CCT MBA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

FOR FINANCIAL STATEMENTS

The management of **CCT Mutual Benefit Association Inc** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2018** 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 of 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 Board of Trustees is responsible for overseeing the Company's financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the trustees or members.

Isla Lipana & Co., PwC (PricewaterhouseCoopers) member firm the independent auditor, appointed by the trustees, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the trustees or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ____________

Ruth S. Callanta, Chairman and President

Signature ____________

Jennifer Jan Abella, Treasurer

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2 5 APR 2019
MERSANITO P. MALAYAS
COLLECTION SECTION

Signed this 10th day of April 2019

pwc

Isla Lipana & Co.

Independent Auditor's Report

To the Board of Trustees of
CCT Mutual Benefit Association, Inc.
(A non-stock, non-profit association)
6th Floor, Joshua Center
1428 Taft Avenue
Ermita, Manila

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the statements of assets, liabilities and fund balance of CCT Mutual Benefit Association, Inc. (the "Association") as at December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The financial statements of the Association comprise:

- the statements of assets, liabilities and fund balance as at December 31, 2018 and 2017;
- the statements of total comprehensive income for the years ended December 31, 2018 and 2017;
- the statements of changes in fund balance for the years ended December 31, 2018 and 2017;
- the statements of cash flows for the years ended December 31, 2018 and 2017; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Association in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 audit. We also:

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

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

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

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

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

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

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 20 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

John Patrick V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706, issued on January 8, 2019, Makati City
SEC A.N. (individual) as general auditors PA-A-836-A, Category A; effective until August 3, 2019
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
TIN 112-071-386
BIR A.N. 08-000745-017-2018, issued on December 10, 2018; effective until December 9, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
April 15, 2019

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COLLECTION SECTION

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Trustees of
CCT Mutual Benefit Association, Inc.
(A non-stock, non-profit association)
6th Floor, Joshua Center
1428 Taft Avenue
Ermita, Manila

We have audited the financial statements of CCT Mutual Benefit Association, Inc. as at and for the year ended December 31, 2018, on which we have rendered the attached report dated April 15, 2019. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2018, as additional component required by Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

John-John Patrick V. Lim
Partner
CPA Cert. No. 83389
P.T.R. No. 0007706, issued on January 8, 2019, Makati City
SEC A.N. (individual) as general auditors PA-A-836-A, Category A; effective until August 3, 2019
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
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BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
April 15, 2019

CCT Mutual Benefit Association, Inc.
(A non-stock, non-profit association)

Statements of Assets, Liabilities and Fund Balance
As at December 31, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2018	2017
ASSETS			
Cash and cash equivalents	2	89,156,085	29,605,345
Available-for-sale securities	3	-	17,734,164
Receivables	4	6,851,634	1,878,635
Due from related ministries	14	3,625,015	2,386,766
Guaranty deposit	5	7,393,421	5,000,000
Property and equipment, net	6	244,010	75,214
Total assets		107,270,165	56,680,124
LIABILITIES AND FUND BALANCE			
Accrued expenses and other liabilities	7	6,720,577	617,177
Claims and benefits payable	8	737,743	332,535
Legal policy reserves	8	462,094	1,331,931
Reserve for refund of members' equity	9	43,555,831	20,349,241
Retirement savings fund	10	17,069,599	7,967,391
Retirement benefit obligation	11	376,332	22,304
Total liabilities		68,922,176	30,620,579
Retained surplus	12		
Appropriated		28,234,617	22,126,422
Unappropriated		10,350,274	3,818,819
Accumulated other comprehensive (loss) income	3,11	(236,902)	114,304
Total fund balance		38,347,989	26,059,545
Total liabilities and fund balance		107,270,165	56,680,124

(The notes on pages 1 to 31 are integral part of these financial statements.)

CCT Mutual Benefit Association, Inc.
(A non-stock, non-profit association)

Statements of Total Comprehensive Income
For the years ended December 31, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2018	2017
REVENUES			
Members' premium contributions		53,392,355	42,528,431
Membership fees		2,986,650	10,760,030
Donations and grants		246,960	280,000
Other income	2,3,5	1,061,919	195,716
Total revenues		57,687,884	53,764,177
BENEFITS AND CLAIMS EXPENSES			
Death and other policy benefits	8	6,778,371	6,154,966
Allocation for liability on members' equity value	9	27,588,407	20,346,382
Collection fees		1,167,350	796,112
Membership enrollment and marketing		1,544,936	289,907
Research and development		17,675	-
Other members' expenses		3,123,862	-
Total benefit and claims expenses		40,220,601	27,587,367
EXCESS OF REVENUE OVER BENEFITS AND CLAIMS EXPENSES		17,467,283	26,176,810
GENERAL AND ADMINISTRATIVE EXPENSES	13	4,827,633	5,548,159
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR		12,639,650	20,628,651
OTHER COMPREHENSIVE (LOSS) INCOME			
Item that may be subsequently reclassified to profit or loss			
Fair value gain on available-for-sale securities		-	68,001
Item that will not be reclassified to profit or loss			
Remeasurement (loss) gain on retirement benefit obligation	11	(283,205)	46,303
Total other comprehensive (loss) income		(283,205)	114,304
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,356,445	20,742,955

(The notes on pages 1 to 31 are integral part of these financial statements.)

