the effective interest rate.

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

For each contract with a customer. the Association:

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

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

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

Dividend. Revenue is recognized when the Association's right to receive the payment is established.

Interest. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Gain or Loss on Sale of Investments in Shares of Stock. Gain or loss on sale of investments in shares of stock is recognized when the Association disposes of its investment in shares of stock. Gain or loss is computed as the difference between the proceeds of the disposed investment and its carrying amount.

Costs and Expenses

Costs and expenses are recognized in the statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the statements of comprehensive income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefit or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Costs and expenses are presented using the function of expense method. Costs of services are directly attributable in the rendition of services. Operating expenses are costs attributable to the administrative and other business activities of the Association.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income. The Association periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized using the liability method for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the statements of comprehensive income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade and other payables" accounts in the statements of financial position.

Post-Employment Benefit Plans

Post-employment benefit plans that are provided to employees only cover their retirement benefits, which are paid in lump sum payments at the time of their retirements. The retirement benefits are provided to employees through a defined benefit plan. A defined benefit plan is a retirement plan that defines an amount of retirement benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for the benefits of the retirement plan remains with the Association, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-tern benefit fund, as well as qualifying insurance policies. The Association's defined benefit retirement plan covers all regular full-time employees.

The Association has less than ten (10) regular employees and opted to accrue its retirement benefit obligation using the provisions of the RA. 7641, An Act Amending Article 287 of Presidential Decree No. 442, as Amended, Otherwise Known as the Labor Code of the Philippines, by Providing for Retirement Pay to Qualified Private Sector Employees in the Absence of any Retirement Plan in the Establishment. Accrual approach is applied by calculating the expected liability as at reporting date using the employees' current compensation and number of years in service. Under this simplified method, the Corporation ignores estimated future salary increases, future service of current employees and possible in—service mortality of current employees between reporting date and date the employees are expected to retire. The Association considers its retirement benefit obligations at this time as immaterial when considered to its overall liabilities.

Termination Benefits
Termination benefits are payable 'when employment is terminated by the Association before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Association recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed format plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Association's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

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 the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the accounting policies, the Association has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

Classifying financial instruments. The Association exercises judgments in classifying a financial instrument, or its component parts, 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 or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Contingencies. The Association is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Association. The Association's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Association currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings (see Note 23).

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon the Association's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Fair value measurements. A number of the Association's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Association has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Association uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (see Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Association recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 9 and 20.

Allowance for ECL on receivables. Provisions are made for specific and groups of accounts, where objective evidence of credit loss exists. The Association evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Association's relationship with the counterparties, the current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of the recorded expenses for any period would differ if the Association made different judgments or utilized different methodologies. An increase in the allowance for ECL would increase the recorded costs and expenses and decrease current assets.

The allowance for ECL on receivables amounted to 103,494 as at December 31, 2021 and 2020 (see Note 7).

The carrying amounts of receivables amounted to ₱27,357,513 and ₱27,590,679 as at December 31, 2021 and 2020, respectively (see Note 7).

ECL on financial assets at FVOCI. Loss on Financial assets at FVOCI are assessed when there has been a significant or prolonged decline in the fair value below cost or where other objective evidence of impairment exists. The determination of what is significant or prolonged requires judgment. In addition, the Association evaluates other factors, including normal volatility in share price for quoted equities, and the future cash flows and the discount factors for unquoted equities.

No impairment loss was recognized in 2021 and 2020.

Estimated useful lives of property and equipment. The Association estimates the useful lives of property and equipment and 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.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and investment property would increase the recorded costs and expenses and decrease noncurrent assets.

Impairment of non-financial assets. PFRS requires that an impairment review be performed on property and equipment, when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed 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 amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Asset retirement obligation. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Association determined that there are no ARO as at December 31, 2021 and 2020.

Estimation of reserves. The calculation of the legal policy reserves operated by the Association are determined by using methods relying on actuarial estimates and assumptions. Details of key assumptions are set out in Note 12. Th Association takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have significant effect on statements of comprehensive income and statements of financial position.

Aggregate reserves. The aggregate policy reserves represent the amount which is considered adequate to cover future guaranteed benefits as it become payable under the provisions of the policies in force. The reserve is the aggregate value of future guaranteed benefits less the present value of future net premium. The Association determined that the aggregate reserves amounted to ₱203,947,051 and ₱180,795,026 as at December 31, 2021 and 2020, respectively.

5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash in banks	₱21,615,719	₱44,422,031
Cash equivalents	21,711,042	18,188,235
Short-term investments	29,126,854	-
Revolving fund	30,000	30,000
	₱72,483,615	₱62,640,266

Cash in banks and cash equivalents earn interest at the prevailing market rates. The effective interest rate on cash in banks and cash equivalents ranges from 0.10% to 5.5%, maturing in 30 days to 90 days. Total interest income earned from cash in banks and cash equivalents amounted to ₱405,123 and ₱329,619 in 2021 and 2020, respectively.

6. Investments in Debt and Equity Securities

This account consists of:

	2021	2020
Investments in debt securities at amortized cost	₱235,395,684	₱201,873,081
Investments in equity securities at FVTPL	479,643	478,456
Investments in equity securities at FVTOCI	27,515,709	20,201,659
Total investments	263,391,036	222,553,196
Less: Presented under current assets	63,971,777	49,024,276
Presented Under Noncurrent Assets	₱199,419,259	₱173,528,920

The Association earned interest income from the investments amounting to ₱7,853,633 in 2021 and ₱7,545,419 in 2020.

