Gmail

Rea Shalika Marohom <shalikarea@gmail.com>

Fwd: Your BIR AFS eSubmission uploads were received

1 message

Vann Dexter Rebusa <vannrebusa@gmail.com> Mon, May 25, 2026 at 1:03 PM
To: Rea Shalika Marohom <shalikarea@gmail.com>

---------- Forwarded message ---------
From: **freedomlife plan corporation** <fplancorporation@gmail.com>
Date: Fri, May 22, 2026 at 3:30 PM
Subject: Fwd: Your BIR AFS eSubmission uploads were received
To: V. D. Rebusa <vannrebusa@gmail.com>

---------- Forwarded message ---------
From: <eafs@bir.gov.ph>
Date: Fri, 22 May 2026 at 15:24
Subject: Your BIR AFS eSubmission uploads were received
To: <FPLANCORPORATION@gmail.com>
Cc: <FPLANCORPORATION@gmail.com>

Hi FREEDOMLIFE PLAN CORPORATION,

Valid files

- EAFS621181737ITRTY122025.pdf
- EAFS621181737AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2R1PY41Z096CJ98JCMTX4WX2T08GEJ9LH9**
Submission Date/Time: **May 22, 2026 03:24 PM**
Company TIN: **621-181-737**

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

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

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

COPY FOR IC

Financial Statements of

Freedomlife Plan Corporation

December 31, 2025 and 2024

And

Report of Independent Auditors

QUILAB & GARSUTA
CERTIFIED PUBLIC ACCOUNTANTS

quilabgarsuta.com

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, 2025 and 2024, 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 30h day of April 2026, at Cagayan de Oro City, Philippines.

RICO P. QUILAB
Engagement Partner

SUBSCRIBED AND SWORN to before me this 19th day of May 2026 affiant exhibited to me his PRC Identification Number 46034 valid until December 29, 2026.

NOTARY PUBLIC

Doc. No. 256
Page No. 52
Book No. 194
Series of 2026.

ATTY. SATURNINO N. BACONGA
NOTARY PUBLIC UNTIL DECEMBER 31, 2026
NOTARIAL COMMISSION 2025-40
IBP Lifetime No 07454/Roll No 55038
PTR Receipt No 6450328A / Dec 5
MCLE No VII-0013795 / TIN 144

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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, 2025 and 2024** 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.

RANDY B. SUNICO
Chairman of the Board

SANDRO M. CAMIT
President

HAZEL JANE B. MARISCAL
Treasurer

Signed this 30th day of April, 2026
General Santos City

QUILAB & GARSUTA
Certified Public Accountants

Contact Information
2F, Executive Centrum Building, J.R. Borja Street
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(063) 88-856-4401, 0917-7121352
quilabgarsuta.com

Current Accreditations
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CDA, NEA, MISEREOR, KNH

REPORT OF INDEPENDENT AUDITORS

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, 2025 and 2024, and the related statement of profit or loss for the year ended December 31, 2025, statement of pre-operating expenses for the year ended December 31, 2024, 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, 2025 and 2024, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

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.

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. The Corporation started commercial operations only beginning March 7, 2025.

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 PFRS Accounting Standards, 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.

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 19 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. 16-007506-001-2026, 2025-2027
IC-EA-2025-0051-R Group A, 2025-2027
46034-SEC Group B, 2020-2025
CDA CEA No. 1898, 2024-2028
169-BSP Group B, 2025-2029
PTR No. 6497883 A
January 4, 2026
Cagayan de Oro City

April 30,2026
Cagayan de Oro City, Philippines

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Freedomlife Plan Corporation

Opinion
We have audited the financial statements of Freedomlife Plan Corporation which comprise the statements of financial position as at December 31, 2025 and 2024, and the related statement of profit or loss for the year ended December 31, 2025, statement of pre-operating expenses for the year ended December 31, 2024, 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.'

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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.

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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. The Corporation started commercial operations only beginning March 7, 2025.

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

QUILAB & GARSUTA
Certified Public Accountants

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REPORT OF INDEPENDENT AUDITORS

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Freedomlife Plan Corporation

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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.

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- 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.

Quilab & Garsuta, CPAs
PTR No. 6497883 A
January 4, 2026
Cagayan de Oro City

April 30,2026
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Freedomlife Plan Corporation

December 31,	**2025**	2024
ASSETS		
Current Assets		
Cash and cash equivalents *(Note 5)*	**₱161,561,941**	₱103,458,710
Prepaid expenses *(Note 6)*	**5,323,990**	147,651
Total Current Assets	**166,885,931**	103,606,361
Non-Current Assets		
Property and equipment – net *(Note 7)*	**545,000**	690,000
Investment in Trust Fund *(Note 8)*	**9,697,513**	5,336,834
Total Non-Current Assets	**10,242,513**	6,026,834
	₱177,128,444	₱109,633,195
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables *(Note 9)*	**₱4,038,405**	₱405,650
Non-Current Liabilities		
Aggregate reserves for risks *(Note 10)*	**4,281,349**	–
Advances from stockholders *(Note 12)*	**12,784,098**	9,529,387
Deposit for future subscription *(Note 11)*	**–**	2,000,000
Total Non-Current Liabilities	**17,065,447**	11,529,387
Total Liabilities	**21,103,852**	11,935,037
Shareholders' Equity		
Share capital *(Note 11)*	**143,723,249**	105,000,000
Retained earnings of Trust Fund – Life Plan *(Note 13)*	**606,535**	282,191
Retained earnings, unappropriated	**11,699,744**	(7,584,033)
Revaluation reserves – net *(Note 8)*	**(4,936)**	–
Total Shareholders' Equity	**156,024,592**	97,698,158
	₱177,128,444	₱109,633,195

See Notes to Financial Statements.

STATEMENT OF PROFIT OR LOSS

Freedomlife Plan Corporation

Year Ended December 31,	**2025**
REVENUE	
Premiums *(Note 14)*	**₱63,856,259**
Investment income *(Note 15)*	**1,348,156**
Trust Fund income *(Note 13)*	**324,344**
Total Revenue	**65,528,759**
COSTS AND EXPENSES	
Cost of contracts issued:	
Collection costs (commissions) *(Note 14)*	**19,388,022**
Increase in aggregate reserves for risks *(Note 10)*	**4,281,349**
Insurance	**4,256,793**
Other direct costs and expenses *(Note 16)*	**3,815,276**
Total cost of contracts issued	**31,741,440**
Salaries, wages and employees' benefits *(Note 17)*	**4,857,400**
General and administrative *(Note 18)*	**3,198,258**
Depreciation and amortization *(Note 7)*	**145,000**
Total Costs and Expenses	**39,942,098**
PROFIT FOR THE YEAR BEFORE INCOME TAX EXPENSE	**25,586,661**
INCOME TAX EXPENSE *(Note 19)*	**5,978,540**
PROFIT FOR THE YEAR	**19,608,121**
OTHER COMPREHENSIVE INCOME (LOSS)	
Item that will not be recycled subsequently to profit or loss	
Fair value losses on investment in Trust Fund – Life Plan *(Note 8)*	**(4,936)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱19,603,185**

See Notes to Financial Statements.