CCT Mutual Benefit Association, Inc.
(A non-stock, non-profit association)

Statements of Changes in Fund Balance
For the years ended December 31, 2018 and 2017
(All amounts in Philippine Peso)

	Retained surplus (Note 12)		Other comprehensive income	
	Unappropriated	Appropriated	(Notes 3 and 11)	Total
Balances at January 1, 2017	316,590	5,000,000	-	5,316,590
Comprehensive income				
Excess of revenue over expenses	20,628,651	-	-	20,628,651
Other comprehensive income	-	-	114,304	114,304
Total comprehensive income for the year	20,628,651	-	114,304	20,742,955
Transaction with owners				
Appropriation of surplus	(17,126,422)	17,126,422	-	-
Balances at December 31, 2017	3,818,819	22,126,422	114,304	26,059,545
Comprehensive income				
Excess of revenue over expenses	12,639,650	-	-	12,639,650
Other comprehensive loss	-	-	(283,205)	(283,205)
Total comprehensive income for the year	12,639,650	-	(283,205)	12,356,445
Transactions with owners				
Appropriation of retained surplus	(8,191,321)	8,191,321	-	-
Release of appropriated surplus	2,083,126	(2,083,126)	-	-
Total transactions with owners	(6,108,195)	6,108,195	-	-
Transfer of fair value gain on available-for-sale securities to revenue and expenses	-	-	(68,001)	(68,001)
Balance at December 31, 2018	10,350,274	28,234,617	(236,902)	38,347,989

(The notes on pages 1 to 31 are integral part of these financial statements.)

CCT Mutual Benefit Association, Inc.
(A non-stock, non-profit association)

Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expenses for the year		12,639,650	20,628,651
Adjustments for:			
Legal policy reserves	8	(869,837)	1,331,931
Incurred but not reported claims	8	425,208	312,535
Retirement benefit expense	11	70,823	68,607
Depreciation	6	114,104	51,386
Realized gain on sale of available-for-sale securities	3	(306,947)	-
Interest income	2,5	(754,972)	(168,296)
Interest expense	9,10	296,392	130,622
Excess of revenue over expenses before working capital changes		11,614,421	22,355,436
Changes in working capital			
Increases in:			
Receivables		(4,972,999)	(1,872,853)
Due from related ministries		(1,238,249)	(2,356,766)
Increase (decrease) in:			
Retirement savings fund		9,018,150	7,930,068
Accrued expenses and other liabilities		6,103,400	577,177
Claims and benefits payable		(20,000)	20,000
Reserve for refund of members' equity		22,994,256	20,255,942
Due to a related ministry		-	(311,030)
Cash generated from operations		43,498,979	46,597,974
Interest received	2,5	754,972	168,296
Net cash from operating activities		44,253,951	46,766,270
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale securities	3	-	(17,666,163)
Proceeds from sale of available-for-sale securities	3	17,973,110	-
Acquisition of property and equipment	6	(282,900)	(126,600)
Deposit made for guaranty fund	5	(2,393,421)	-
Net cash from (used in) investing activities		15,296,789	(17,792,763)
NET INCREASE IN CASH		59,550,740	28,973,507
CASH			
January 1		29,605,345	631,838
December 31	2	89,156,085	29,605,345

(The notes on pages 1 to 31 are integral part of these financial statements.)

(All amounts are shown in Philippine Peso unless otherwise stated)

1 General information

CCT Mutual Benefit Association, Inc., (the "Association") was registered with the Securities and Exchange Commission (SEC) as a non-stock, non-profit association on October 6, 2016 with SEC Registration No. CN201623341. The Association was incorporated to extend financial assistance to its members, spouse, children, and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance.

In 2016, the Insurance Commission (IC) granted the Association a license to transact business as a mutual benefit association (MBA) which is valid until December 31, 2018. The Association commenced with its MBA operations in February 2017. On February 6, 2019, the IC approved the renewal of the Association's license as a MBA, which is valid until December 31, 2021.

As a non-stock, not-for-profit entity, the Association is exempt from paying income taxes as set forth in Section 30 (C) of the National Internal Revenue Code.

As at December 31, 2018, the Association has 7 employees (2017 - 3).

The Association's registered office address is 6th Floor, Joshua Center, 1428 Taft Avenue, Ermita, Manila.

The accompanying financial statements were approved and authorized for issue on April 10, 2019 by the Association's Board of Trustees. There are no material events that occurred subsequent to April 10, 2019 until April 15, 2019.

2 Cash and cash equivalents

Details of the account as at December 31 consists of:

	2018	2017
Cash on hand	7,000	5,000
Cash in banks	41,119,723	29,600,345
Time deposits	48,029,362	-
	89,156,085	29,605,345

Cash in banks earn interest at the prevailing bank deposit rate of 0.25% per annum in 2018 and 2017. Interest income earned from cash in banks amounts to P85,714 for the year ended December 31, 2018 (2017 - P30,796) and is included as part of other income in the statement of total comprehensive income.

Time deposits as at December 31, 2018 have an average maturity of 70 days and earn interest ranging from 2.60% to 4.50%. Interest income earned from time deposits amounts to P452,832 for the year ended December 31, 2018 and is included as part of other income in the statement of total comprehensive income.

Cash and cash equivalents are classified as current.

3 Available-for-sale securities

This account at December 31, 2017 represents investments in various Unit Investment Trust Funds (UITFs) in which the portfolio primarily consists of short-term fixed income instruments.

Details of the UITFs are as follows:

	Amount
Cost	17,666,163
Unrealized gain on available-for-sale securities	68,001
Fair value	17,734,164

The fair value of the securities is based on the published net asset value per unit (NAVPU). NAVPU is computed as total assets of the fund less total liabilities over the total units outstanding as at reporting date. Unrealized gain is presented under other comprehensive income in the statement of total comprehensive income.

In 2018, the Association disposed all its available-for-sale securities at P17,973,110 resulting in a gain of P306,947, which is presented as part of other income in the statement of total comprehensive income.

Available-for-sale securities are classified as current.