Investment in Debt Securities Accounted at Amortized Cost

These investments were acquired through the following banks:

	2021	2020
Treasury Bills		
Bank of the Philippine Islands (BPI)	₱38,920,424	₱-
Metropolitan Bank and Trust Company (MBTC)	15,051,353	9,034,044
Banco de Oro (BDO)	-	9,989,496
Sub-total	53,971,777	19,023,540
Retail Treasury Bonds		
Metropolitan Bank and Trust Company (MBTC)	24,953,540	34,925,630
Bank of the Philippine Islands (BPI)	20,071,585	20,062,977
Banco de Oro (BDO)	16,932,454	16,899,201
Security Bank	9,976,328	9,961,733
Philippine National Bank (PNB)	34,000,000	8,000,000
Sub-total	105,933,907	89,849,541
Corporate Bonds		
Philippine National Bank	48,000,000	33,000,000
Metropolitan Bank and Trust Company (MBTC)	10,000,000	-
Bank of the Philippine Islands (BPI)	5,000,000	21,500,000

Forward

	2021	2020
Rizal Commercial & Banking Corporation (RCBC)	**5,000,000**	5,000,000
Banco de Oro (BDO)	**2,490,000**	-
Sub-total	**70,490,000**	59,500,000
LTNCDs		
Philippine National Bank (PNB)	**2,500,000**	18,500,000
Rizal Commercial & Banking Corporation (RCBC)	**5,000,000**	10,000,000
Metropolitan Bank and Trust Company (MBTC)	**5,000,000**	5,000,000
Banco de Oro (BDO)	**-**	-
Sub-total	**12,500,000**	33,500,000
Total	**₱242,895,684**	₱201,873,081

The following are the details of the investments:

- *Treasury Bills*

  The treasury bills represent short-term, zero-coupon investments in quoted government debt securities which are issue at a discount on its face value.

  a) The treasury bills purchased through Bank of the Philippine Islands (BPI) will mature on the following dates: January 19, 2022, February 2, 2022, March 23, 2022, April 6, 2022 and October 5, 2022.
  b) The treasury bills purchased through Metropolitan Bank and Trust Company (MBTC) will mature on March 23, 2022.

  The movement of the account is as follows:

	2021	2020
Face value	**₱54,070,000**	₱19,040,000
Net discount	**(98,223)**	(16,460)
Carrying amount	**₱53,971,777**	₱19,023,540

- *Retail Treasury Bonds*

  These are investments in quoted government debt securities with the following features:

  c) The retail treasury bonds purchased through MBTC have coupon rates at 3.25% and 4.625% that will mature on the following dates: December 4, 2022, August 15, 2023 and June 2, 2027.
  d) The retail treasury bonds purchased through BPI have coupon rates at 3.635% and 6.00% that will mature on August 15, 2023 and March 22, 2028, respectively.
  e) The retail treasury bonds purchased through BDO have coupon rates at 3.25% and 3.50% that will mature on August 15, 2023 and September 20, 2026, respectively.
  f) The retail treasury bond purchased through Security Bank have a coupon rate at 3.25% that will mature on August 15, 2023.
  g) The retail treasury bonds purchased through PNB have coupon rates at 3.25%, 4.625% and 6.25% that will mature on the following dates: August 15, 2023, March 12, 2024 and June 2, 2027.

The movement of the retail treasury bonds is as follows:

	2021	2020
Face value	**₱106,000,000**	₱90,000,000
Net discount	**(66,093)**	(150,459)
Carrying amount	**₱105,933,907**	₱89,849,541

- *Corporate Bonds*

  Corporate bonds are debt securities issued by publicly held corporations to raise money for expansion or other business needs. The interest coupons of corporate bonds are either paid quarterly or semi-annually with rates ranging from 3.8915% to 6.75%, maturing in 5 years to 10 years from issuance.

- *LTNCDs*

  Long-Term Negotiable Certificate of Deposits (LTNCDs) are offered by banks to investors looking for a relatively safe investment, but with higher interest rates than regular savings accounts or short-term time deposits. LTNCDs can be sold in the secondary market, even before maturity date. The interest coupons of LTNCDs are paid quarterly with rates ranging from 3.75% to 3.875% maturing in 5 years to 7 years from issuance.

  Of the total LTNCDs, the investments in PNB and RCBC, totaling ₱7,500,000 in 2021 and ₱28,500,000 in 2020, are considered restricted investments as there are investments intended for funding the Guaranty Fund requirements by the Insurance Commissions (IC) that need to be maintained by the Association (See Note 13). The effective interest rate on these deposits ranges from 4.125% to 6%, maturing in 3 years to 5 years from issuance.

Investment in Equity Securities Accounted at Fair Value through Profit or Loss (FVTPL)

This is an investment in the Mutual Security Fund managed by Union Bank of the Philippines' Trust and Investment Services Group. The Association earns dividends from these investments and when there is significant and apparently permanent decline in value of the investment, as indicated by prolonged losses of the investee (and other factors), the carrying amount of the investments are written down to fair value.

Investment in Equity Securities Accounted at Fair Value through Other Comprehensive Income (FVTOCI)

This consists of Unit Investment Trust Fund (UITF) investment in BPI's Bayanihan Balanced Fund, initially purchased at ₱18,000,000, and the fair value of the investment amounted to ₱20,415,709 and ₱20,201,659 at end of 2021 and 2020, respectively. The increase in value of the investment during the year, amounting to ₱214,050, was recorded in the other comprehensive income for the year.

Analyses of Impairment in Fair Values of the Investments

The Association's management has determined from its monitoring of the investments that none of the invested funds are presently impaired.

7. Trade and Other Receivables

This account consists of:

	2021	2020
Accounts receivable from SEDP-Simbag sa Pag-asenso, Inc.	₱27,000,000	₱20,000,000
Accrued interest income	444,631	277,414
Advances to officers and employees	8,050	50,432
Other receivables	8,326	7,366,327
Total	27,461,007	27,694,173
Less: Allowance for expected credit loss (ECL)	103,494	103,494
Net	27,357,513	27,590,679
Less: Presented under current assets	357,513	7,590,679
Presented Under Noncurrent Assets	₱27,000,000	₱20,000,000

The accounts receivable from SEDP-Simbag sa Pag-asenso, Inc. represents the funds borrowed by the Microfinance NGO on December 17, 2018 and is collectible over a period of five (5) years at 6% per annum. This accounts receivable has been secured with post-dated checks. The transaction was duly approved by the Insurance Commission (IC).

