

Financial Statements of
Freedomlife Plan Corporation

December 31, 2024 and 2023

And

Report of Independent Auditors

FREEDOMLIFE PLAN CORPORATION

Door C1 – C3 ECA Building, National Highway, City Heights, General Santos City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FREEDOMLIFE PLAN CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

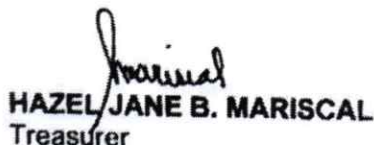
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

The Management is responsible for overseeing the Company's financial reporting process.

The Management reviews and approves the financial statements including the schedules attached therein, and submits the same to the requiring entities.

QUILAB & GARSUTA, CPAs, the independent auditors appointed by the management, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.


SANDRO M. OAMIT
President


HAZEL JANE B. MARISCAL
Treasurer

Signed this 15th day of April, 2025
General Santos City



**QUILAB &
GARSUTA**

Certified Public Accountants

Contact Information

2F, Executive Centrum Building, J.R. Borja Street
Cagayan de Oro City, Philippines, 9000
(063) 88-856-4401, 0917-7121352
quilabgarsuta.com

Current Accreditations

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

CERTIFICATION BY EXTERNAL AUDITORS

INSURANCE COMMISSION

1071 United Nations Avenue, Manila

Gentlemen:

In connection with our engagement in the audits of the financial statements of Freedomlife Plan Corporation for the year ended December 31, 2024 and 2023, we hereby certify:

- 1) That we have nothing to report to the Insurance Commission (IC) with regard to items enumerated under Section 8.1 of IC Circular No. 2024-03, that came to our attention during the audit (e.g., material findings involving fraud or error, losses amounting to at least 10% of the total assets, going concern issues, material breach of laws, material internal control weaknesses, findings on matters of corporate governance, etc.);
- 2) That there were no weaknesses or breach in the internal control and risk management of the Corporation that are material enough to warrant modifications of our report nor were there matters that came to our attention that need our direct reporting to the Insurance Commission (IC);
- 3) That the engagement partner, manager and auditor-in-charge of the engagement and the members of their immediate families do not have any direct or indirect financial interest with the Corporation, and their independence is not considered impaired under the circumstances specified in the Code of Professional Ethics for Certified Public Accountants.

This certification is issued in compliance with the requirements mandated by the Insurance Commission (IC) in its Circular No. 2024-03, dated January 29, 2024.

Done this 25th day of April 2025, at Cagayan de Oro City, Philippines.

RICO P. QUILAB
Engagement Partner

SUBSCRIBED AND SWORN to before me this 25th day of April 2025 affiant exhibited to me his PRC Identification Number 46034 valid until December 31, 2026.

Doc. No. 430
Page No. 26
Book No. 11
Series of 2025.

NOTARY PUBLIC
ATTY. MARILEN LEZADA ROSABAL
Notary Public until December 31, 2026
Notarial Commission No. 2025-41
IBP No. 487549/Dec. 26, 2024
PTR Receipt No. 6077742A/Dec 6, 2024
MCLE No. VIII-0014509/Roll No. 53682
T.N. 947-407-483

REPORT OF INDEPENDENT AUDITORS

Contact Information

2F, Executive Centrum Building, J.R. Borja Street
Cagayan de Oro City, Philippines, 9000
(063) 88-856-4401, 0917-7121352
quilabgarsuta.com

Current Accreditations

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

The Board of Directors
Freedomlife Plan Corporation
Door C1-C3 ECA Building National Highway City Heights
General Santos City

Report on the Financial Statements

Opinion

We have audited the financial statements of Freedomlife Plan Corporation which comprise the statements of financial position as at December 31, 2024 and 2023, and the related statements of pre-operating expenses, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, comprising of a summary of material accounting policy information and other explanatory notes, collectively referred to as 'financial statements.'

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Freedomlife Plan Corporation as of December 31, 2024 and 2023, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation 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.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

Other Matter

As explained in Note 1 to the financial statements, the Corporation was incorporated by the Securities and Exchange Commission (SEC) on January 18, 2023 and obtained its secondary license from the Insurance Commission (IC) on May 23, 2023. It has not started commercial operations in 2023 and 2024 as it received from IC its Permit to Offer Pre-Need Plans only on October 22, 2024, after IC approve it on October 16, 2024. The Corporation started commercial operations only beginning March 7, 2025.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, license and fees in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue 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.