4 Receivables

Details of the account at December 31 follow:

	2018	2017
Members' contributions due and uncollected	6,494,350	1,835,667
Accrued income	238,964	-
Advances and other receivables	118,320	42,968
	6,851,634	1,878,635

The members of the Association contribute on a weekly basis. Any member who fails to pay the weekly contribution shall be given a grace period of 45 days from the date of default of contributions. When the grace period lapses, it can be reinstated within three (3) years from the date the policy lapsed, provided that the equity value has not been surrendered. Otherwise, the membership is cancelled. The reinstatement requires payment of at least one weekly contribution in arrears.

Advances and other receivables include advances to employees which are either subject to liquidation or paid through salary deduction. Accrued income pertains to interest earned from time deposits.

No allowance for impairment is provided on these receivables as the accounts are deemed to be fully collectible.

All receivables are classified as current.

5 Guaranty deposit

This account pertains to a five-year time deposit certificate placed in a local bank representing the Association's guaranty fund in compliance with the licensure requirement of the IC following Section 408 of Republic Act No. 10607, an Act Strengthening the Insurance Industry, Further Amending Presidential Decree No. 612, otherwise known as "The Insurance Code" (the "amended Code"). The amended Code which was approved on August 15, 2013, provides that no mutual benefit association shall be issued a license to operate as such unless it has constituted and established a guaranty fund with an initial amount of P5,000,000 to answer for any valid claim of any of its members.

Every year, thereafter, under Insurance Memorandum Circular 9-2006, all microinsurance MBAs must increase their guaranty fund by an amount equivalent to five percent (5%) of their gross premium collections until the amount of guaranty fund shall reach twelve and a half percent (12.5%) of the required capital for domestic life insurance companies. The Association is in compliance with the Circular as at December 31, 2018 and 2017.

As at December 31, 2018, guaranty deposit amounts to P7,393,421 (2017 - P5,000,000) and earns interest at the prevailing bank deposit rate of 5.625% per annum. Interest income earned from guaranty fund amounts to P216,426 for the year ended December 31, 2018 (2017 - P137,500) and is included as part of other income in the statement of total comprehensive income.

Guaranty deposit is classified as non-current.

6 Property and equipment, net

Details of the account at December 31, 2018 follow:

	Computer equipment	Furniture and fixtures	Total
Cost			
At January 1, 2017	-	-	-
Additions	10,800	115,800	126,600
At December 31, 2017	10,800	115,800	126,600
Additions	260,900	22,000	282,900
At December 31, 2018	271,700	137,800	409,500
Accumulated depreciation			
At January 1, 2017	-	-	-
Depreciation	4,500	46,886	51,386
At December 31, 2017	4,500	46,886	51,386
Depreciation	105,521	8,583	114,104
At December 31, 2018	110,021	55,469	165,490
Net book value			
At December 31, 2017	6,300	68,914	75,214
At December 31, 2018	161,679	82,331	244,010

Depreciation for the year is presented as part of general and administrative expenses in the statement of total comprehensive income.

7 Accrued expenses and other liabilities

Details of the account at December 31 follow:

	2018	2017
Accrued members' equity value allocation	3,246,950	-
Accrued collection fees	1,173,721	-
Accrued expenses	953,646	613,920
Payable to government agencies	69,997	3,257
Other liabilities	1,276,263	-
	6,720,577	617,177

Accrued members' equity value allocation pertains to accrual of allocation for liability arising from members' due and uncollected premiums.

Accrued expenses pertain to accrual of various expenses such as professional and membership fees.

Payable to government agencies consist of withholding taxes, SSS, Philhealth and HDMF payable.

Other liabilities mainly pertain to refunds to members made by the branches on behalf of the Association, which are yet to be reimbursed from the latter upon completion of the requirements needed.

Accrued expenses and other liabilities are classified as current.

8 Insurance contract liabilities

The reconciliation of the Association's claims payable and legal policy reserves as at December 31 is as follows:

	Claims and benefits payable			Legal policy	
2018	Actual	IBNR	Total	reserves	Total
January 1	20,000	312,535	332,535	1,331,931	1,664,466
Claims expense/provision during the year	7,223,000	425,208	7,648,208	(869,837)	6,778,371
Claims paid	(7,243,000)	-	(7,243,000)		(7,243,000)
December 31	-	737,743	737,743	462,094	1,199,837

	Claims and benefits payable			Legal policy	
2017	Actual	IBNR	Total	reserves	Total
January 1	-	-	-	-	-
Claims expense/provision during the year	4,510,500	312,535	4,823,035	1,331,931	6,154,966
Claims paid	(4,490,500)	-	(4,490,500)	-	(4,490,500)
December 31	20,000	312,535	332,535	1,331,931	1,664,466

Claims and benefits payable

Claims and benefits payable include claims on insurance contracts filed or reported to the Association but not yet paid and claims incurred but not yet reported (IBNR) as at reporting date.

Legal policy reserves

Legal policy reserves represent the total actuarial reserve for basic life benefit policies in force as at reporting date.

On December 28, 2016, pursuant to the Sections 216 and 423 of the amended Code, the IC promulgated the new Valuation Standards for Life Insurance Policy Reserves under Circular Letter (CL) 2016-66, which changed the valuation standards to gross premium valuation with effective date beginning January 1, 2017. However, the IC issued Advisory No. 6-2018, prescribing the deferral of the implementation date of CL 2016-66 until such time the IC issues a new Financial Reporting Framework ("FRF") for MBAs.

9 Reserve for refund of members' equity

A member shall be entitled to a members' equity value (MEV) equal to at least 50% of total gross life insurance contributions paid, as required under the Insurance Code. Interest shall be credited to the MEV annually at a rate to be determined by the Board of Trustees but in no case less than the prevailing savings account interest rate of the top three (3) commercial banks. The MEV, inclusive of interest thereon, is payable upon termination of membership from the Association including, but not limited to, death or total and permanent disability, or upon reaching the termination age of 65 years old.