By Age of the Accounts in 2021

December 31, 2021	Current	Noncurrent	Total
Accounts receivable from SEDP, Inc.	₱-	₱27,000,000	₱27,000,000
Accrued interest income	444,631	-	444,631
Advances to officers and employees	8,050	-	8,050
Other receivables	8,326	-	8,326
	₱461,007	₱27,000,000	₱27,461,007

By Age of the Accounts in 2020

December 31, 2020	Current	Noncurrent	Total
Accounts receivable from SEDP, Inc.	₱-	₱20,000,000	₱20,000,000
Accrued interest income	277,414	-	277,414
Advances to officers and employees	50,432	-	50,432
Other receivables	7,366,327	-	7,366,327
	₱7,694,173	₱20,000,000	₱27,694,173

Allowance for Expected Credit Losses (ECL)

The receivables are provided with 12-month ECL at 1% of principal for current 30 days and 34% for past due less than one year. Accounts past due for over 1 year have been provided with lifetime ECL at 100%.

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

	2021	2020
Opening balances	₱103,494	₱103,494
Provision for impairment losses for the year charged to operations	-	-
Closing balances	₱103,494	₱103,494

No ECL was provided in 2021 and 2020 as the existing allowance already covers the required ECL during the year. Management believes the remaining receivables were not impaired at the end of 2021.

8. Other Current Assets

This account consists of unused certificates of insurance. Management believes that these assets were not impaired at the end of the year. Total other current assets amounted to ₱43,365 and ₱51,825 as at December 31, 2021 and 2020, respectively.

9. Furniture, Fixtures and Office Equipment - Net

This account consists of the following as at December 31, 2021 and 2020:

	2021		
	IT Equipment	Office Furniture, Fixtures and Equipment	Total
Cost			
At January 1	₱635,652	₱169,117	₱804,769
Additions	761,169	–	761,169
At December 31	1,396,821	169,117	1,565,938
Accumulated Depreciation			
At January 1	585,406	169,117	754,523
Depreciation	116,637	–	116,637
At December 31	702,043	169,117	871,160
Carrying amount	₱694,778	₱–	₱694,778

	2020		
	IT Equipment	Office Furniture, Fixtures and Equipment	Total
Cost			
At January 1	₱563,959	₱169,117	₱733,076
Additions	71,693	–	71,693
At December 31	635,652	169,117	804,769
Accumulated Depreciation			
At January 1	537,745	169,117	706,862
Depreciation	47,661	–	47,661
At December 31	585,406	169,117	754,523
Carrying amount	₱50,246	₱–	₱50,246

The Association enjoys free use of the building facilities of the Roman Catholic Bishop of Legaspi, Inc. It shares on the costs of monthly utilities of the building.

10. Trade and Other Payables

This account consists of:

	Note	2021	2020
Accrued expenses		₱6,688,294	₱5,147,029
Retirement benefit obligation		608,877	913,491
Accounts payable - Dakila		505,934	309,447
Savings fund of employees		372,153	280,245
Accounts payable to SEDP Foundation		-	210,000
Accounts payable for surrendered membership		53,790	20,900
Accounts payable - others		9,043,731	228,841
		₱17,272,779	₱7,109,953

Accrued expenses represent the accrued collection costs subsequently paid in January 2021. Total collection costs paid to SEDP – Simbag sa Pag-asenso, Inc. amounted ₱6,384,865 in 2021 and ₱4,943,859 in 2020.

Retirement Benefit Obligation

The Association's six (6) regular/permanent employees at the end of 2021 are provided with retirement benefits beginning 2010, based on the 67% of the entitled employees' gross salaries plus one-twelfth (1/12) of their 13th month pay. The policy defines the amount of retirement benefit an employee will receive at the time of retirement or separation from service.

The legal obligation on the payment of the retirement benefits to the employees remains with the Association.

Total pension expenses charged to operations amounted to ₱763,891 and ₱109,350 in 2021 and 2020, respectively.

Movement of remeasurement of retirement benefit obligation accounts are as follows:

	2021
At beginning of year	(₱155,015)
Actuarial gain (loss) charged to OCI during the year, net of tax	763,892
At end of year	₱608,877

11. Insurance Contract Liabilities

This consists of the following:

	Note	2021	2020
Claims incurred but not reported		₱1,366,349	₱1,213,912
Claims in the course of settlement		700,500	48,500
Claims payable - denied		800	-
		₱2,067,649	₱1,262,412

Incurred but not reported claims are claims reported beyond the reporting date whose date of claim happened three months before the reporting date. Claims in the course of settlement are claims reported and unpaid at the end of the year pending submission of documentary requirements. No decision has yet been made whether to deny or to pay the claim. The amounts recorded as insurance contract liabilities were certified by the Association's Actuary to be in accordance with sound actuarial principles.

Total basic benefits and claims paid to members amounted to ₱43,416,130 and ₱30,204,677 in 2021 and 2020, respectively.

12. Aggregate Reserves for Unexpired Risks

The aggregate policy reserves represent the amount which is considered adequate to cover future guaranteed benefits as they become payable under the provisions of the policies in force. The reserve is the aggregate value of future guaranteed benefits less the present value of future net premiums.