QUILAB & GARSUTA, CPAs
By:



RICO P. QUILAB

Partner

CPA Cert. No. 46034

TIN No. 129-040-841

PRC/BOA Cert. No. 7787, 2023-2026

BIR No. 16-007506-001-2022, 2022-2024

CDA CEA No. 1898, 2024-2028

46034-SEC Group B, 2020-2024

46034-BSP Group B, 2020-2024

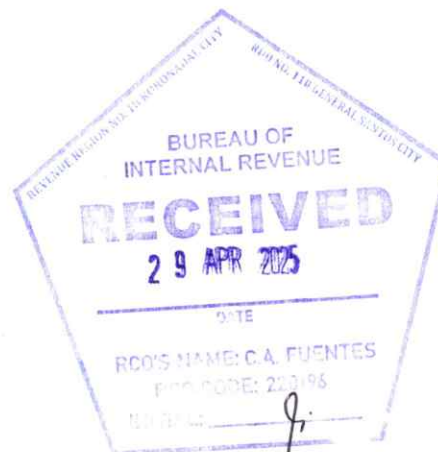
46034-IC Group A, 2020-2024

PTR No. 6133947 A

January 2, 2025

Cagayan de Oro City

April 14, 2025
Cagayan de Oro City, Philippines



STATEMENTS OF FINANCIAL POSITION

Freedomlife Plan Corporation

December 31,

2024

2023

ASSETS

Current Assets

Cash and cash equivalents (Note 5)	P103,458,710	P102,266,538
Other asset (Note 6)	147,651	—
Total Current Assets	103,606,361	102,266,538

Non-Current Assets

Investment in Trust Fund (Note 8)	5,336,834	—
Property and equipment – net (Note 7)	690,000	835,000
Total Non-Current Assets	6,026,834	835,000

P109,633,195 P103,101,538

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Trade and other payables (Note 9)	P405,650	P80,000
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Non-Current Liabilities

Advances from stockholders (Note 10)	9,811,578	2,214,336
Deposit for future subscription (Note 11)	2,000,000	—
Total Non-Current Liabilities	11,811,578	2,214,336
Total Liabilities	12,217,228	2,294,336

Shareholders' Equity

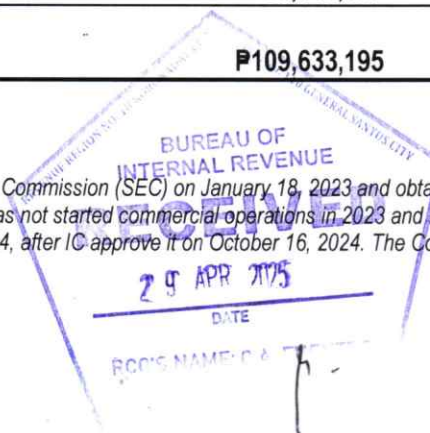
Share capital (Note 11)	105,000,000	105,000,000
Deficit	(7,584,033)	(4,192,798)
Total Shareholders' Equity	97,415,967	100,807,202

P109,633,195 P103,101,538

See Notes to Financial Statements.

Note

The Corporation was incorporated by the Securities and Exchange Commission (SEC) on January 18, 2023 and obtained its secondary license from the Insurance Commission (IC) on May 23, 2023. It has not started commercial operations in 2023 and 2024 as it received from IC its Permit to Offer Pre-Need Plans only on October 22, 2024, after IC approve it on October 16, 2024. The Corporation started commercial operations only beginning March 7, 2025.



STATEMENTS OF PRE-OPERATING EXPENSES

Freedomlife Plan Corporation

Years Ended December 31,	2024	2023
Taxes, licenses and fees (Note 15)	P2,301,950	P1,322,530
Salaries, wages, and employees' benefits	400,982	552,837
Professional fees	259,910	1,278,067
Depreciation and amortization (Note 7)	145,000	145,000
Rental	128,000	128,000
Communication, light and water	42,650	42,650
Meetings and conferences	40,822	226,788
Transportation and travel	27,143	150,792
Fuel and oil	17,974	99,854
Office supplies	14,328	37,704
Miscellaneous	12,476	208,576
	P3,391,235	P4,192,798

See Notes to Financial Statements.