Movements in MEV consist of:

	2018	2017
January 1	20,349,241	-
Contributions during the year	24,341,457	20,346,382
Refunds during the year	(1,347,201)	(90,440)
Interest expense	212,334	93,299
December 31	43,555,831	20,349,241

The MEV earns interest of 0.50% per annum. Interest expense for the year is charged to general and administrative expenses in the statement of total comprehensive income.

Reserve for refund of members' equity is classified as non-current.

10 Retirement savings fund

A portion of the contributions made by a member is credited to the retirement savings fund (RSF). Interest shall be credited to the RSF at a rate to be determined by the Board of Trustees but in no case less than the prevailing savings deposit interest rate of the top three (3) commercial banks. The RSF, inclusive of interest thereon, is payable upon termination of membership from the Association including, but not limited to, death or total and permanent disability, or upon reaching the termination age of 65 years old.

Movements in RSF consist of:

	2018	2017
January 1	7,967,391	-
Contributions during the year	9,579,924	7,969,730
Refunds during the year	(561,774)	(39,662)
Interest expense	84,058	37,323
December 31	17,069,599	7,967,391

The RSF earns interest at 0.50% per annum. Interest expense for the year is charged to general and administrative expenses in the statement of total comprehensive income.

Retirement savings fund is classified as non-current.

11 Retirement benefit obligation

Under the provisions of Republic Act No. 7641, retirement date is at age 60 and upon completion of at least 5 years of credited service. At that date, employees are entitled to retirement pay equivalent to one-half month's salary for every year of service.

The retirement benefit amounts recognized as at and for the years ended December 31 are as follows:

	2018	2017
Statement of assets, liabilities and fund balance		
Retirement benefit obligation	376,322	22,304
Remeasurement (loss) gain on retirement benefit obligation	(236,902)	46,303
Statement of total comprehensive income		
Retirement benefit expense	70,823	68,607
Other comprehensive (loss) income	(283,205)	46,303

Retirement benefit expense is presented as part of general and administrative expenses in the statement of total comprehensive income.

Remeasurement (loss) gain on retirement benefit obligation is presented as part of accumulated other comprehensive income in the statement of statement of assets, liabilities, and fund balance.

The movements in the retirement benefit obligation for the years ended December 31 are as follows:

	2018	2017
At January 1	22,304	-
Current service cost	69,636	68,607
Interest cost	1,187	-
Remeasurement loss (gain)	283,205	(46,303)
At December 31	376,332	22,304

The movements in remeasurement (loss) gain recognized in accumulated other comprehensive income at December 31 follow:

	2018	2017
At January 1	46,303	-
Remeasurement		
Change in financial assumptions	(283,205)	46,303
At December 31	(236,902)	46,303

The principal actuarial assumptions used for the years ended December 31 are as follows:

	2018	2017
Discount rate	7.36%	5.32%
Future salary increases	6.00%	6.00%

Discount rate

The discount rate is determined by reference to market yields at the end of the reporting period based on high quality corporate bonds with currency and term similar to the estimated term of the benefit obligation. There is no deep market in high quality corporate bonds in the Philippines and therefore, the Organization used as reference the yields on long-term Philippine Treasury Bonds and adjusted to reflect the term similar to the estimated term of the benefit obligation as determined by the actuary.

Future salary increases

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding mortality experience are set based on published statistics and experience in the Philippines.

The retirement benefit plan typically exposes the Association to a number of risks such as interest rate risk and salary risk. The most significant risk relates to interest rate risk. A decrease in the government bond yields will increase the defined benefit obligation. Hence, the present value of retirement benefit obligation is directly affected by the discount rate to be applied by the Association.

The expected future retirement benefit payments as at December 31 are as follows:

	2018	2017
More than 10 years	6,795,889	1,962,823

The sensitivity of the retirement benefit obligation to changes in the weighted principal assumptions as at December 31 follows:

2018	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 1.0%	(84,352)	103,274
Salary increase rate	+/- 1.0%	103,752	(86,089)

	Impact on retirement benefit obligation		
2017	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 1.0%	(4,327)	5,635
Salary increase rate	+/- 1.0%	5,556	(4,337)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the statement of assets, liabilities and fund balance.

12 Retained surplus

On July 11, 2016, the Board approved the appropriation of retained surplus amounting to P5,000,000 for guaranty fund. On December 19, 2017, the Board approved the appropriation of retained surplus amounting to P2,126,422 for additional guaranty fund and P15,000,000 for systems development and trainings until 2022.

In 2018, the Association released an appropriated surplus amounting to P2,083,126.

As at December 31, 2018, the Association made appropriations amounting to P8,191,321 with details shown below:

- P1.5 million increment benefit to individual equity value (equivalent to interest at 2.50%) beginning 2020 until 2022;
- P2.4 million allocation for additional guaranty fund requirement for 2018 which will take effect in the 2nd quarter of 2019;
- P2.3 million other members' benefit related to system upgrade and office equipment acquisition which will take effect in the 3rd quarter of 2019; and
- P2 million community development for trainings and calamity which will take effect in the 2nd quarter of 2019.

Management will continue to evaluate the need to declare dividends after considering the regulatory capital requirements of the IC on fixed capitalization and RBC requirements. Approval of the Board of Trustees will be requested as appropriate.

The Insurance Code provides that a mutual benefit association shall only maintain free and unassigned surplus of not more than twenty percent (20%) of its total liabilities as verified by the Insurance Commissioner. Excess amount shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services. The Association is in compliance with this provision.