Note

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. The Corporation started commercial operations only beginning March 7, 2025. It prepares its 2025 statement of profit or loss assuming that the commercial operations started in January 1, 2025.

STATEMENT OF PRE-OPERATING EXPENSES

Freedomlife Plan Corporation

Year Ended December 31,	2024
Taxes, licenses and fees *(Note 19)*	₱2,301,950
Salaries, wages, and employees' benefits	400,982
Professional fees	259,910
Depreciation and amortization *(Note 7)*	145,000
Rental	128,000
Communication, light and water	42,650
Meetings and conferences	40,822
Transportation and travel	27,143
Fuel and oil	17,974
Office supplies	14,328
Miscellaneous	12,476
	₱3,391,235

See Notes to Financial Statements.

Note

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. The Corporation started commercial operations only beginning March 7, 2025.

STATEMENTS OF CHANGES IN EQUITY

Freedomlife Plan Corporation

December 31,	**2025**	2024
SHARE CAPITAL *(Note 11)*		
Ordinary (Common) Shares		
Opening balances	**₱105,000,000**	₱105,000,000
Additional subscriptions received during the year	**38,723,249**	–
Closing balances	**143,723,249**	105,000,000
RETAINED EARNINGS		
Retained Earnings of Trust Fund – Life Plan		
Opening balances	**282,191**	–
Income from investment in trust fund *(Note 13)*	**324,344**	282,191
Closing balances	**606,535**	282,191
Retained Earnings – Unappropriated		
Opening balances	**(7,584,033)**	(4,192,798)
Profit (loss) for the year	**19,283,777**	(3,391,235)
Closing balances	**11,699,744**	(7,584,033)
Total Retained Earnings	**12,306,279**	(7,301,842)
REVALUATION RESERVES ON FVTOCI INVESTMENTS		
Opening balances	–	–
Other comprehensive loss for the year *(Note 8)*	**(4,936)**	–
Closing balances	**(4,936)**	–
	₱156,024,592	₱97,698,158

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
Freedomlife Plan Corporation

Year Ended December 31,	**2025**	2024
CASH FLOWS FROM PRE-OPERATING ACTIVITIES		
Profit for the year before income tax expense/total pre-operating expenses for the year	**₱25,586,661**	(₱3,109,044)
Add (deduct) adjustments for:		
Depreciation, a non-cash item *(Note 7)*	**145,000**	145,000
Provision for Pre need Reserves *(Note 10)*	**4,281,349**	–
Operating income before working capital changes	**30,013,010**	(2,964,044)
Changes in working capital, except for cash and cash equivalents:		
Decrease (increase) in prepaid expense *(Note 6)*	**(5,176,339)**	(147,651)
Increase in trade and other payables *(Note 9)*	**2,701,101**	325,650
Net cash generated from operations	**27,537,772**	(2,786,045)
Income taxes paid *(Note 19)*	**5,046,887**	–
Net Cash Provided from (Used for) Operating Activities	**22,490,885**	(2,786,045)
CASH FLOWS FOR INVESTING ACTIVITIES		
Increase in investment in Trust Fund *(Note 8)*	**(4,365,614)**	(5,336,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of share capital subscriptions *(Note 11)*	**36,723,249**	–
Advances from shareholders *(Note 12)*	**3,254,711**	7,315,051
Receipt/application of deposit for future subscriptions *(Note 11)*	**–**	2,000,000
Net Cash Provided from Financing Activities	**39,977,960**	9,315,051
NET INCREASE IN CASH AND CASH EQUIVALENTS	**58,103,231**	1,192,172
OPENING CASH AND CASH EQUIVALENTS	**103,458,710**	102,266,538
CLOSING CASH AND CASH EQUIVALENTS *(Note 5)*	**₱161,561,941**	₱103,458,710

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Freedomlife Plan Corporation
As of and for the Years Ended December 31, 2025 and 2024

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 sells 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.

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. It prepares its 2025 statement of profit or loss assuming that the commercial operations started in January 1, 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 (PFRS Accounting Standards)

Statement of Compliance
The financial statements of the Corporation have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards) and Philippine Interpretations-IFRIC.

PFRS Accounting Standards 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).

Because the Corporation is a supervised entity by the Insurance Commission (IC), 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. These regulations and requirements are substantially compliant with PFRS Accounting Standards.

Adoption of New and Amended PFRS Accounting Standards that are Effective for the Current Year
In the current year, the Corporation has applied the following amendment to PFRS Accounting Standards issued by the IASB and adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) which is mandatorily effective for an accounting period that begins on or after 1 January 2025.

Amendments to PAS 21 *The Effects of Changes in Foreign Exchange Rates* titled *Lack of Exchangeability*
The Corporation has adopted the amendments to PAS 21 for the first time in the current year. The amendments were adopted by the FSRSC on October 10, 2023. These amendments so far are the only ones adopted and implemented beginning January 1, 2025. The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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 PFRS Accounting Standards that have been issued but are not yet effective (and, in some cases, have not yet been adopted by the FSRSC):

- PFRS 17 *Insurance Contracts* (including the June 2020 and December 2021 amendments to IFRS 17)

- Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

- Annual Improvements to IFRS Accounting Standards – Volume 11 *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows*

- Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity*

- IFRS 18 *Presentation and Disclosures in Financial Statements*

- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*

The management of the Corporation 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.

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. On February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

The Corporation has determined that the life plan it issues has significant insurance risk and therefore meets the definition of an insurance contract. Presently, these are accounted for under PFRS 4, which will be superseded by PFRS 17 beginning January 1, 2027. 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.