This following consist the details of the reserves:

	2021	2020
Aggregates reserves for members' equity	**₱200,233,876**	₱177,220,346
Aggregates reserves for credit policies	**3,014,477**	2,393,629
Aggregates reserves for life policies	**698,698**	1,181,051
	₱203,947,051	₱180,795,026

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

December 31, 2021	Reserves for Members' Equity	Reserves for Credit Policies	Reserves for Life Policies	Total
Provisions during 2014	₱65,986,915	₱2,351,536	₱1,206,266	₱69,544,717
Provisions during 2015	13,243,621	(615,593)	(812,754)	11,815,274
Provisions during 2016	14,554,323	171,844	(225,963)	14,500,204
Provisions during 2017	14,722,450	219,929	91,466	15,033,845
Provisions during 2018	18,854,769	351,194	368,829	19,574,792
Provisions during 2019	23,337,784	212,229	99,035	23,649,048
Provisions during 2020	26,520,484	(297,510)	454,172	26,677,146
	177,220,346	2,393,629	1,181,051	180,795,026
Provisions during 2021	**23,013,530**	**620,848**	**(482,353)**	**23,152,025**
	₱200,233,876	**₱3,014,477**	**₱698,698**	**₱203,947,051**

In accordance with the provisions of the Insurance Code, every outstanding membership certificate must have, after three (3) full years of being continuously in force, an equity value to at least 50% of the total membership dues collected from the member less claims paid. The equity is payable to the members upon termination of their membership in the Association. In accordance with the same Code, the Association is required to put up a reserve liability not lower than the equity value of all in-force, active certificates as at the end of each calendar year; hence, the Association sets up the 50% of its gross premium collections as its reserves for members' equity.

The reserve for credit life insurance represents the amount which is considered adequate to cover future guaranteed benefits on a debtor pursuant to or in connection with his/her specific loans and other credit transactions with the members of the Association.

The reserve for life policies represents the amount which is considered adequate to cover future guaranteed benefits as they become payable under the provisions of the policies in force. The reserve is the aggregate value of future guaranteed benefits less the present value of future net premiums.

The amount of aggregate reserves for members' equity, reserves for credit policies, reserves for life policies and reserves for golden life policies for the years ended December 31, 2021 and 2020, have been computed and certified by the Consulting Actuary of the Association to be in accordance with commonly accepted actuarial standards consistently applied and that the legal policy reserves and other actuarial items are fairly stated in accordance with sound actuarial principles.

13. Guaranty Fund

This represents the amount required by the Insurance Commission (IC) to be established to guaranty the benefits and security of policyholders and creditors of the Association, in accordance with the provisions of the Insurance Code, deposited in a local depository bank (see Note 5). The Fund is increased by the 5% contributions from members.

The Guaranty Fund is funded by investments in debt securities (see Note 6) which are assigned to the Insurance Commission (IC).

Accounting of Guaranty Fund

	2021	2020
Opening balances	**₱32,183,492**	₱28,216,049
Members' contribution during the year	**-**	3,967,443
Reclassification of general fund	**4,430,443**	-
Closing balances	**₱36,613,935**	₱32,183,492

14. Special Fund

In accordance with the recommendations of the Insurance Commission, the Association's Board of Trustees approved appropriations of the following special funds from the General Fund:

	2021	2020
Members' Benefits Fund	**₱28,756,618**	₱21,675,652
Members' Education Fund	**10,378,975**	10,213,375
Capacity Building Fund	**10,078,528**	9,801,461
Research and Development Fund	**5,987,210**	5,754,090
Acquisition of Systems and Equipment	**3,711,028**	4,055,614
	₱58,912,359	₱51,500,192

The movements of the appropriated funds during 2021 and 2020 are as follows:

December 31, 2021	**Opening Balances**	**Allocation of Net Surplus**	**Disbursements**	**Calamity Allocation Fund**	**Closing Balances**
Members' Benefits Fund (70%)	**₱21,675,652**	**₱5,439,466**	**₱358,500**	**₱2,000,000**	**₱28,756,618**
Members' Education Fund (10%)	**10,213,375**	**777,067**	**500,000**	**-**	**10,078,527**
Capacity Building Fund (3%)	**9,801,461**	**233,120**	**-**	**-**	**5,987,211**
Research and Development (2%)	**5,754,090**	**155,413**	**500,000**	**-**	**3,711,028**
Acquisition of Systems and Equipment (15%)	**4,055,614**	**1,165,600**	**1,000,000**	**-**	**10,378,975**
Net Book Value	**₱51,500,192**	**₱7,770,666**	**(₱2,358,500)**	**₱2,000,000**	**₱58,912,359**

December 31, 2020	Opening Balances	Allocation of Net Surplus	Disbursements	Calamity Allocation Fund	Closing Balances
Members' Benefits Fund (70%)	₱20,551,751	₱8,999,603	₱7,875,702	-	₱21,675,652
Members' Education Fund (10%)	8,284,889	1,928,486	-	-	10,213,375
Capacity Building Fund (3%)	8,515,803	1,285,658	-	-	9,801,461
Research and Development (2%)	5,368,394	385,696	-	-	5,754,090
Acquisition of Systems and Equipment (15%)	3,798,482	257,132	-	-	4,055,614
Net Book Value	₱46,519,319	₱12,856,575	₱7,875,702	₱-	₱51,500,192

The appropriated funds are funded by the cash and cash equivalents of the Association. The disbursements of special funds are considered as benefits paid to members.

15. General Fund

This represents portion of the fund balance that is not restricted. According to Section 408, paragraph 3 of the Insurance Code, as amended (R.A. No. 10607), a mutual benefit association shall only maintain free and unassigned surplus of not more than twenty percent (20%) of its total liabilities. Any amount in excess shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services. In addition, subject to the approval of the Commissioner, a mutual benefit association may allocate a portion for capacity building and research and development, upgrading and improving operating systems and equipment, and continuing member education.

The Association allocated the excess of twenty percent (20%) of the total liabilities amounting ₱7,770,666 in 2021 and ₱12,856,575 in 2020 to special funds.

The Association allocated additional calamity fund amounting ₱2,000,000 in 2021 and ₱nil in 2020 to special funds.