13 General and administrative expenses

Details of the account for the years ended December 31 follow:

	Notes	2018	2017
Professional fees		1,698,350	2,878,877
Salaries, wages and benefits		1,379,112	403,832
Social and community service expenses		426,907	1,175,504
Utilities expense		311,632	181,773
Interest expense	9,10	296,392	130,622
Meetings and conferences		219,519	147,571
Taxes and licenses		159,660	413,345
Depreciation	6	114,104	51,386
Retirement benefit expense	11	70,823	68,607
Supplies		32,444	22,942
Dues and subscriptions		25,000	50,000
Transportation and travel		8,519	9,710
Repairs and maintenance		1,870	2,902
Miscellaneous expense		83,301	11,088
		4,827,633	5,548,159

14 Related ministry transactions

The table below summarizes the Association's transactions and balances with its related ministries.

As at and for the year ended December 31, 2018

	Transactions	Outstanding balances [Due from (to) related ministries]	Terms and conditions
Ministries under common control			
Unremitted collections [a]	8,050,349	8,506,100	- Unguaranteed and unsecured - Non-interest bearing - Collectible in cash at net amount
Collection fees [a]	(1,528,558)	(1,232,463)	- Unguaranteed and unsecured - Non-interest bearing - Payable in cash at net amount
Advances [b]	(6,355,092)	(3,648,622)	- Unguaranteed and unsecured - Non-interest bearing - Payable in cash at net amount
		3,625,015	

As at and for the period ended December 31, 2017

	Transactions	Outstanding balances [Due from (to) related ministries]	Terms and conditions
Ministries under common control			
Unremitted collections [a]	5,532,673	5,562,673	- Unguaranteed and unsecured - Non-interest bearing - Collectible in cash at net amount
Collection fees [a]	(796,112)	(796,112)	- Unguaranteed and unsecured - Non-interest bearing - Payable in cash at net amount
Advances [b]	(2,379,795)	(2,379,795)	- Unguaranteed and unsecured - Non-interest bearing - Payable in cash at net amount
		2,386,766	

a) The Association's related ministries collect premium contributions from members on behalf of the Association and remit such to the latter at the end of every month. In consideration thereof, the Association pays the related ministries a service fee based on the total amount of collections.

Likewise, the related ministries pay the approved claims to the members on behalf of the Association upon approval of the Benefits Review Committee.

b) The Association regularly makes advances to and from related ministries for working capital requirements.

c) There is no key management compensation during the period.

15 Fair value determination

The fair value of available-for-sale securities at December 31, 2017 is as follows:

	Amount	Fair value hierarchy
Available-for-sale securities	17,734,164	Level 2

Financial assets and liabilities not measured at fair value

The following table provides information about the fair values of the Association's financial assets and liabilities, which are not measured at fair value in the statement of assets, liabilities and fund balance.

	2018		2017	
	Carrying values	Fair values	Carrying values	Fair value
Assets				
Cash and cash equivalents	89,156,085	89,156,085	29,605,345	29,605,345
Receivables	6,851,634	6,851,634	1,878,635	1,878,635
Due from related ministries	3,625,015	3,625,015	2,386,766	2,386,766
Guaranty deposit	7,393,421	7,393,421	5,000,000	5,000,000
	107,026,155	107,026,155	38,870,746	38,870,746
Liabilities				
Accrued expenses and other liabilities	6,650,580	6,650,580	613,920	613,920
	6,650,580	6,650,580	613,920	613,920

There were no transfers between levels of fair value hierarchy in 2018 and 2017.

Accrued expenses and other liabilities exclude payable to government agencies.

16 Insurance and financial risk management objectives and policies

The primary objective of the Association's financial risk management framework is to protect the Association's members from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The Association recognizes the critical importance of having efficient and effective risk management systems in place.

The Association has established a risk management function with reference from the Board of Trustees and its management. This is supplemented with a clear organizational structure. The Association also established a Benefits Review Committee (BRC), a body responsible to recommend the payment of benefits to the members.

The operations of the Association are subject to the regulatory requirements of the IC. The IC is primarily interested in protecting the rights of the members and in monitoring the Association closely to ensure that the Association is satisfactorily managing its affairs for its members' benefit. At the same time, the IC is also interested in ensuring that the Association maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

16.1 Insurance risk

The principal risk the Association faces under insurance contracts is that the actual claims and benefit payments or timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid that are greater than originally estimated and subsequent development of long-term claims. Therefore, the objective of the Association is to ensure that sufficient reserves are available to cover theses liabilities.

The main insurance risks the Association is exposed to are:

- Mortality risk - risk of loss arising due to member death experience being different than expected.
- Morbidity risk - risk of loss arising due to member health experience being different than expected.
- Longevity risk -risk of loss arising due to annuitant living longer than expected.
- Expense risk - risk of loss arising from returns being different from expected.
- Member decision risk - risk of loss arising due to member experiences being different than expected.

The Association's basic life insurance policy (BLIP), represented by Certificate of Membership (COM), entitles a member to life insurance with accidental death benefits, total and permanent disabilities, and dismemberment coverage.

The increase in the overall frequency of claims are mainly due to widespread changes in lifestyle and pre-existing conditions of death, resulting in earlier or more claims than expected.

The Association manages its insurance risk by ensuring that it generates lasting returns from its financial assets, so that it will be able to fund its obligation arising from its insurance contracts. The Association also closely monitors its assets and liabilities to attempt to match the expected pattern of claim payments with the maturity dates of its assets.

The Association does not have significant exposure or any major concentration of risk to any member.

The Association's policy reserve is sensitive to death and health development experience on its members. The uncertainty in the estimation process is not possible to quantify. The Association considers it impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding these estimates.

16.2 Financial risk

The Association is exposed to a financial risk through its financial assets and financial liabilities. In particular, the key financial risk that the Association is exposed to is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts.