Amendments to PFRS 9 and PFRS 7—Amendments to the Classification and Measurement of Financial Instruments
Amendments to the Classification and Measurement of Financial Instruments adopted by the FSRSC on July 12, 2024 to become effective beginning January 1, 2026. The amendments in *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7)* are the following:

Derecognition of a financial liability settled through electronic transfer
The amendments permit the Corporation to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognized) before the settlement date if specified criteria are met. If the Corporation elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

Classification of financial assets

- *Contractual terms that are consistent with a basic lending arrangement.*
  The amendments provide guidance on how the Corporation should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist the Corporation to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

- *Assets with non-recourse features.*
  The amendments enhance the description of the term 'non-recourse', in particular to specify that a financial asset has non-recourse features if the Corporation's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- *Contractually linked instruments.*
  The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of

losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures

- *Investments in equity instruments designated at FVTOCI.*
  The requirements in PFRS 7 are amended to require the Corporation to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.

- *Contractual terms that could change the timing or amount of contractual cash flows.*
  The amendments require the Corporation to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or FVTOCI and each class of financial liability measured at amortized cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. If the Corporation elects to apply these amendments for an earlier period, it is required to either: (1) apply all the amendments at the same time and disclose that fact or (2) apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with PAS 8, with specific exceptions.

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

Annual Improvements to PFRS Accounting Standards – Volume 11
Amendments to PFRS 1 First-time Adoption of International Financial Reporting Standards, PFRS 7 *Financial Instruments: Disclosures and its accompanying Guidance on implementing PFRS 7*, PFRS 9 *Financial Instruments*, PFRS 10 *Consolidated Financial Statements*, and PAS 7 *Statement of Cash Flows.* The IASB issued amendments to five IFRS Accounting Standards as part of its annual improvements process and these amendments were *a*dopted by the FSRSC on August 22, 2024 to become effective beginning January 1, 2026.

These amendments are the following:

PFRS 1 First-time Adoption of International Financial
Reporting Standards—Hedge accounting by a first-time adopter
For consistency with the requirements in PFRS 9, PFRS 1:B5-B6 were amended to refer to the 'qualifying criteria' for hedge accounting (instead of the 'conditions') and to add cross-references to PFRS 9:6.4.1 to improve the understandability of PFRS 1.

PFRS 7 Financial Instruments: Disclosures—Gain or loss on derecognition
The amendments remove an obsolete cross-reference in PFRS 7:B38 to a paragraph that had been deleted when PFRS 13 was issued and align the wording of this paragraph with the terms used in PFRS 13.

Guidance on implementing PFRS 7—Disclosure of
deferred difference between fair value and transaction price
The amendments update PFRS 7:IG14 to make the wording of that paragraph consistent with PFRS 7:28 and improve the internal consistency of the wording in the example in PFRS 7:IG14.

Guidance on implementing PFRS 7—Introduction and credit risk disclosures
The amendments add a statement to PFRS 7:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in PFRS 7:IG20B.

PFRS 9 Financial Instruments—Derecognition of lease liabilities
The amendments add a cross-reference to PFRS 9:3.3.3 in PFRS 9.2.1(b)(ii) to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply PFRS 9:3.3.3 and therefore recognize any resulting gain or loss in profit or loss.

PFRS 9 Financial Instruments—Transaction price
The amendments replace 'their transaction price (as defined in PFRS 15)' in PFRS 9.5.1.3 with 'the amount determined by applying PFRS 15' to address inconsistency between PFRS 9.5.1.3 and the requirements of PFRS 15 which may require a receivable to be measured at an amount that differs from the amount of the transaction price recognized as revenue. Additionally, the reference to 'transaction price' (as defined in PFRS 15) is deleted from Appendix A of PFRS 9.

PFRS 10 Consolidated Financial Statements—Determination of a 'de facto agent'
The amendments address concerns that the requirements in PFRS 10:B73-B74 might, in some situations, be contradictory. PFRS 10:B73 refers to 'de facto agents' as parties acting on the investor's behalf and states that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of PFRS 10:B74 includes more conclusive language and states that a party is a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. The amendments update PFRS 10:B74 to use less conclusive language and to clarify that the relationship described in PFRS 10:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

PAS 7 Statement of Cash Flows—Cost method
The amendment replaces the term 'cost method' with 'at cost' in PAS 7:37 in line with the removal of the definition of 'cost method' from the PFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Corporation is required to apply the amendments to PFRS 9:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the Corporation first applies that amendment. No specific transition provisions are provided in respect of the other amendments.

Amendments to PFRS7and PFRS 9—Contracts Referencing Nature-dependent Electricity
Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity* were adopted by the FSRSC on February 14, 2025 to become effective beginning January 1, 2026.

Amendments to PFRS 7 *Financial Instruments: Disclosures* and
PFRS 19 *Subsidiaries without Public Accountability: Disclosures*
PFRS 7 and PFRS 19 were amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

Amendments to PFRS 9 *Financial Instruments*
The following requirements of PFRS 9 are affected by the amendments:

- The own-use requirements in PFRS 9 are amended to include the factors the Corporation is required to consider when applying PFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and

- The hedge accounting requirements in PFRS 9 are amended to permit the Corporation using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument: (1) to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and (2) to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted. The amendments to the own use exemption are required to be applied retrospectively in accordance with PAS 8 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

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

PFRS 18 Presentation and Disclosures in Financial Statements
PFRS 18 includes requirements for all entities applying PFRS for the presentation and disclosure of information in financial statements, which were issued on April 9, 2024, adopted by FSRSC on May 10, 2024, to become effective beginning the annual periods 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 paragraphs from PAS 1 have been moved to PAS 8 and PFRS 7. Furthermore, the PASB has made minor amendments 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.

The Corporation 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 the Corporation applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

The Board of Directors of the Corporation anticipate 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*
PFRS 19 permits an eligible subsidiary (defined as a subsidiary that does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards) to provide reduced disclosures when applying PFRS Accounting Standards in its financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The Board of Directors of the Corporation do not anticipate that PFRS 19 will be applied for purposes of the financial statements of the Corporation.

Adoption of PFRS on Sustainability Disclosures and Issuance of Reporting Guidelines for Companies
The SEC issued Memorandum Circular No. 16, Series of 2025, titled 'Adoption of Philippines Financial Reporting Standards (PFRS) on Sustainability Disclosures and Issuance of Reporting Guidelines for Publicly Listed Entities and Large Non-listed Entities' on December 23, 2025. PFRS S1 and S2 have been adopted by the Professional Regulatory Board of Accountancy on March 12, 2024 under its Resolution No. 11, Series of 2024 and formally adopted by the SEC during its Commission En Banc meeting on December 4, 2025.