Note

The Corporation was incorporated by the Securities and Exchange Commission (SEC) on January 18, 2023 and obtained its secondary license from the Insurance Commission (IC) on May 23, 2023. It has not started commercial operations in 2023 and 2024 as it received from IC its Permit to Offer Pre-Need Plans only on October 22, 2024, after IC approve it on October 16, 2024. The Corporation started commercial operations only beginning March 7, 2025.



STATEMENTS OF CHANGES IN EQUITY

Freedomlife Plan Corporation

December 31,	2024	2023
SHARE CAPITAL		
Ordinary Shares		
Authorized – 1,050,000 shares, ₱100 par value		
Issued and outstanding – 1,050,000 shares	₱105,000,000	₱105,000,000
DEFICIT		
Opening balances	(4,192,798)	–
Total pre-operating expenses for the year	(3,391,235)	(4,192,798)
Closing balances	(7,584,033)	(4,192,798)
	₱97,415,967	₱100,807,202

See Notes to Financial Statements.

Note

The Corporation was incorporated by the Securities and Exchange Commission (SEC) on January 18, 2023 and obtained its secondary license from the Insurance Commission (IC) on May 23, 2023. It has not started commercial operations in 2023 and 2024 as it received from IC its Permit to Offer Pre-Need Plans only on October 22, 2024, after IC approve it on October 16, 2024. The Corporation started commercial operations only beginning March 7, 2025.

STATEMENTS OF CASH FLOWS

Freedomlife Plan Corporation

Year Ended December 31,

2024

2023

CASH FLOWS FROM PRE-OPERATING ACTIVITIES

Total pre-operating expenses for the year	(P3,391,235)	(P4,192,798)
Add back depreciation, a non-cash item (Note 7)	145,000	145,000
Operating income before working capital changes	(3,246,235)	(4,047,798)
Changes in assets and liabilities:		
Increase in other current asset (Note 6)	(147,651)	—
Increase in trade and other payables (Note 9)	325,650	80,000
Net cash Used for Operating Activities	(3,068,236)	(3,967,798)

CASH FLOWS FOR INVESTING ACTIVITIES

Investment in Trust Fund (Note 8)	(5,336,834)	—
Acquisition of property and equipment (Note 6)	—	(980,000)
Net Cash Used for Investing Activities	(5,336,834)	(980,000)

CASH FLOWS FROM FINANCING ACTIVITIES

Advances from shareholders (Note 10)	7,597,242	2,214,336
Deposit for future subscription (Note 11)	2,000,000	—
Payments of share capital subscriptions	—	105,000,000
Net Cash Provided from Financing Activities	9,597,242	107,214,336

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,192,172 102,266,538

OPENING CASH AND CASH EQUIVALENTS

102,266,538 —

CLOSING CASH AND CASH EQUIVALENTS (Note 5)

P103,458,710 P102,266,538

See Notes to Financial Statements.

Note

The Corporation was incorporated by the Securities and Exchange Commission (SEC) on January 18, 2023 and obtained its secondary license from the Insurance Commission (IC) on May 23, 2023. It has not started commercial operations in 2023 and 2024 as it received from IC its Permit to Offer Pre-Need Plans only on October 22, 2024, after IC approve it on October 16, 2024. The Corporation started commercial operations only beginning March 7, 2025.

NOTES TO FINANCIAL STATEMENTS

Freedomlife Plan Corporation

As of and for the Years Ended December 31, 2024 and 2023

Note 1

General Information

The Freedomlife Plan Corporation was incorporated and registered with the Securities and Exchange Commissions (SEC) on January 18, 2023 under Registration No. 2023010082253-00 primarily to 'engage in the business of making, organizing, developing, operating, maintaining and selling of funeral plans, preparation and provisions for funerals, memorial services, cremations, burial and other arrangements.

The Corporation will sell its product under the name of 'Freedom Life Memorial Plan', which provides a beneficiary with memorial services consisting of the 'funeral services, casket and such other furnishings for the final rites as indicated in this Plan Contract, upon death of the Plandholder or his/her assignees. The administration of such services shall be performed exclusively by Freedomlife Chapels or any of its accredited mortuaries.' The Plan is bundled with insurance coverage under a Group Life Insurance Policy issued by a licensed insurance company.