Safety of principal is the foremost objective of the investment program. Investment shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. The Association does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks to which the Association is exposed to include credit risk, liquidity risk, and market risk.

16.3 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association.

The Association minimizes its credit risk by:

- limiting the investment to those allowed by the IC or as approved by the Insurance Commissioner;
- pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the Association will do business;
- defining the membership requirements and verifying that the member has met satisfactorily the set requirements. All active members of the Association shall be bound by its implementing Rules and Regulations from time of implementation.

The maximum credit risk exposure of the Association's financial assets, which is equal to the carrying amounts in the statement of assets, liabilities and fund balance, is shown below:

	2018	2017
Cash and cash equivalents*	89,149,085	29,600,345
Receivables	6,851,634	1,878,635
Due from related ministries	3,625,015	2,386,766
Guaranty deposit	7,393,421	5,000,000
	107,019,155	38,865,746

Excluding cash on hand

Cash in banks are held in banks that qualify as universal banks to minimize credit risk exposure. Universal banks, as defined by the Philippine Banking System, represent the largest single group, resource-wise, of financial institutions in the country that have good credit ratings.

Receivables pertain to receivables from members, employees and officers which are short-term and non-interest bearing. Contributions from members are collected on a weekly basis and a grace period of 45 days is provided to members in case of default to the weekly contributions. Advances to employees and officers are subject to liquidation 30 days from the cash advance date or paid through salary deduction in accordance with the Association's policy.

The Association does not perceive any significant credit risk exposure arising from related party transactions and balances. Due from related ministries consist of unremitted premium contributions from members collected by the related ministries on behalf of the Association and non-interest bearing advances which are collectible on demand (Note 14).

All of the financial assets of the Association are fully performing as at December 31, 2018 and 2017. No history of default or write-offs noted for both 2018 and 2017.

16.4 Liquidity risk

Liquidity risk is the risk that the Association is unable to meet its financial obligations when due.

Prudent liquidity risk management implies maintaining sufficient cash ensuring the availability of funding through an adequate amount of committed credit. This is important to ensure that the Association can meet all present and future financial obligations as they fall due and comply with contractual obligations.

The table below presents the maturity profile of the Association's financial assets and obligations based on undiscounted cash flows, which it uses to manage the inherent liquidity risk. The analysis into maturity groupings is after the reporting period and until contractual maturity date or, if earlier, the expected date the financial liability will be settled.

	2018		
	Up to 1 year	1 to 5 years	Total
Assets			
Cash	89,156,085	-	89,156,085
Receivables	6,851,634	-	6,851,634
Due from related ministries	3,625,015	-	3,625,015
Guaranty deposit	-	7,393,421	7,393,421
	99,632,734	7,393,421	107,026,155
Liabilities			
Accrued expenses and other liabilities*	6,650,580	-	6,650,580
Legal policy reserves	462,094	-	462,094
Reserve for refund of member's equity	43,555,831	-	43,555,831
Retirement savings fund	17,069,599	-	17,069,599
	67,738,104	-	67,738,104

**Excluding payable to government agencies amounting to P69,997*

	2017		
	Up to 1 year	1 to 5 years	Total
Assets			
Cash	29,605,345	-	29,605,345
Available-for-sale securities	17,734,164	-	17,734,164
Receivables	1,878,635	-	1,878,635
Due from related ministries	2,386,766	-	2,386,766
Guaranty deposit	-	5,000,000	5,000,000
	51,604,910	5,000,000	56,604,910
Liabilities			
Accrued expenses and other liabilities*	613,920	-	608,510
Claims and benefits payable**	20,000	-	20,000
Legal policy reserves	1,331,931	-	1,331,931
Reserve for refund of member's equity	20,349,241	-	20,349,241
Retirement savings fund	7,967,391	-	7,967,391
	30,277,073	-	30,277,073

**Excluding payable to government agencies amounting to P3,257*
***Excluding IBNR amounting to P312,535*

It is unusual for an association primarily transacting an insurance business to predict the requirements of funding with absolute certainty as the theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are thus based on management's best estimate based on statistical techniques and past experience.

16.5 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk includes foreign currency risk, interest rate and other price risks. The Association has no financial assets and liabilities that are exposed to foreign currency risk and interest rate risk.

Available-for-sale securities pertain to investments in UITF which are exposed to price risk since it is measured using net asset value per unit (NAVPU). The UITF, which is structured as a money market fund, aims to generate liquidity and stable income by investing in a diversified portfolio of primarily short-term fixed income instruments.

The Association measures the sensitivity of its investment securities based on the average historical fluctuation of the NAVPU. All other variables held constant, for every 100 basis points increase (decrease) in NAVPU, the fair value of the Association's investments will increase (decrease) net income and equity for the year ended December 31, 2017 by P1,773,416.

In 2018, the Association disposed all of its available-for-sale securities (Note 3).

17 Capital management and regulatory requirements

The primary objective of the Association's capital management is to comply with the statutory requirements on Margin of Solvency (MOS) and on Risk-Based Capital (RBC) for Mutual Benefit Associations (MBAs).

The Association manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Association's activities. In order to maintain or adjust the capital structure, the Association may adjust the amount of experience refund paid to members.

RBC requirements

The RBC ratio is used to measure the adequacy of the Association's statutory surplus in relation to the risks inherent in its business. The RBC method involves developing a risk-adjusted target level of statutory surplus by applying certain factors to various assets, premiums and reserve items. Higher factors are applied to more risky items and lower factors are applied to less risky items. The target level of statutory surplus varies not only as a result of the insurer's size, but also on the risk profile of the insurer's operations.