PFRS S1 sets out the general requirements for the disclosure of sustainability related financial information, while PFRS S2 focuses on climate related disclosures.

The SEC issued the Sustainability Reporting Guidelines, together with a PFRS Adoption Roadmap, to guide covered companies in phased implementation. These standards are aligned with IFRS S1 and S2 issued by the International Sustainability Standards Board and were approved for local application through the Philippine standard setting process. The Guidelines aim to enhance transparency, comparability, and decision usefulness of sustainability disclosures and support long term value creation to attract investments.

All publicly listed companies (PLCs) and large non-listed entities (LNLs) are required to submit a Sustainability Report as an attachment to their annual reports to the SEC. LNLs not reporting under Section 17.2 of the Revised SRC are required to submit a Sustainability Report together with their audited financial statements beginning on or after January 1, 2026. Beginning 2026, covered companies are required to start adopting PFRS S1 and PFRS S2 with limited extensions of transition standard reliefs, under a tiered approach.

The Corporation, not being a PLC or LNL, has determined that it is not required to comply with the submission of the Sustainability Report.

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
An 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.

Debt Instruments Classified as at FVTOCI
The investment in trust fund – life plan administered by a trustee includes investments in debt instruments that are classified as at FVTOCI. The investments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these investments as a result impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss.

The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these investments had been measured at amortized cost. All other changes in the carrying amount of these investments are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these investments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

Equity Instruments Designated as at FVTOCI
On initial recognition, the Corporation may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive incomes and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with PFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

The Corporation designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if: (1) it has been acquired principally for the purpose of selling it in the near term; or (2) on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has evidence of a recent actual pattern of short-term profit-taking; or (3) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial Assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI [see (i) to (iii) above] are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Corporation designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition [see (iii) above].

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria [see (i) and (ii) above] are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Corporation has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (the Corporation has no hedge investments).The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets and is included in the ‘Investment Income’ line item (Note 15). Fair value is determined in the manner described in the Corporation’s material accounting policy information.

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.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event (see (ii) above); (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or (e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-Off Policy

The Corporation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Corporation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and Recognition of Expected Credit Losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Corporation's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with PFRS 16.

For a financial guarantee contract, as the Corporation is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Corporation expects to receive from the holder, the debtor or any other party.

If the Corporation has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Corporation measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

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 investment's 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 investment's 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 15) 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.

Prepayments
Prepaid expenses are expenditures paid for in one accounting period, but for which the underlying assets will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. Prepayments are carried at cost and are amortized on a straight-line basis, over the period of intended usage, which is equal to or less than 12 months or within the normal operating cycle.

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.

Actuarial Reserve Policies

Pre-need reserves (PNR) for life plans represents the accrued net liabilities of the Corporation to its planholders. Insurance premium reserve (IPR) is set up as additional reserves to pay for premiums of insurance coverage of fully paid planholders.

These actuarial liabilities are computed by the Consulting Actuary of the Corporation using actuarial practices generally accepted in the Philippines and based on standards and guidelines set forth by the IC and of the Actuarial Society of the Philippines (ASP). The increase or decrease in the account is charged or credited to costs of contracts issued in the statement of profit or loss.

Actuarial liabilities and other policy liabilities represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits, and expenses on in-force policies. In calculating actuarial liabilities, assumptions must be made about the timing and amount of many events, including death, investment, inflation, policy termination, expenses, taxes, premiums/commissions.

The Corporation uses best estimate assumptions for expected future experience. Uncertainty is inherent in the process, as no one can accurately predict the future. Some assumptions relate to events that are anticipated to occur for many years in the future and are likely to require subsequent revision. Additional provisions are included in the actuarial liabilities to provide for possible adverse deviations from the best estimates. If the assumption is more susceptible to change, or if the actuary is less certain about the underlying best estimate assumption, a correspondingly larger provision is included in actuarial liabilities.

In determining these provisions, the Corporation ensures: (a) when taken one at a time, the provision is reasonable with respect to the underlying best estimate assumption, and the extent of uncertainty present in making that assumption, and (b) in total, the cumulative effect of all provisions is reasonable with respect to the total actuarial liabilities. With the passage of time and resulting reduction in estimation risk, the provisions are released into income. The best estimate assumptions and margins for adverse deviations are reviewed annually and revisions are made where deemed necessary and prudent.

Recording of Claims from Policyholders
Claims incurred comprise settlement and handling costs of paid and outstanding claims arising during the year and adjustments to prior year claim provisions. Outstanding claims comprise claims incurred up to, but not paid, at the end of the year, whether reported or not. Reinsurance recoveries are accounted for in the same period as the related claim.

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.

In accordance with the provisions of Chapter VIII, Section 30 of the Pre-need Code, and guided by IC Circular Letter No. 2018-1, the Corporation identifies its retained earnings as follows:

(a) Retained Earnings Corporate Funds, (unrestricted) which pertains to the accumulated earnings of the Corporation reduced by whatever losses the Corporation may incur during a certain accounting period or by dividend declarations. The Corporation uses the account 'Retained Earnings, Unrestricted', and

(b) Retained Earnings Trust Fund – Life Plan, which pertains to the accumulated income of the investments in trust fund.

In accordance with Section 29 of the R.A. 98291, An Act Establishing the Pre-Need Code of the Philippines, '*A pre-need company may declare dividend: Provided, That the following shall remain unimpaired, as certified under oath by the president and the treasurer with respect to items (a) and (b); and in the case of item (c), by the trust officer: (a) One hundred percent (100%) of the capital stock; (b) An amount sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes; and (c) Trust fund. Any dividend declared under the preceding paragraph shall be reported to the Commission within thirty (30) days after such declaration.'*

Revaluation Reserves on FVTOCI Investments
The accumulated other comprehensive income account is an equity category comprised of the cumulative amounts of other comprehensive income (OCI). OCI presently comprises the change in the fair value of the investments in trust funds.

Revenue and Cost Recognition
The Corporation's revenue arises primarily from the sale of a pre-need product and secondarily from investment-related transactions such as investment income, dividend income, interest income and other sources of revenue. Management has determined that the revenue from pre-need operations is within the scope of PFRS 4 while the income from investments in financial instruments is within the scope of PFRS 9.

Incomes from other sources are within the scope of PFRS 15.