16. Members' Premium Contributions

The Association's members are charged twenty pesos (₱20.00) per week, during their active membership in the Association. In accordance with its Rules and Regulations approved by the Insurance Commission (IC), the Association allocates the contributions as follows:

a. 50%is allocated as reserve for members' equity intended for the members' entitlements of equity value;
b. 35% is intended to cover basic benefits such as payments for death or permanent disability claims of a member or its legal spouse below sixty-six (66) years old; or four (4) single, biological and/or legally adopted children who are two weeks old but not more than twenty-one (21) years old single, disabled and incapacitated to work. If single without children, the members' legal dependents include the member's biological parents not more than 65 years. If a member's parents are both deceased upon membership, the member can declare two (2) eldest siblings, at least two (2) weeks old but not more than twenty-one (21) years old;
c. 5% is intended as additional guaranty fund; and
d. 10% is intended to cover administrative costs and expenses.

Every outstanding membership certificate must have an equity value to at least 50% of the total membership dues collected from the member less claims paid. The equity is payable to the members upon termination of their membership in the Association.

Every year, a number of members withdrew their equity from the Association. During 2021 and 2020, the total value of equity withdrawn amounted ₱12,932,208 and ₱7,790,843, respectively. The withdrawal of equity is treated as part of the benefits paid to members.

Gross premiums on credit life insurance plan are income from loans on member which are deducted upfront in the payment of the loan. The amount of contribution is based on the principal amount and term of loans.

Membership Fees

The members are also charged with one-time membership fee of ₱150, which is non-refundable and does not form part of the members' accumulated and refundable contributions. The amount is treated as income to finance part of the requirements for general and administrative expenses not covered by the 10% allocation from gross premium contributions. Gross premiums on credit life insurance are income from loans on member's which are included in the monthly payments of the loans. The amount of contribution is based on the principal amount and term of loans.

Total membership fees collected amounted to ₱2,106,317 in 2021 and ₱1,192,520 in 2020.

17. Compensation and Employees' Benefits

	Note	**2021**	2020
Short-term employees' benefits		**₱2,692,765**	₱2,330,305
Post-employment benefits	*10*	**144,205**	109,350
		₱2,836,970	₱2,439,655

18. General and Administrative Expenses

	Note	**2021**	2020
Retirement expense		**₱1,763,892**	₱-
Association dues		**796,886**	337,089
Supplies and materials		**537,493**	171,344
Meetings and seminars		**258,102**	351,359
Taxes, licenses and fees	*26*	**209,226**	137,297
Repairs and maintenance		**180,829**	180,800
Transportation and travel		**163,791**	43,935
Insurance		**133,563**	137,481
Professional fees		**99,550**	86,550
General assembly expenses		**67,993**	27,043
Communication		**48,620**	34,164
Miscellaneous expenses		**15,190**	62,006
		₱4,275,135	₱1,569,068

19. Related Party Transactions

In the ordinary course of trade or business, the Association has transactions with its related parties which include its Board of Trustees, members of various committees and its officers and employees, who are also members of the Association. These transactions are made substantially on the same terms and conditions as with other members of comparable risks. None of the transactions incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash.

Among these related transactions are the following:

a. The Association accepts insurance business from the borrowers of SEDP-Simbag sa Pag-Asenso, Inc. and authorizes the institution to collect premium contributions from these members for certain commissions (see Note 10). Total collection costs incurred amounted to ₱6,384,865 and ₱4,943,859 in 2021 and 2020, respectively.
b. SEDP-Simbag sa Pag-Asenso, Inc. obtained an unsecured, interest-bearing loan from the Association amounting ₱27 million in 2019 (see Note 7).
c. The Chairman of the Board of Trustees of the Association is also the Treasurer of the SEDP-Simbag sa Pag-Asenso, Inc.
d. The Association is enjoying free use of the facilities of the Catholic Church in Legaspi City, Albay although it shares the cost of utilities.
e. The key management compensation follows:

	2021	2020
Short-term employee benefits	**₱646,654**	₱549,426
Post-employment benefits	**39,063**	30,299
	₱685,717	₱579,725

20. Fair Value Measurement

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

The following table summarizes the fair value hierarchy of the Association's financial assets and liabilities which are not measured at fair value in the 2021 statement of financial condition but for which fair value is disclosed.

December 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents (Note 5)	**₱65,983,614**	**₱-**	**₱-**	**₱65,983,614**
Trade and other receivables (Note 7)	**-**	**-**	**357,513**	**357,513**
Investment in debt & equity securities (Note 6)	**270,891,036**	**-**	**-**	**270,891,036**
	336,874,650	**-**	**357,513**	**337,232,163**
Financial liabilities				
Trade and other payables (Note 10)	**-**	**-**	**16,508,887**	**16,508,887**
Insurance contract liabilities (Note 11)	**-**	**-**	**2,067,649**	**2,067,649**
Aggregate reserves for risks (Note 12)	**-**	**-**	**203,947,051**	**203,947,051**
	₱-	**₱-**	**₱222,523,587**	**₱222,523,587**

December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents (Note 5)	₱62,640,266	₱-	₱-	₱62,640,266
Trade and other receivables (Note 7)	-	-	7,590,679	7,590,679
Investment in debt & equity securities (Note 6)	222,553,196	-	-	222,553,196
	285,193,462	-	7,590,679	292,784,141
Financial liabilities				
Trade and other payables (Note 10)	-	-	7,109,953	7,109,953
Insurance contract liabilities (Note 11)	-	-	1,262,412	1,262,412
Aggregate reserves for risks (Note 12)	-	-	180,795,026	180,795,026
	₱-	₱-	₱189,167,391	₱189,167,391

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments equal their fair values. The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counter-parties or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the association uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Fair Value Measurement for Non-financial Assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of December 31, 2021 and 2020.