Every MBA is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. Failure to meet the minimum RBC ratio will trigger regulatory intervention by the IC. The RBC ratio of the MBA ratio shall be calculated as members' equity divided by the RBC requirement. As provided by Insurance Memorandum Circular No. 11-2006 dated December 8, 2006, members' equity is defined as admitted assets minus all liabilities inclusive of actuarial reserves and other obligation under the policies and membership certificates.

The following table shows how the RBC ratio as at December 31 has been determined by the Association:

	2018	2017
Member's equity	27,848,922	21,718,930
RBC requirement	3,234,965	2,723,567
	861%	797%

18 Significant accounting estimates and judgments

The Association makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgments that 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.

18.1 Significant estimates

(a) The ultimate liability arising from claims made under insurance contracts (Note 8)

The estimation of the ultimate liability arising from claims made under insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Association will ultimately pay for such claims. The major uncertainties are the frequency of claims due to the contingencies covered and the timing of benefit payments.

With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions and could require a material adjustment to the carrying amount of the asset or liability affected including reserve for outstanding losses.
The Association considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the ultimate liability arising from claims made under insurance contracts as the major uncertainties may differ significantly.

The carrying value of claims payable as at December 31, 2018 amounts to P737,743 (2017 - P332,535). Legal policy reserves as at December 31, 2018 amounts to P462,094 (2017 - P1,331,931).

b) Principal assumptions and estimation of retirement benefit (Note 11)

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining pension cost include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligation.

The Association determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Association considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement benefit obligation are based in part on current market conditions. Additional information is disclosed in Note 11. Retirement benefit expense charged to general and administrative expenses in the statement of total comprehensive income amounts to P70,823 for the year ended December 31, 2018 (2017 - P68,607). The related carrying amount of retirement benefit obligation at December 31, 2018 amounts to P376,322 (2017 - P22,304).

18.2 Significant judgment

a) Recoverability of receivables (Note 4) and due from related ministries (Note 14)

In determining the recoverable amount of the Association's receivables, management considers the historical experience of unexpected losses established for these receivables based on the ageing analysis. In this case, management uses judgments based on the best available facts and circumstances, including but not limited to their payment history. An evaluation of the receivables, designed to identify potential charges to the provision, is performed on a continuous basis throughout the year. If any such evidence exists for receivables, changes in those estimates and judgments could have a significant effect on the carrying value of receivables and the amount and timing of recorded provision for any period.

No allowance for impairment is provided on receivables as the accounts are deemed to be fully collectible. As at December 31, 2018, receivables amount to P6,851,634 (2017 - P1,878,635).

Due from related ministries as at December 31, 2018 amounting to P3,625,015 (2017 - P2,386,766) are determined to be fully performing. No amounts were written off as at December 31, 2018 and 2017.

19 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

19.1.1 Basis of preparation

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PASs) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale securities.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies. 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 18.

Revised standard chart of accounts (SCA)

On September 25, 2014, the IC issued Circular Letter No. 2014-41 presenting a revised SCA for MBAs. The revised SCA is in line with the requirements of SRC Rule 68, section 189 of the Amended Insurance Code, and current accounting standards in the Philippines.

19.1.2 Changes in accounting policy and disclosures

(a) New standards effective January 1, 2018

There are no new standards which are relevant to the Association for their annual financial statements commencing January 1, 2018.

(b) New standards not yet effective and not early adopted by the Association

The following accounting standards are not mandatory for the December 31, 2018 reporting period and have not been early adopted by the Association.

- *PFRS 9 'Financial instruments' and its interaction with PFRS 4 'Insurance Contracts'*

  PFRS 9 replaces the multiple classification and measurement models for financial assets in *PAS 39, Financial Instruments: Recognition and Measurement*, with a single model that has three classification categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). Classification under PFRS 9 is driven by the entity's business model for managing and holding the financial assets and whether the contractual characteristics of these financial assets represent solely payments of principal and interest (SPPI). Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in OCI. The classification and measurement of financial liabilities under PFRS 9 remains the same as in PAS 39, except where an entity has chosen to measure a financial liability at FVTPL. For such liabilities, changes in fair value arising from changes in the entity's own credit risk are presented separately in OCI.

  The impairment rules of PFRS 9 introduce an 'expected credit loss' model that replaces the 'incurred credit loss' model used in PAS 39. Such new impairment model will generally result in earlier recognition of losses compared to PAS 39.

  The hedging rules of PFRS 9 better align hedge accounting with an entity's risk management strategies. Also, some of the prohibitions and rules in PAS 39 are removed or changed, making hedge accounting easier or less costly to achieve for many hedges.

  In September 2016, 'Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts (Amendments to PFRS 4)' was issued, which provides optional relief to insurers meeting certain criteria from any adverse impact that may arise from the different effective dates of PFRS 9 and PFRS 17. The two options for entities that issue contracts within the scope of PFRS 4 permit an entity to either: (1) reclassify from profit or loss to other comprehensive income some of the income or expenses arising from designated financial assets; referred to as the 'overlay approach', or (2) for entities whose predominant activity is issuing contracts within the scope of PFRS 4, defer the application of PFRS 9 entirely; referred to as the 'deferral approach'.

The Association has opted to apply the deferral approach. Based on the requirements of the standard, the Association can elect to apply the deferral approach if it satisfies the following criteria:

- The Association has not previously applied any versions of PFRS 9; and,
- The Association's activities are predominantly connected with insurance at annual reporting date that immediately precedes April 1, 2016 i.e., December 31, 2015, based on the eligibility assessment that:
    - the carrying amount of liabilities arising from contracts within the scope of PFRS 4 is greater than 90% of the total carrying amount of liabilities; or
    - the carrying amount of liabilities arising from contracts within the scope of PFRS 4 is less than 90% and the total carrying amount of liabilities connected with insurance is equal to or less than 90% but greater than 80% of total carrying amount of all its liabilities.