The Corporation recognizes revenue as follows:

(1) *Premiums Revenue*
Revenue from sale of a pre-need product is recognized under PFRS 4 *Insurance Contracts*, which defines an insurance contract as a ‘contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.’ PFRS 4 temporarily exempts the Corporation from some requirements of other PFRS Accounting Standards until the efficacy of PFRS 17, beginning January 1, 2025.

Under the provisions of PFRS 4, the Corporation recognizes:

– Premiums from sale of pre-need plans as earned when collected and with corresponding increase in the insurance trust fund and insurance premium fund.

– Service fees, loading income, surcharge and amendment fees are recognized in the period in which the related services are performed.

(2) *Investments Income*
Income investments are accounted for under PFRS 9 *Financial Instruments* as follows:

– Income from investments in debt and equity securities 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.

– Income generated from Investment in Trust Fund – Life Plan is restricted in nature. In accordance with the provisions of Section 30 of the Pre-Need Code, the trust fund income is intended only 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. The Corporation made an irrevocable election at initial recognition to measure the investments of trust fund at FVTOCI with only dividend income recognized in profit or loss.

  Trust fund income (net of the allowed payments) is accumulated in Retained Earnings (Deficit), Trust Fund – Life Plan.

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

For each contract with a customer, the Corporation:

(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.

(4) *Cost and Expenses*
Costs and expenses are recognized in the statement of profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen, which can be measured reliably.

Costs and expenses are recognized in the statement of profit or loss : i) on the basis of a direct association between the cost incurred and the earnings of specific items of income; ii) 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 iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Insurance-related costs are accounted as follows:

– Changes in the required Pre-Need Reserves, trust fund contributions and other reserves are recognized as expense during the year. Documentary stamp taxes and IC registration fees are expenses as incurred.

– Plan benefits expense is recognized for benefits availed of by planholders/beneficiaries that normally include the costs of memorial services, maturities or termination benefits, except benefits paid from insurance coverage.

– Collection costs (representing commissions to licensed active agents) are due and payable for every premium income recognized. Commission rates are based on IC-approved rates.

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 as Lessee
The Corporation's leases substantially involve the use of office spaces that are used for its Head Office presently. The Corporation assesses whether a contract is or contains a lease, at inception of the contract. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12

months or less) and leases of low value assets. For these low value leases, the Corporation recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Corporation treats its present lease of the Head Office building as short-term lease because it plans to move or construct its own building.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Corporation uses its incremental borrowing rate. For purposes of discounting, the Corporation is using the average rate of its investments in financial instruments.

The incremental borrowing rate depends on the term and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Corporation and the lease does not benefit from a guarantee from the Corporation.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Corporation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS/IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Corporation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets and the corresponding lease liability are presented separately in the statement of financial position as required under IC Circular Letter No. 2019-70, dated December 2, 2019.
The Corporation applies PAS/IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Rental" in the statement of profit or loss.

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components and instead accounts for any lease and associated non-lease components as a single arrangement. The Corporation has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leases – The Corporation as Lessor
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 income tax expense represents the sum of the tax currently payable and deferred. The Corporation has no deferred taxes at present.

Current Tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of the Chief Accounting Officer of the Corporation supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

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 profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation 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 offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except: (a) 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 (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused 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 carry forward of unused tax credits and unused NOLCO can be utilized except: (a) where the deferred tax asset relating to the deductible temporary differences 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 (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 statement of financial position 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 statement of financial position 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.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Earnings per Share
Basic earnings per share (EPS) is computed by dividing the profit for the year attributable to common shareholders (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing the net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

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 depend 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.

Fair Value Measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible; but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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:

December 31	**2025**	2024
Cash in banks	**₱152,945,090**	₱103,438,710
Undeposited collections	**8,616,851**	–
Revolving Fund	**–**	20,000
	₱161,561,941	₱103,458,710

Cash in banks earn interest rates ranging from 0.05% to 0.25% per annum and are generally placed with big commercial banks. Interest income earned amounted to ₱1,348,156 for the year 2025. (See Note 15)

Note 6
Prepaid Expenses

This consists of the following:

December 31	**2025**	2024
Deferred filing fees with the Insurance Commission (IC)	**₱5,323,990**	₱–
Input Vat	**–**	147,651
	₱5,323,990	₱147,651

The deferred filing fees with IC represent the 0.1% filing fee of the ₱7 billion worth of Memorial Plans (Bronze, Silver Plus, and Gold Plus) that the Corporation applied for and subsequently obtained permission from IC to sell the plans. It is amortized as an expense to form part of the product cost and matched at every sale of a unit of the plan. Total filing fees expensed amounted to ₱1,676,010 in 2025. (See Note 16.)

Additionally, the Corporation obtained new permit from the Insurance Commission (IC) on January 20, 2026 to offer to the public additional pre-need contracts for memorial plans (Bronze, Silver Plus and Gold Plus) with aggregate contract price worth ₱5 billion.

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:

December 31,	**2025**	2024
Leasehold improvement	**₱800,000**	₱800,000
Office equipment	**120,000**	120,000
Furniture and fixtures	**60,000**	60,000
Total	**980,000**	980,000
Less accumulated depreciation	**435,000**	290,000
Net	**₱545,000**	₱690,000

The Corporation is leasing the space it is holding office, at an annual lease of ₱786,762.
The accounting for movements of the accounts during the year follows:

December 31, 2025	*Opening Balance*	*Additions*	*Reclassification*	*Closing Balance*
Cost				
Leasehold improvement	₱800,000	₱–	₱–	**₱800,000**
Office equipment	120,000			**120,000**
Furniture and fixtures	60,000			**60,000**
Total	980,000			**980,000**
Accumulated Depreciation				
Leasehold improvement	200,000	100,000		**300,000**
Office equipment	60,000	30,000		**90,000**
Furniture and fixtures	30,000	15,000		**45,000**
Total	290,000	145,000		**435,000**
Net Book Value	₱690,000	₱145,000	₱–	**₱545,000**
December 31, 2024				
Cost				
Leasehold improvement	₱800,000	₱–	₱–	₱800,000
Office equipment	120,000			120,000
Furniture and fixture	60,000			60,000
Total	980,000			980,000

(Carried Forward.)

(Brought Forward.) *December 31, 2024*	*Opening Balance*	*Additions*	*Reclassification*	*Closing Balance*
Accumulated Depreciation				
Leasehold improvement	100,000	100,000		200,000
Office equipment	30,000	30,000		60,000
Furniture and fixtures	15,000	15,000		30,000
Total	145,000	145,000		290,000
Net Book Value	₱835,000	₱145,000	₱–	₱690,000

Note 8
Investment in Trust Fund – Life Plan

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 Corporation signed a Trust Agreement with BOD Unibank, Inc. – Trust and Investment Group (Trustee) on March 11, 2024 for the initial trust fund amount of ₱5 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 Corporation.