December 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Other current assets (Note 8)	**₱-**	**₱-**	**₱43,365**	**₱43,365**
Furniture, fixtures and office equipment - net (Note 9)	**-**	**-**	**694,778**	**694,778**
	₱-	**₱-**	**₱738,143**	**₱738,143**

December 31, 2020	Level 1	Level 2	Level 3	Total
Other current assets (Note 8)	₱-	₱-	₱51,825	₱51,825
Furniture, fixtures and office equipment - net (Note 9)	-	-	50,246	50,246
	₱-	₱-	₱102,071	₱102,071

The Level 3 fair value of the buildings and improvements included under the Furniture, Fixtures and Office Equipment account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

21. Capital Management Objectives, Policies and Procedures

The Association maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its members. The level of capital maintained is always aimed to be higher than the minimum capital requirements of the IC. The Association considers the entire equity in determining the capital.

The Association maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its members. The Association's Board of Trustees reviews regularly its capital structure and considers the cost of capital and the risks associated with each class of capital. Management regularly monitors the capital requirements of the Association, taking account of future balance sheet growth, profitability, and any anticipated regulatory changes, in order to ensure that the Association is at all times able to meet the forecast future minimum capital requirements. The Association's overall strategy remains unchanged from the past year.

Compliance with Capitalization Requirements

In accordance with the provisions of Chapter VII, Title 1, Section 405 of R.A. 10607, The Amended Insurance Code, a mutual benefit association incorporated after the effectivity of the Code shall constitute and establish a Guaranty Fund with initial amount of ₱5 million, in cash or in government securities, to answer for any valid benefit claim of any of its members.

The Association has complied with this requirement by having established its Guaranty Fund of ₱36,613,934 (see Note 13) and having funded it with investments in debt securities (see Note 6) at the end of 2021.

22. Risk Management Objectives and Policies

The Association is exposed to various risks in relation to financial instruments. The Association's principal financial instruments are its cash and cash equivalents (Note 5), investments in debt and equity securities (Note 6), trade and other receivables (Note 7), trade and other payables (Note 10), insurance contract liabilities (Note 11) and aggregate reserves for unexpired risks (Note 12).

The main types of risks are insurance risk, credit and concentration risks, market risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Association's financial performance and financial position. The Association actively measures, monitors, and manages its financial risk exposures by various functions pursuant to the segregation of duties principle.

The Association is not exposed to foreign currency risk since it has no foreign currency deposits. In 2020, the Association purchased financial instruments as part of its investment strategies. The Association is now exposed to investment risks beginning 2020.

Risk Management Structure

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

Insurance Risk

The principal risk the Association faces under insurance contracts is the risk that the actual claims and benefit payments exceed the carrying amount of recognized insurance liabilities. This situation is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated and subsequent development of long-term claims. Therefore, the objective of the Association is to ensure that sufficient reserves are available to cover these liabilities. The amount of reserves set-up in the books is computed by the Actuarial Consultant and monitored on a regular basis.

Credit and Concentration Risks/Investment Risk

Credit risk refers to the risk that counterparty will default and/or not honor its financial or contractual obligations resulting in financial losses to the Association. The Association is exposed to credit risk from financial assets including its cash held in banks, receivables from agents and others and investments in financial instruments.

The credit risk in respect of cash balances held with banks and time deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions and are regularly monitored. Trade receivables consist of premiums receivable from active members and from the unremitted premium collections by the agent-affiliate. The Association does not hold any security on the receivables from agents and others balance and the accounts are monitored on an ongoing basis with the result that the Association's exposure to impairment is not significant.

The investment risk related to investments in financial instruments represents the exposure to loss resulting from cash flows from invested assets being less than the cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. To maintain an adequate yield to match the interest necessary to support future policy liabilities, the Board of Trustees is investing only on Government financial instruments which are fairly safe investments.

The Association deals only with creditworthy counterparties duly approved by the Board of Trustees. Its maximum exposure to credit risk for the components of the statements of financial position is the carrying amounts as shown in the following table:

December 31, 2021	***Note***	**Neither Past Due Nor Impaired**	**Past Due But Not Impaired**	**Total**
Cash and cash equivalents	*5*	**₱65,983,614**	**₱-**	**₱65,983,614**
Investment in debt & equity securities	*6*	**270,891,036**	**-**	**270,891,036**
Trade and other receivables	*7*	**357,513**	**-**	**357,513**
		337,232,163	**-**	**337,232,163**
		100%	**0%**	**100%**

December 31, 2020	*Note*	Neither Past Due Nor Impaired	Past Due But Not Impaired	Total
Cash and cash equivalents	5	₱62,640,266	₱-	₱62,640,266
Investment in debt & equity securities	6	222,553,196	-	222,553,196
Trade and other receivables	7	7,590,679	-	7,590,679
		292,784,141	-	292,784,141
		100%	0%	100%

Credit Quality by Class of Financial Assets Based on the Association's Rating System

December 31, 2021	High Grade	Standard Grade	Impaired	Total
Cash and cash equivalents (Note 5)	₱65,983,614	₱-	₱-	₱65,983,614
Trade and other receivables (Note 7)	357,513	-	-	357,513
Investment in debt & equity securities (Note 6)	-	270,891,036	-	-
	₱-	₱270,891,036	₱-	₱66,341,127

December 31, 2020	High Grade	Standard Grade	Impaired	Total
Cash and cash equivalents (Note 5)	₱62,640,266	₱-	₱-	₱62,640,266
Trade and other receivables (Note 7)	7,590,679	-	-	7,590,679
Investment in debt & equity securities (Note 6)	-	222,553,196	-	222,553,196
	₱70,230,945	₱222,553,196	₱-	₱292,784,141

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

Market Risks

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

(a) *Price risk.*

The Association has no exposure to price risks as its investments in quoted equity and debt securities are of fixed interest rates.

(b) *Interest rate risk.*

The Association's interest rate risk arises from its time deposits with banks. The Association invested in fixed rate deposits to mitigate the risks.