At the end of 2024, the Corporation has not yet sold its plans to anyone.

The Corporation obtained its secondary license from the Insurance Commission (IC) on May 23, 2023. It has not started commercial operations in 2023 and 2024 as it received from IC its Permit to Offer Pre-Need Plans only on October 22, 2024, after IC approve it on October 16, 2024. The Corporation started commercial operations only beginning March 7, 2025.

The Corporation's principal office is located at Door C1-C3 ECA Building National Highway City Heights, General Santos City.

Note 2

Statement of Compliance with Philippine Financial Reporting Standards (PFRSs)

Statement of Compliance

This is the first financial statements of the Corporation prepared in accordance with Philippine Financial Reporting Standards (PFRSs) and Philippine Interpretations-IFRIC.

PFRSs include statements named PFRSs and Philippine Accounting Standards (PAS/IAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (BOA) and adopted by the Securities and Exchange Commission (SEC).

Once the Corporation obtains its secondary license as a pre-need company, it will become a supervised entity by the Insurance Commission (IC). As such, it also abides by the regulations of the Commission particularly those that are set forth in the Pre-need Rule 31, As Amended: *Accounting Standards for Pre-Need Plans and Pre-need Uniform Chart of Accounts (PNUCA)*, and all applicable IC Circular Letters and accounting requirements as it pertains to the operation of the secondary license of the Corporation.

Even though the Corporation is not yet in operating status during 2023 and 2024, it is monitoring the developments of PFRSs as they affect its pre-operating status presently and its operating status subsequently.

New and Amended IFRS Accounting Standards that are Effective for the Current Year

In the current year, the Corporation has applied a number of amendments to PFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the FSRSC (as Philippine Financial Reporting Standards) that are mandatorily effective for an accounting period that begins on or after January 1, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to PAS/IAS 7 Statement of Cash Flows and

PFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

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

The amendments contain specific transition provisions for the first annual reporting period in which the Corporation applies the amendments. Under the transitional provisions an entity is not required to disclose:

- Comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- The information otherwise required by PAS/IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Corporation has no supplier finance arrangements.

Amendments to PAS/IAS 1 Classification of Liabilities as Current or Non-current

The Corporation has adopted the amendments to PAS/IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

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

The Corporation has adopted the amendments to PAS/IAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g., a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to

understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The Corporation has no non-current liabilities with covenants.

Amendments to PFRS 16 Leases—Lease Liability in a Sale and Leaseback

The Corporation has adopted the amendments to PFRS 16 for the first time in the current year. The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

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

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

A seller-lessee applies the amendments retrospectively in accordance with PAS/IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

The Corporation has no lease liability in a sale and leaseback arrangement.

New and Revised IFRS Accounting Standards in Issue But Not Yet Effective

At the date of authorization of these financial statements, the Corporation has not applied the following new and revised IFRS Accounting Standards (which will become PFRS Accounting Standards) that have been issued but are not yet effective and in some cases had not yet been adopted by the FSRSC.

- PFRS 17 *Insurance Contracts* (including the June 2020 and December 2021 amendments to IFRS 17)
- Amendments to PAS 7 *Statement of Cash Flows* and PFRS 7 *Financial Instruments: Disclosures* titled *Supplier Finance Arrangements*
- Amendments to IAS 21 *Lack of Exchangeability*
- IFRS 18 *Presentation and Disclosures in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The Board of Directors does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Corporation in future periods, except if indicated below, when applicable.

PFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—*Comparative Information (Amendment to IFRS 17)* to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The FSRSC adopted the amendments to IFRS 17 on December 15, 2021 (and identified the standard as PFRS 17) and amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

The Corporation has determined that the life plan it will issue in the future has significant insurance risk and therefore meets the definition of an insurance contract. In anticipation of this requirement, the Corporation is working closely with its actuaries and the pre-need industry association it belongs to and relies on guidance from the Insurance Commission (IC) as it seeks understanding in the implementation of the provision of PFRS 17, when it becomes effective by January 1, 2025.