(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.

At the end of the year, the Investment Manager reported the following status of the investment:

December 31	**2025**	2024
Assets		
Cash in bank	**₱4,481**	₱3,058
Investment in UITF investments, at fair value	**1,048,719**	148,997
Investment in Government securities, at fair value	**8,540,073**	5,203,068
Interest receivable	**115,157**	69,445
Total Assets	**9,708,430**	5,424,568
Liabilities		
Accrued Trust fees payable	**10,917**	87,734
Net Assets	**₱9,697,513**	₱5,336,834
Net Assets Accounted as Follows:		
Trust fund principal	**₱5,336,834**	₱5,000,000
Additional contributions	**4,041,271**	–
Realized gain	**324,344**	282,191
Unrealized (loss) gain on sale on OCI	**(4,936)**	54,643
	₱9,697,513	₱5,336,834

The realized gain on sale of financial assets is recognized in profit or loss at net of final taxes, at ₱324,344 in 2025 and ₱282,191 in 2024. (See Note 13.)

The fair value loss on investments amounting to ₱4,936 in 2025 were credited to other comprehensive income in the statements of profit or loss and other comprehensive income.

Computation of Trust Fund Surplus

December 31,	**2025**	2024
Net assets of Trust Fund – Life Plan	**₱9,697,513**	₱–
PNR and plan benefits payable (actuarially computed) *(Note 10)*	**(4,281,349)**	–
	₱5,416,164	₱–

In accordance with IC rules and regulations, the Corporation is required to deposit a certain portion of its collections from planholders with a trustee bank to ensure future payments of benefits to planholders. Deposits are made based on applicable rules and regulations of the IC and are adjusted to conform to actuarial evaluation.

Note 9
Details of Trade and Other Payables

This consists of the following:

December 31,	**2025**	2024
Accrued expenses – insurance and other expenses	**₱2,495,593**	₱250,000
Income tax payable *(Note 19)*	**931,653**	–
Output VAT payable	**387,609**	–
Trade and other payables	**123,550**	155,650
Accrued expenses – documentary stamp tax	**100,000**	–
	₱4,038,405	₱405,650

Note 10
Aggregate Reserves for Risks

PNR for Life Plan

The PNR for life plans amounted to ₱4,281,349 as at December 31, 2025. This represents the actuarial reserve liabilities set up by the Corporation pertaining to the accrual of its net liabilities to planholders computed using the net level premium reserving method based on a prospective approach. The amounts of reserves have been certified by the Consulting Actuary to be in accordance with commonly accepted actuarial standards and with the Guidelines and Standards of the Actuarial Society of the Philippines.

The FPC Life Plan is a traditional, non-participating, pre-need plan that provides pre-determined memorial service, in form of memorial service at the time of availment. The plans are payable in spot cash (single-pay) or in five years. The plan will be offered with the following Contract Price: ₱31,800.00 for the Bronze Plan; ₱37,800.00 for the Silver Plus Plan; and ₱45,900.00 for the Gold Plus Plan.

Silver Plus and Gold Plus Plan offer a Group Life Insurance with ₱40,000.00 and ₱46,000.00 insurance benefit respectively. This coverage terminates after five (5) years from the effective date of the policy.

As of December 31, 2025, the Corporation has 26,607 actively paying plans and 72 fully paid plans, for a total of 29,679 plans, with an aggregate contract price of ₱1.087 billion.

Note 11
Shareholders' Equity

The Corporation's share capital consists of the following:

December 31,	**2025**	2024
Ordinary (Common) Shares		
Authorized – 300 million shares, ₱100 par value		
Issued and outstanding: 143,723,249 shares in 2025; 105,000,000 in 2024	**₱143,723,249**	₱105,000,000
	₱143,723,249	₱105,000,000

Disclosures Required Under Revised SRC Rule 68 (2019 Version)

As at December 31, 2025, the Corporation has three (3) shareholders owning 100 or more ordinary (common).

Increase of Authorized Capital Stock

On December 4, 2025, the Securities and Exchange Commission (SEC) approved the Corporation's application for the increase in its authorized capital stock from One Hundred Five Million Pesos (₱105,000,000) divided into 1,050,000 common shares with par value of ₱100.00 each, to Three Hundred Million Pesos (₱300,000,000) divided into 3 million voting common shares with par value of ₱100.00 each.

Deposit for future Subscription

In 2024, the Corporation received ₱2,000,000 from shareholders as deposit for future subscription; this was subsequently applied to the issued shares in 2025.

Compliance with Capitalization Requirements

In accordance with the provisions of Section 9 of R. A. 9829, An Act Establishing the Pre-Need Code of the Philippines and in the Insurance Commission Circular Letter 2019-50, a pre-need company incorporated after the effectivity of the Code shall have a minimum paid-up capital of ₱100 million. The Corporation has complied with this requirement by having authorized common share capital of ₱300 million and paid-up capital of ₱ 143,723,249 in 2025 and ₱105,000,000 in 2024.

Capital Management Objectives, Policies and Procedures
The Corporation maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its planholders. The level of capital maintained is higher than the minimum capital requirements of the IC. The Corporation considers the entire equity in determining the capital. The Corporation manages its capital to ensure that it has the ability to continue as a going concern while maximizing the return to shareholders. The Corporation's Board of Directors regularly reviews its capital structure on the basis of the carrying amount of equity, less cash and cash equivalents, as presented on the face of the statement of financial position. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

Note 12
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 ₱12,784,098 as at the end of 2025.

b) The Corporation has no associates, affiliates or joint venture projects.

c) The key management compensation during 2025 amounted to ₱1,875,560.

Note 13
Profit of Trust Fund – Life Plan

The accounting of the profit and loss of the Trust Fund – Life Plan follows:

Years Ended December 31,	**2025**	2024
Income from investment of trust fund *(Note 8)*	**₱405,430**	₱352,739
Final taxes on investment income	**(81,086)**	(70,548)
Total	**₱324,344**	₱282,191

The cumulative retained income from Trust Fund – Life Plan amounted to ₱606,535 in 2025 and ₱282,191 in 2024.