(c) *Foreign currency exchange rate risk.*

The Association is not exposed to foreign currency risks as it has no assets nor liabilities denominated in foreign currency.

Liquidity Risks

Liquidity risk is that the Association might be unable to meet its obligations. The Association's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost. The Association manages its liquidity by carefully monitoring its scheduled servicing payments for financial liabilities as well as its cash flows due on its day-to-day business.

The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis in the following table. Net cash requirements are compared to available cash position in order to determine headroom or any shortfalls. This analysis shows that available cash position is expected to be sufficient over the lookout period.

The Association considers its expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Association's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from receivables from agents and others are all contractually due within six months.

Maturity Profile of the Association's Financial Liabilities

December 31, 2021	Due in One Year	Due Over One Year	Total
Trade and other payables (Note 10)	₱16,508,887	₱-	₱16,508,887
Insurance contract liabilities (Note 11)	2,067,649	-	2,067,649
Aggregate reserves for unexpired risks (Note 12)	-	203,947,051	203,947,051
	18,576,536	203,947,051	222,523,587
	8.35%	91.65%	100%

December 31, 2020	Due in One Year	Due Over One Year	Total
Trade and other payables (Note 10)	₱7,109,953	₱-	₱7,109,953
Insurance contract liabilities (Note 11)	1,262,412	-	1,262,412
Aggregate reserves for unexpired risks (Note 12)	-	180,795,026	180,795,026
	8,372,365	180,795,026	189,167,391
	4.43%	95.57%	100.00%

23. Commitments and Contingencies

In the normal course of its operations, the Association makes various commitments and incurs certain contingent liabilities which are not reflected in the accompanying financial statements. Management anticipates no material losses, if any, that may arise from these commitments and contingencies.

24. Other Matter

Continuing Effects of COVID-19 Pandemic

On March 11, 2020, the World Health Organization assessed that the novel coronavirus of 2019 (COVID-19) has become a pandemic. In an effort to contain the spread of COVID-19 in the Philippines, community quarantines and alert levels of varying strictness were imposed in numerous parts of the country. Furthermore, the Government implemented COVID-19 vaccine deployment and vaccination program to mitigate the spread of the virus.

These measures somehow affected economic activities and business operations of the Association as the projects were deferred and rescheduled in the following years.

The scale and duration of these developments remain uncertain as of the report date. Considering the evolving nature of the pandemic, the Association will continue to monitor the situation.

25. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Supplementary information required by Revenue Regulations No. 15-2010

On December 28, 2010 the BIR issued Revenue Regulations (RR) No.15-2010, which amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

The following is the tax information required for the taxable year ended December 31, 2021:

a. Value added tax (VAT)

There were no output taxes declared and input taxes claimed during the year.

b. Other taxes and licenses

Details of the Association's other taxes and licenses and permits in 2021 are as follows:

Licenses renewal and filing fees	₱113,660
Supervision fee	90,900
Business permit renewal	4,166
BIR Annual registration fee	500
	₱209,226

c. Withholding taxes

Details of withholding taxes paid in 2021 are as follows:

Withholding tax on compensation	₱59,040

d. Tax assessment and cases

Details of unpaid deficiency tax assessments as of December 31, 2021 are as follows:

Income tax	₱5,660,716
Fringe benefits tax	686,356
Expanded withholding tax	49,512
Total deficiency taxes	₱6,396,584

As of December 31, 2021, the Association has an ongoing appeal with RDO 67 over application of tax exemption certificate for reconsideration.

REVENUE REGULATION (RR) NO. 34-020

RR No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents. Section 2 of the RR enumerated the taxpayers required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Association is not covered by the requirements and procedures for related party transactions provided under RR 34-2020 for the year ended December 31, 2021.

SEDP

Josie Belen <mba.afo@sedp.ph>

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Wed, May 11, 2022 at 11:39 AM
To: mba.afo@sedp.ph

This confirms receipt of your submission with the following details subject to validation by BIR:
File name: 007245537000-1702EXv2018C-122021V4.xml
Date received by BIR: 11 May 2022
Time received by BIR: 11:14 AM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH PAYMENT
Please print this e-mail together with the RETURN and proceed to pay through the Authorized Agent Bank / Collection Agent / GCASH or use other payment options.

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

REVENUE REGION NO. 10 RDO 067 LEGAZPI CITY
BUREAU OF INTERNAL REVENUE
RECEIVED
13 MAY 2022
DATE
RCO'S NAME: JANE ROTH L. BELLUNO
RCO CODE: 005177
INITIAL:

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-EX
January 2018 (ENCS) v2
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income

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

1702-EX 01/18ENCS v2 P1

1 For (◉) Calendar ( ) Fiscal
2 Year Ended (MM/20YY) 12/20 21
3 Amended Return? (◉) Yes ( ) No
4 Short Period Return ( ) Yes (◉) No
5 Alphanumeric Tax Code (ATC)
IC 011 Exempt Corporation on Exempt Activities (◉)
IC 021 General Professional Partnership ( )

Background Information

6 Taxpayer Identification Number (TIN) 007 - 245 - 537 - 0000
7 RDO Code 067

8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)
SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASS
OCIATION INC.