Amendments to PAS 7 Statement of Cash Flows and

PFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

The FSRSC has adopted the amendments to IAS 7 and IFRS 7 on June 19, 2023, to be effective beginning January 1, 2025. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Corporation applies the amendments. Under the transitional provisions an entity is not required to disclose:

- Comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments

- The information otherwise required by PAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Corporation has no supplier finance arrangements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- A spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- The first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented. In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

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

IFRS 18 Presentation and Disclosures in Financial Statements

The FSRSC has adopted PFRS 18 on October 10, 2024, to be effective beginning January 1, 2027. PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements. In addition, some PAS 1 paragraphs have been moved to PAS 8 and PFRS 7. Furthermore, minor amendments were made to PAS 7 and PAS 33 *Earnings per Share*.

PFRS 18 introduces new requirements to: (1) present specified categories and defined subtotals in the statement of profit or loss, (2) provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements, and (3) improve aggregation and disaggregation.

An entity is required to apply PFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

The Board of Directors of the Corporation anticipates that the application of these amendments may have an impact on the Corporation's financial statements in future periods.

PFRS 19 Subsidiaries without Public Accountability: Disclosures

The FSRSC has adopted PFRS 19 on July 12, 2024, to be effective beginning January 1, 2027. PFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying PFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with PFRS Accounting Standards. PFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply PFRS 19 if, at the end of the reporting period: (1) it is a subsidiary (this includes an intermediate parent), (2) it does not have public accountability, and (3) its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with PFRS Accounting Standards.

A subsidiary has public accountability if: (1) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or (2) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The Board of Directors of the Corporation does not anticipate that IFRS 19 (to become PFRS 19 in the Philippines) will be applicable to the financial statements of the Corporation.

Note 3

Summary of Material Accounting Policy Information

The material accounting policies that have been used in the preparation of these financial statements are summarized below. The Corporation's management chose these policies as they relate to the existing accounts presented in the financial statements. These policies will be expanded as the Corporation begins commercial operations. Accounting policies related to immaterial transactions or events were no longer disclosed.

Going Concern

The Board of Directors has at the time of approving the financial statements, a reasonable expectation that the Corporation has adequate resources to continue in operational existence for the foreseeable future. Thus, they adopt the going concern basis of accounting in preparing the financial statements.

Basis of Preparation

The financial statements have been prepared using historical cost basis, except for financial instruments that are measured at fair values at the end of the year, as explained in the following accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of PFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS/IAS 2 or value in use in PAS/IAS 36.

The financial statements are presented in Philippine peso, which is the Corporation's functional and presentation currency, and all values are recorded to the nearest peso except when otherwise indicated.

The preparation of the financial statements made use of estimates, assumptions and judgments by management based on management's best knowledge of current and historical facts as at reporting date. These estimates and judgments affect the reported amounts of assets and liabilities and contingent liabilities as at statement of financial position date, as well as affecting the reported income and expenses for the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Fair Value Measurement

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Corporation determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

Financial assets and financial liabilities are recognized in the Corporation's statement of financial position when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade and other receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI): (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Corporation may make the following irrevocable election/designation at initial recognition of a financial asset: (a) the Corporation may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met [see (iii) below]; and (b) the Corporation may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch [see (iv) below].

Amortized Cost and Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Corporation recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to a gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

The Corporation's financial assets at amortized costs presently only includes cash and cash equivalents. Cash and cash equivalents are carried in the financial statements at cost. Cash comprise unrestricted cash on hand, deposits held at call with banks, and time deposits with banks that can be pre-terminated anytime without significant risk of change in value. It also include designated cash for insurance premium fund. Cash equivalents (including those invested in trust funds and financial instruments) represent short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of Financial Assets

The Corporation recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Corporation always recognizes lifetime ECL (expected credit losses) for trade and receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general

economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Corporation recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant Increase in Credit Risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Corporation's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Corporation's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Corporation presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Corporation has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Corporation assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: (1) the financial instrument has a

low risk of default; (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Corporation considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Corporation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of Default

The Corporation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable: (1) when there is a breach of financial covenants by the debtor; or (2) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Corporation, in full (without taking into account any collateral held by the Corporation).

Irrespective of the above analysis, the Corporation considers that default has occurred when a financial asset is more than 90 days past due unless the Corporation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Derecognition of Financial Assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Corporation has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial Liabilities and Equity

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Corporation, are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if: (a) it has been acquired principally for the purpose of repurchasing it in the near term; or (b) on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or (c) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (2) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (3) it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Investment Income' line item (Note 20) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guaranty contracts issued by the Corporation that are designated by the Corporation as at FVTPL are recognized in profit or loss. The Corporation does not have financial liabilities measured at FVPL.