Note 14
Details of Premium Revenue

Years Ended December 31,	**2025**	2024
Premiums paid	**₱72,563,931**	₱–
Value-added taxes	**(8,707,672)**	–
	₱63,856,259	₱–

Collection costs, representing commissions paid to agents, amounted to ₱19,388,022 in 2025.

Note 15
Details of Investments Income

Interest income from cash and cash equivalents amounted to ₱1,348,156. (See Note 5.)

The investments income is presented at gross of final taxes of 20%. The final taxes thereon are presented as part of the income tax expense – current. (See Note 19.)

Note 16
Details of Other Direct Costs and Expenses

Year Ended December 31,	**2025**	2024
Travel allowance	**₱2,139,266**	₱–
Licensing fee amortized on Plans issued *(Note 6)*	**1,676,010**	–
	₱3,815,276	₱–

Note 17
Details of Salaries, Wages and Employees' Benefits

Year Ended December 31,	**2025**	2024
Salaries and wages	**₱4,597,160**	₱400,982
Mandatory deductions ER	**260,240**	–
Total	**₱4,857,400**	₱400,982

Note 18
Details of General and Administrative Expenses

Year Ended December 31,	**2025**	2024
Taxes, licenses and fees *(Note 19)*	**₱1,398,253**	₱2,301,950
Rental	**786,762**	128,000
Professional fees	**196,140**	259,910
Meals and accommodation	**179,083**	–
Communication, light and water	**130,549**	42,650
Advertising and promotions	**128,142**	–
Transportation and travel	**116,320**	27,143
Fuel and oil	**81,141**	17,974
Office supplies	**49,638**	14,328
Meetings and conferences	**–**	40,822
Miscellaneous	**132,230**	12,476
Total	**₱3,198,258**	₱2,845,253

Note 19
Income Taxes and Other Statutory Taxes

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill
On February 3, 2021, the House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises" or "CREATE".

CREATE Act was passed into law on March 27, 2021. Provisions under the CREATE Act include reductions in

RCIT rate from 30% to 25% for large corporations and 20% for small and medium corporations with net taxable income not exceeding ₱5,000,000 and total assets not exceeding ₱100,000,000 (excluding land) effective July 1, 2020.

Income Tax Expense
The income tax expenses are composed of the following:

Year Ended December 31,	**2025**	2024
Corporate Income Tax - RCIT	**₱931,654**	₱–
Final taxes on trust fund income *(Note 13)*	**81,086**	70,548
Final taxes on investments income *(Note 15)*	**337,039**	–
Total	**₱1,349,779**	₱70,548

The disproportionate relationships between the profit before income tax expense and the income tax expense – current is due mainly to income from investments which was deducted from profit income before tax expense since this was already subjected to the final tax of 20%.

Computation of Income Tax Expense – Regular Rate
In computing the Corporation's income tax due, the taxable income is subjected to 25% tax rate, details as follows:

Years Ended December 31, 2025	**2025**	2024
Net income (loss) before tax	**₱25,586,661**	(₱3,109,044)
Add (deduct) reconciling items:		
Investment Income *(Note 13)*	**(324,344)**	(282,191)
Interest income *(Note 15)*	**(1,348,156)**	–
Taxable Income RCIT	**23,914,161**	(3,391,235)
Tax rate	**25%**	25%
Tax Due RCIT	**₱5,978,540**	NIL

Income Tax Payable

Years Ended December 31	**2025**	2024
Tax due	**₱5,978,540**	NIL
Less: Tax payments		
Cash payments	**(5,046,887)**	–
Income Tax Payable *(Note 9)*	**₱931,653**	NIL

Details of Taxes, Licenses and Fees

Years Ended December 31,	**2025**	2024
Legal, notarial fees and others	**₱945,470**	₱2,251,450
Business permit and licenses	**452,783**	50,000
Registration fee	**–**	500
	₱1,398,253	₱2,301,950

Net Loss Carry-Over (NOLCO)
The Corporation has incurred NOLCO in taxable years 2023 to 2024 which can be claimed as deduction from the regular taxable income for the next consecutive taxable years as allowed by law. The Corporation, however, has not used NOLCO in computing for the 2025 income tax expense; it will use NOLCO in the next taxable year.

In using the benefits of NOLCO, the Corporation observes the following rules:

(1) Any net loss incurred in a taxable year during which the taxpayer was exempt from income tax shall not be allowed as a deduction.

(2) The Corporation cannot enjoy the benefit of NOLCO for as long as it is subject to MCIT in any taxable year. However, the running of the 3-year period for the expiry of NOLCO shall not be interrupted by the fact that the Corporation is subject to MCIT in any taxable year during such three-year period.

(3) An individual taxpayer who claims the 10% Optional Standard Deduction shall not simultaneously claim deduction of NOLCO. However, the 3-year reglementary period for carry-over shall still continue to run.

(4) The carry over shall be allowed only if there has been no substantial change in the ownership of the business in that not less than 75% in nominal value of outstanding issued shares or not less than 75% of the paid-up capital of the Corporation, if the business is in the name of the Corporation, is held by or on behalf of the same person.

Accounting of the Movements of NOLCO

Years Ended December 31,	**2025**	2024
Opening balances	**₱7,301,842**	₱4,192,798
Additions	**–**	3,109,044
Closing balances	**₱7,301,842**	₱7,301,842

Details of NOLCO Closing Balances

Year Incurred	***NOLCO***	*Year Expiry*
2023	**₱4,192,798**	2026
2024	**3,109,044**	2027
2025	**–**	–
	₱7,301,842	

Note 20
Computation of the Earnings Per Common Share

For purposes of computing the earnings per share, the following accounting of the profit for the year for the unrestricted earnings is presented:

December 31,	**2025**	2024
Profit for the year per statement of profit or loss	**₱19,608,121**	(₱3,391,235)
Profit for the year of trust fund – life plan *(Note 13)*	**(324,344)**	282,191
Profit for the year, unrestricted	**19,283,777**	(3,109,044)
Outstanding common shares for the year *(Note 11)*	**3,000,000**	1,050,000
Earnings Per Common Share	**₱6.43**	(₱2.96)

Note 21
Fair Value Measurements

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 considering the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the Corporation 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.