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)
3/F THE CHANCERY CATHEDRAL COMPOUND ALBAY DISTRICT LEGAZPI CITY

9A Zip code 4500

10 Date of Incorporation/Organization (MM/DD/YYYY) 02/17/2009
11 Contact Number 0524814449
12 Email Address mba.afo@sedp.ph

13 Method of Deductions (◉) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [applicable only to General Professional Partnership (GPP) per RA No. 10963]

14 Legal Basis of Tax Relief / Exemption (Specify) RA 8424 SEC 30(C)
15 Investment Promotion Agency (IPA) / Government Agency (specify) SEC

16 Registered Activity / Program (Registration Number) 02141
17 Effectivity Date of Tax Relief / Exemption (MM/DD/YYYY) From 02/17/2009 To 02/17/2009

PART II - TOTAL TAX PAYABLE

(DO NOT ENTER CENTAVOS; 49 centavos or less drop down; 50 or more round up)

18 Tax Due (From Part IV Item 41)	0.00
19 Less: Total Tax Credits/Payments (From Part IV Item 50)	0.00
20 Total (Overpayment) (Item 18 Less Item 19) (From Part IV Item 51)	0.00
21 Add: Penalty - Compromise	0.00
22 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 20 & 21)	0.00

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

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

FR. REX PAUL B. ARJONA

Signature over Printed Name of President/Principal Officer/Authorized Representative | Signature over Printed Name of Treasurer/Assistant Treasurer

Title of Signatory 0 TIN 0 | Title of Signatory 0 TIN 0

23 Number of Attachments 00

Part III - Details of Payment

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

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

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

REVENUE REGION NO. 16 RDO 067 LEGAZPI CITY
BUREAU OF INTERNAL REVENUE
RECEIVED
13 MAY 2022
DATE
RCO'S NAME: [illegible] BELLIDO
RCO CODE: 006177
INITIAL:

BIR Form No. **1702-EX** January 2018 (ENCS) **v2** **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income**	**1702-EX 01/18ENCS v2 P2**

TIN: 007 245 537 0000

Registered Name: SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASS

Part IV - Computation of Tax

	(Do NOT enter Centavos; 49 centavos or less drop down; 50 or more round up)
28 Sales/Receipts/Revenues/Fees	91,090,535.00
29 Less: Sales Returns, Allowances and Discounts	0.00
30 Net Sales/Receipts/Revenues/Fees *(Item 28 less Item 29)*	91,090,535.00
31 Less: Cost of Sales/Services	73,383,835.00
32 Gross Income from Operation *(Item 30 Less Item 31)*	17,706,700.00
33 Add: Other Income	214,050.00
34 Total Gross Income *(Sum of Items 32 and 33)*	17,920,750.00
Less: Deductions Allowable under Existing Law	
A. Itemized Deduction	
35 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 19)*	7,357,001.00
36 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0.00
37 Total Itemized Deductions *(Sum of Items 35 and 36)*	7,357,001.00
B. Optional Standard Deduction (OSD)	
38 OSD *(40% of Item 34)(applicable to GPP per RA No. 10963)*	0.00
39 Net Taxable Income / (Loss) *(If Itemized: Item 34 Less Item 37;) If OSD: Item 34 Less Item 38)*	10,563,749.00
40 Tax Rate	0 %
41 Tax Due *(Item 39 x Item 40) (To Part II Item 18)*	0.00
Less: Tax Credits / Payments (attach proof)	
42 Prior Year's Excess Credits	0.00
43 Income Tax Payment from Previous Quarter/s	0.00
44 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0.00
45 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0.00
46 Foreign Tax Credits, if applicable	0.00
47 Tax Paid in Return Previously Filed, if this is an Amended Return	0.00
Other Tax Credits / Payments *(specify)*	
48	0.00
49	0.00
50 Total Tax Credits / Payments *(Sum of Items 42 to 49) (To Part II Item 19)*	0.00
51 Total (Overpayment) *(Item 41 Less Item 50) (To Part II Item 20)*	0.00

Part V - Tax Relief Availment

52 Regular Income Tax Otherwise Due *(Item 39 of Part IV x Applicable Income Tax Rate)*	2,640,937.00
53 Special Allowable Itemized Deductions *(Item 36 of Part IV x Applicable Income Tax Rate)*	0.00
54 Total Tax Relief Availment *(Sum of Items 52 and 53)*	2,640,937.00

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Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income

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Tax Identification Number (TIN): 007 245 637 0000

Registered Name: SIMBAG SA EMERHENSYA ASIN DAGDAG PASEGURO MUTUAL BENEFIT ASS

Part VI - Schedules

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

Schedule 1 - Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

1 Ammortizations	0.00
2 Bad Debts	0.00
3 Charitable and Contributions	0.00
4 Depletion	0.00
5 Depreciation	116,637.00
6 Entertainment, Amusement and Recreation	0.00
7 Fringe Benefits	0.00
8 Interest	0.00
9 Losses	0.00
10 Pension Trusts	0.00
11 Rental	0.00
12 Research and Development	0.00
13 Salaries, Wages, and Allowances	1,712,361.00
14 SSS, GSIS, Philhealth, HDMF, and Other Contributions	188,186.00
15 Taxes and Licenses	209,226.00
16 Transportation and Travel	163,791.00
17 Others (Deductions Subject to Withholding Tax and Other Expenses) [Specify below; Add additional sheet(s) if necessary]	
a Janitorial and Messengerial Services	0.00
b Professional Fees	99,550.00
c Security Services	0.00
d OFFICE SUPPLIES	537,493.00
e OTHER EMPLOYEES WELFARE AND BENEFITS	647,206.00
f ASSOCIATION DUES	796,867.00
g MEETINGS AND SEMINARS	258,102.00
h REPAIRS AND MAINTENANCE	180,829.00
i OTHERS	2,446,733.00
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17i) *(To Part IV Item 35)*	7,357,001.00

Schedule 2 - Special Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0.00
2			0.00
3			0.00
4			0.00
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) *(To Part IV Item 36)*			0.00

Schedule 3 - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income(loss) per Books	18,822,505.00
Add: Non-Deductible Expenses/Other Income	
2	0.00
3	0.00
4 Total *(Sum of Items 1 to 3)*	18,822,505.00
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME	8,258,756.00
6	0.00
B) Special Deductions	
7	0.00
8	0.00
9 Total *(Sum of Items 5 to 8)*	8,258,756.00
10 Net Taxable Income/(Loss) *(Item 4 Less Item 9)*	10,563,749.00