Financial Liabilities Measured Subsequently at Amortized Cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of Financial Liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Corporation exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Corporation accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

Property and Equipment

The property and equipment are carried at cost less accumulated depreciation and any impairment in value, if any. Such cost includes the major renovations or cost of replacing part of such property and equipment when it is probable that future economic benefits arising from the renovations will flow to the Corporation.

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

- a) Service vehicles, 5 years;
- b) Office furniture, fixtures and equipment, 3 to 5 years;
- c) IT equipment, 3 to 5 years; and
- d) Leasehold improvements, over the estimated useful lives of the improvements or the term of the lease, whichever is shorter.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

The carrying values of property and equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

Impairment of Non-Financial Assets

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Share Capital

Capital stock represents the nominal value of shares that have been issued. Additional paid-in capital includes any premium received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Where the Corporation purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Corporation's equity holders.

Retained Earnings

Retained earnings include all current results of operations as disclosed in the statement of changes in equity and are reduced by dividends on capital stock. Retained earnings may also include the effect of changes in accounting policy as may be required by the transition provisions of new and amended standards.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved by the shareholders prior to the reporting date.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Corporation and that the revenue can be measured reliably. The Corporation's revenue recognition policy will be defined in 2025 when it shall have received its secondary license as a pre-need company from the Insurance Commission (IC) and it will be operating in full. Such policies are expected to be in accordance with PFRS 4 *Insurance Contract* until December 31, 2024 and PFRS 17 *Insurance Contract*, beginning January 1, 2025. For other sources of revenue, the Corporation will follow PFRS 15, *Revenue from Contracts with Customers*.

Start-Up Costs

The Corporation recognizes start-up costs in accordance with the provisions of PAS/IAS 38, which provides the recognition of start-up expenditures as expenses unless these expenditures are included in the costs of an item of property and equipment in accordance with PAS/IAS 16. Start-up costs may consist of establishment costs such as legal and secretarial costs incurred in incorporating the entity, expenditure to open a new facility or business (i.e. pre-opening costs) or expenditures for starting new operations or launching new products or processes (i.e. pre-operating costs). In the case of the Corporation, pre-operating costs includes, among others, the cost of promotion to drum-up awareness and support from the public.

Leases

The Corporation determines whether an arrangement is, or contains a lease based on the substance of the arrangements. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset. The Corporation is a lessee of the building it uses as its Head Office.

The Corporation accounts for this lease as follows:

Leases which transfer to the Corporation substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statements of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are directly charged against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the Corporation substantially all the risks and benefits of ownership of the asset

are classified as operating leases. Operating lease payments are recognized as expense in the statement of profit or loss on a straight-line basis over the lease term. The existing leases of all branch offices are treated as operating leases.

The Corporation is not a lessor of properties.

Compensation and Employees Benefits Expense

Employee benefits are all forms of consideration given by the Corporation in exchange for services rendered by employees or for the termination of their employment in the Corporation. The Corporation recognizes: (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the Corporation consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits. The following represent the accounting followed by the Corporation for all types of employee benefits, except share-based payment, to which there is none.

- Short-Term Employee Benefits

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. These benefits include wages, salaries, profit-sharing and bonuses (if there are any) and non-monetary benefits paid to current employees. These are recognized when the employee has rendered the service and are measured at the undiscounted amounts of benefits expected to be paid in exchange for that service.

The benefits also include compensated absences which are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. The expected cost of short-term compensated absences is recognized as the employees rendering service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts the Corporation expects to pay as a result of unused entitlements at end of period. The amounts recognized are included in the Trade and Other Payables account in the statement of financial position at undiscounted amount that the Corporation expects to pay as a result of the unused entitlement.

- Post-Employment Benefit Plans

The Corporation has not yet covered its employees with any post-retirement benefit program considering that the operation of the Corporation is barely three years old under operating status. The Corporation's work force is considered young. The Board of Directors is cognizant of the need to provide post-employment benefits to its employees; however, the cost-benefit estimate favors postponement of any action at this time on the issue of the immateriality of the amount involved.

- Termination Benefits

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

Income Taxation

The Corporation is not yet in operation hence taxation policies are no longer discussed.