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

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

December 31, 2025	Level 1	Level 2	Level 3	**Total**
Financial assets				
Cash and cash equivalents *(Note 5)*	₱161,561,941	₱–	₱–	**₱161,561,941**
Investment in Trust Fund–Life Plan *(Note 8)*			9,697,513	**9,697,513**
	₱161,561,941	₱–	₱9,697,513	**₱171,259,454**
Financial liabilities				
Trade and other payables *(Note 9)*	₱–	₱–	₱4,038,405	**₱4,038,405**
	₱–	₱–	₱4,038,405	**₱4,038,405**
December 31, 2024				
Financial assets				
Cash and cash equivalents *(Note 5)*	₱103,458,710	₱–	₱–	₱103,458,710
Investment in Trust Fund–Life Plan *(Note 8)*			5,336,834	5,336,834
	₱103,458,710	₱–	₱5,336,834	₱108,795,544
Financial liabilities				
Trade and other payables *(Note 9)*	₱–	₱–	₱405,650	₱405,650
	₱–	₱–	₱405,650	₱405,650

The Level 3 fair value of the property and equipment was determined using the cost approach that reflects the cost to a market participant to acquire such assets. These inputs were derived from various suppliers' quotes, and price catalogues. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the assets.

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, 2025 and 2024.

December 31, 2025	Level 1	Level 2	Level 3	**Total**
Financial assets				
Property and equipment *(Note 7)*	₱–	₱–	₱545,000	**₱545,000**
	₱–	₱–	₱545,000	**₱545,000**
December 31, 2024				
Financial assets				
Property and equipment *(Note 7)*	₱–	₱–	₱690,000	₱690,000
	₱–	₱–	₱690,000	₱690,000

Note 22
Risk Management Objectives and Policies

The Corporation is exposed to a variety of financial risks, which result from both its operating and financing activities. The Corporation's principal financial instruments are its cash and cash equivalents, trade and other receivables, investments in trust funds, corporate bonds and other reserve funds, trade and other payables, and deposit for future subscriptions. Its existing policies and guidelines cover 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 Corporation's financial performance and financial position. The Corporation actively measures, monitors, and manages its financial risk exposures by various functions pursuant to the segregation of duties principle.

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

Insurance Risk
Insurance risk is the risk that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Corporation addresses this risk by complying with IC regulations pertaining to the set-up of a trust fund - life plan. The Corporation signed a trusteeship agreement with BDO Unibank, Inc. – Trust and Investment Group for the management of the insurance trust fund. (See Note 8.)

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

The Corporation's trust fund – life plan managed by BDO Unibank, Inc. totaling ₱9,697,513 in 2025 and ₱5,336,834 in 2024, which are vulnerable to price risks. (See Note 8.) Equity price risk arises because of fluctuations in the market prices of these securities. The Corporation recognized in other comprehensive income fair value losses of ₱4,936 in 2025 (See Note 8.)

Credit and Concentration Risks
Credit risk refers to the risk that the counterparty will default and/or not honor its financial or contractual obligations resulting in financial losses to the Corporation. The receivable balances are monitored on an ongoing basis with the result that the Corporation's exposure to impairment is not significant. The investments are placed in strong financial institutions and are regularly monitored. The Corporation deals only with creditworthy counterparties duly approved by the Board of Directors. Its maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2025 and 2024 is their carrying amounts as shown below:

December 31,	**2025**	2024
Cash and cash equivalents *(Note 5)*	**₱161,561,941**	₱103,458,710
Investment in Trust Fund–Life Plan *(Note 8)*	**9,697,513**	5,336,834
	₱171,259,454	₱108,795,544

The tables below show the credit quality by class of financial assets based on the Corporation's rating system: (Please see table next page.)

December 31, 2025	***Total***	*High Grade*	*Standard Grade*	*Impaired*
Cash and cash equivalents *(Note 5)*	**₱161,561,941**	₱161,561,941	₱–	₱–
Investment in Trust Fund–Life Plan *(Note 8)*	**9,697,513**	9,697,513		
	₱171,259,454	₱171,259,454	₱–	₱–
December 31, 2024				
Cash and cash equivalents *(Note 5)*	₱103,458,710	₱103,458,710	₱–	₱–
Investment in Trust Fund–Life Plan *(Note 8)*	5,336,834	5,336,834		
	₱108,795,544	₱108,795,544	₱–	₱–

Financial instruments classified as 'high grade' are those cash transacted with reputable local banks 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.

Liquidity Risks

The Corporation is likewise exposed to liquidity risk, the risk that it will encounter difficulty in meeting its obligations 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 always available; (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.

The maturity profile of the Corporation's financial liabilities is as follows:

December 31, 2025	**Total**	Due in 1 Year	Due Over 1 Year
Trade and other payables *(Note 9)*	**₱4,038,405**	₱4,038,405	₱–
December 31, 2024			
Trade and other payables *(Note 9)*	₱405,650	₱405,650	₱–

Note 23
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 24
Approval of Financial Statements

The financial statements of Freedomlife Plan Corporation for the period ended December 31, 2025, were authorized for issue by its management on April 30,2026.

SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS

Annex I	Reconciliation of Retained Earnings (Deficit) Available for Dividend Declaration
Annex II	Supplementary Schedule of External Auditor Fee-Related Information

Annex I

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Freedomlife Plan Corporation

As of December 31,	**2025**	2024
Unappropriated Retained Earnings (Deficit) Opening Balances	**(₱7,584,033)**	(₱4,192,798)
Net Income Actually Earned/Realized During the Year	**19,283,777**	(3,391,235)
	11,699,744	(7,584,033)
Add (Deduct):		
Dividends declared during the year		
Appropriations of Retained Earnings during the year		
Prior period adjustments		
Reversals of appropriation during the year		
Total	**–**	–
Unappropriated Retained Earnings (Deficit) Available for Dividend Declaration	**₱11,699,744**	(₱7,584,033)

Annex II

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

Freedomlife Plan Corporation

Years Ended December 31,	**2025**	2024
Total Audit Fees *(See Notes below.)*	**₱120,000**	₱85,000
Non-Audit Service Fees		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-Audit Fees *(See Notes below.)*	**–**	–
Total Audit and Non-Audit Fees	**₱120,000**	₱85,000

Notes

(1) The Company's external auditors for the years 2025 and 2024 were the Quilab & Garsuta, CPAs, with Head Office in Cagayan de Oro City and Branch Office in General Santos City.

(2) The fees disclosed herein excluded out-of-pocket expenses and the related VAT thereon.

(3) The Company has no related entity over which it has direct control therefore the said External Auditors were auditing only the Company as a stand-alone entity preparing and issuing stand-alone financial statements.

(4) We understand that the amount of audit fees paid to our External Auditors cannot be considered as falling under the 'fee dependency situation'.