Contingencies

A contingency arises when there is a situation for which the outcome is uncertain, and which should be resolved in the future, possibly creating a loss. The accounting for a contingency is essentially to recognize only those

losses that are probable and for which a loss amount can be reasonably estimated. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized either, but these are generally disclosed unless the possibility of an outflow of resources is remote.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Events After Reporting Date

Post period-end events that provide additional information about the Corporation's position at reporting date (adjusting events), are reflected in the financial statements. Post period-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Note 4

Significant Critical Accounting Judgment and Key Sources of Estimation Uncertainty

In applying the Corporation's accounting policies, which are described in Note 3, *Summary of Material Accounting Policy Information*, the management of the Corporation is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Corporation's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Corporation have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Corporation determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Corporation monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimating Useful Lives of Property and Equipment

The Corporation reviews annually the estimated useful lives of its property and equipment based on expected asset utilization. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of these properties would increase recorded depreciation and amortization expense and decrease the related asset accounts.

Impairment of Non-Financial Assets

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

Provision and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision are discussed in Note 3.

Note 5

Cash and Cash Equivalents

This account consists principally of the following:

<i>December 31</i>	2024	2023
Cash in banks	P103,438,710	P102,246,538
Revolving Fund	20,000	20,000
	P103,458,710	P102,266,538

Note 6

Other Current Asset

This account pertains to the input value-added taxes (VAT) arising from the purchase of goods and services which can be used to offset against the output VAT in the future.

Note 7

Property and Equipment – At Cost

This consists of the following:

<i>December 31,</i>	2024	2023
Leasehold improvement	P800,000	P800,000
Office equipment	120,000	120,000
Furniture and fixtures	60,000	60,000
Total	980,000	980,000
Less accumulated depreciation	290,000	145,000
Net	P690,000	P835,000

The Corporation is leasing the space it is holding office, at an annual lease of P128,000.

The accounting for movements of the accounts during the year follows:

<i>December 31, 2024</i>	<i>Opening Balance</i>	<i>Additions</i>	<i>Reclassification</i>	<i>Closing Balance</i>
<u><i>Cost</i></u>				
Leasehold Improvement	P800,000	P-	P-	P800,000
Office Equipment	120,000			120,000
Furniture & Fixture	60,000			60,000
Total	980,000			980,000
<u><i>Accumulated Depreciation</i></u>				
Leasehold Improvement	100,000	100,000		200,000
Office Equipment	30,000	30,000		60,000
Furniture & Fixture	15,000	15,000		30,000
Total	145,000	145,000		290,000
<i>Net Book Value</i>	P835,000	P145,000	P-	P690,000
<i>December 31, 2023</i>				
<u><i>Cost</i></u>				
Leasehold Improvement	P800,000	P-	P-	P800,000
Office Equipment	120,000			120,000
Furniture & Fixture	60,000			60,000
Total	980,000			980,000
<u><i>Accumulated Depreciation</i></u>				
Leasehold Improvement	100,000			100,000
Office Equipment	30,000			30,000
Furniture & Fixture	15,000			15,000
Total	145,000			145,000
<i>Net Book Value</i>	P835,000	P-	P-	P835,000

Note 8

Investment in Trust Fund

The Corporation established a Trust Fund in anticipation of its obligations under the pre-need life plan agreements it intends to sell beginning 2025. The Company signed a Trust Agreement with BOD Unibank, Inc. – Trust and Investment Group (Trustee) on March 11, 2024 for the initial trust fund amount of P5 million.

Among the salient features of the Trust Agreement are the following:

- (1) The Trust Fund is established exclusively and solely for life plans pursuant to the Pre-Need Code. In compliance with Chapter VIII, Section 30 of the Pre-need Code and in accordance with the terms of the trust agreement, no withdrawal shall be made from the trust funds except for the payment of: (a) the cost of benefits or services; (b) the termination values payable to the planholders; and (c) the insurance premium payments for insurance-funded benefits of memorial life plans and other costs necessary to ensure the delivery of benefits or services to planholders.
- (2) The initial amount of the Trust Fund shall be augmented by deposits to be made by the Corporation representing 45% of life plans sold or such higher amounts as determined by the actuary. In case of installment payments, such deposits will be based on rates of contributions required under the Pre-Need Code, and which are also specified in the Trust Agreement.

- (3) The Trustee's investment strategies are limited to fixed income instruments, equities and real estate (which are all defined in the Trust Agreement), except for other investments that are authorized by the IC.
- (4) The Trust Fund, inclusive of earnings, shall be administered and managed by the Trustee who will have the right at any time to sell, convert, invest, change, transfer or change or dispose of the assets comprising the Trust Fund within the parameters that are compliant with IC regulations.
- (5) The investment in Trust Fund – Life Plans is not a deposit account and a fixed rate of interest or a fixed return is neither assured nor guaranteed by the Trustee. The investment is not covered by PDIC, and losses, if any, shall be for the Account of the Company.
- (6) The Trustee shall not be liable for any loss or depreciation in the value of the assets of the Trust Fund resulting from any of the investment or reinvestment operations made by it and the exercise of discretionary powers given to it by the Trust Agreement. In case of fraud, gross negligence or bad faith, however, it shall be liable to the extent of the actual and/or incidental losses to the Trust Fund proven to be the result of such fraud, gross negligence or bad faith.
- (7) For services rendered under the Trust Agreement, the Trustee shall charge a trust fee of 0.50% per annum for the peso component of the Fund, based on the average month-end market value of the peso component of the Fund, which shall be deducted from the Fund on a quarterly basis. In no case, however, shall the trust fees be lower than ₱10 thousand per annum.

As at December 31, 2024, the Corporation's investment in Trust Fund – Life Plans consisted of the following:

<u>December 31</u>	<u>2024</u>
<u>Assets</u>	
Cash in bank	₱3,058
Investment in UITF investments, at fair value	148,997
Investment in Government securities, at fair value	5,203,068
Interest receivable	69,445
Total Assets	5,424,568
<u>Liabilities</u>	
Trust fees payable	87,734
Net Assets	₱5,336,834
Net Assets Accounted as Follows:	
Trust fund principal	₱5,000,000
Realized gain	282,191
Unrealized gain on sale on OCI	54,643
	₱5,336,834

Note 9

Details of Trade and Other Payables

<u>December 31,</u>	<u>2024</u>	<u>2023</u>
Accounts payable – suppliers	₱255,650	₱–
Documentary stamp tax payable	84,499	80,000
Unclaimed salaries and wages	35,335	–
Others	30,166	–
	₱405,650	₱80,000

Note 10**Related Party Transactions**

In the ordinary course of trade or business, the Corporation has transactions with its related parties which include its directors, officers, related interests and employees. These transactions were made substantially on the same terms and conditions as with other parties. None of the transactions incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash. Moreover, the revenue from these related parties are insignificant.

The significant related party transactions are summarized below:

- a) The major stockholder undertook the financing of some of the major expenses in organizing the Corporation, thereby incurring receivables from the Corporation amounting to ₱9,811,578 as at the end of 2024.
- b) The Corporation has no associates, affiliates or joint venture projects.
- c) The key management compensation during 2024 amounted to ₱300,000.

Note 11**Deposit for future Subscription**

In 2024, the Company as approved by the board received ₱2,000,000 from shareholders as additional deposit for future subscription.

Note 12**Risk Management Objectives and Policies**

The Corporation is exposed to a variety of financial risks in performing its activities. Its risk management is coordinated by its Board of Directors and focuses principally on securing short to medium term cash flows by minimizing exposures to financial markets. The Corporation does not actively engage in the trading of financial assets nor does it write options. It has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency. It likewise has little exposure to interest rate risk as its loans and receivables have fixed interest rates. Its exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting period date.

The Corporation is likewise exposed to liquidity risk, the risk that it will encounter difficulty in meeting its obligation as they become due without incurring unacceptable losses or costs. The Corporation'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 Corporation 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.

Note 13**Events After Reporting Date**

There were no events after reporting date that would require disclosures or adjustments on the financial statements of the Corporation.

Note 14

Approval of Financial Statements

The financial statements of Freedomlife Plan Corporation for the period ended December 31, 2024, were authorized for issue by its management on April 14, 2025.

Note 15

Details of Taxes, Licenses and Fees

<i>Year Ended December 31,</i>	2024	2023
Legal, notarial fees and others	₱2,251,450	₱1,307,030
Business permit and licenses	50,000	15,000
Registration fee	500	500
	₱2,301,950	₱1,322,530