The Association has not applied any versions of PFRS 9. The Association also made an assessment of its activities at an annual reporting date before December 31, 2018 i.e., December 31, 2017, considering that it has only commenced with its operations in 2017. The Association has concluded that the carrying amount of its liabilities arising from contracts within the scope of PFRS 4 was significant compared to the total carrying amount of all its liabilities. The percentage of the total carrying amount of its liabilities connected with insurance contracts relative to the total carrying amount of all its liabilities as at December 31, 2017 is determined to be at 98%.

The following tables set out the fair value at December 31, 2018 and changes in fair values for the year ended December 31, 2018, of financial assets separately for the following groups:

- Financial assets that meet the SPPI criteria in PFRS 9, excluding those financial assets that are defined as 'held-for-trading' or that are managed and evaluated on a fair value basis; and
- All other financial assets, including those assets that do not meet the SPPI criteria in PFRS 9 and those financial assets that are defined as 'held-for-trading' or that are managed and evaluated on a fair value basis.

Financial assets that meet the SPPI criteria in PFRS 9 are those whose cash flows comprise solely payments of principal and interest on principal outstanding (SPPI).

The fair value of financial instruments at December 31, 2018 classified between those that meet and those that fail the SPPI criterion are described as follows:

	Financial assets that meet the SPPI criteria		All other financial assets	
	Fair value	Fair value change during the reporting period	Fair value	Fair value change during the reporting period
Cash and cash equivalents	89,149,085	-	-	-
Receivables	6,851,634	-	-	-
Due from related ministries	3,625,015	-	-	-
Guaranty deposit	7,393,421	-	-	-
	107,019,155	-	-	-

For financial assets as at December 31, 2018 that meet the SPPI criteria, the current carrying values measured in accordance with PAS 39 are analyzed in the following table by credit rating:

	Neither past due nor impaired			
	Investment grade	Non-investment grade	Past due or impaired	Total
Cash and cash equivalents	89,149,085	-	-	89,149,085
Receivables	-	6,851,634	-	6,851,634
Due from related ministries	-	3,625,015	-	3,625,015
Guaranty deposit	7,393,421	-	-	7,393,421
	96,542,506	10,476,649	-	107,019,155

The fair values of financial assets included in the table above that are non-investment grade, and thus do not have low credit risk as of December 31, 2018, approximately equal their respective carrying amounts.

- PFRS 17, *Insurance Contracts* (effective January 1, 2023)

  PFRS 17 was issued in May 2017 as replacement for PFRS 4, *Insurance Contracts*. PFRS 17 represents a fundamental change in the accounting framework for insurance contracts requiring liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of (1) discounted probability-weighted cash flows, (2) an explicit risk adjustment, and (3) a contractual service margin ("CSM") representing the unearned profit of the contract which is recognized as revenue over the coverage period. The standard allows a choice between recognizing changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under PFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

  Management is currently reviewing the financial and operational impact of PFRS 17 to the Association. PFRS 17 is expected to be effective for financial reporting periods beginning on or after January 1, 2022 and was further deferred by the IC to January 1, 2023 based on IC Circular 2018-69 issued on December 28, 2018.

There are no other standards, amendments, or interpretations that are effective after January 1, 2018 that would be expected to have a material impact on the Association's financial statements.

19.2 Financial assets

19.2.1 Classification

The Association classifies its financial assets in the following categories: (a) at FVTPL, (b) loans and receivables, (c) held-to-maturity investments and (d) available-for-sale securities. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Association did not hold financial assets classified under (a) and (c) categories as at December 31, 2018 and 2017.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of being traded. The Association's loans and receivables comprise of cash and cash equivalents, members' contributions due and uncollected, accrued income and advances and other receivables.

Cash and cash equivalents include cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the dates of acquisition.

Available-for-sale securities

Available-for-sale securities are non-derivative instruments that are either designated in this category or not classified in any of the other categories. These include investments in UITFs.

19.2.2 Recognition and measurement

Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on trade-date - the date on which the Association commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognized at fair value; and transaction costs are recognized in the statement of total comprehensive income.

Subsequent measurement

Available-for-sale securities are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method. Changes in the fair value of available-for-sale securities are recognized directly in other comprehensive income, until the financial asset is derecognized or impaired.

19.2.3 Impairment of financial assets

Loans and receivables

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

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

A provision for impairment is established when there is an objective evidence that the Association will not be able to collect all amounts due according to the original credit terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the financial asset is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognized in the statement of total comprehensive income. When a financial asset is uncollectible, it is written off against the allowance account. Such receivable is written off after all the necessary procedures have been completed and the amount of loss has been determined. If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of reversal is recognized in the statement of total comprehensive income as a reduction of impairment losses for the year.

Available-for-sale securities

The Association assesses at each reporting date whether there is an objective evidence that a security classified as available-for-sale is impaired. For debt securities, the Association uses the criteria disclosed under loans and advances. For an equity security classified as available-for-sale, a significant or prolonged decline in the fair value below cost is considered in determining whether the securities are impaired. Generally, the Association treats 20% or more as 'significant' and greater than twelve months as 'prolonged'. The cumulative loss (difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognized in excess of revenue over expenses) is removed from other comprehensive income and recognized in excess of revenue over expenses when the asset is determined to be impaired. If in a subsequent period, the fair value of a debt instrument previously impaired increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through excess of revenue over expenses. Reversal of impairment losses recognized previously on equity instruments is made directly to other comprehensive income.

19.2.4 Derecognition

A financial asset is derecognized when the contractual right to receive the cash flows from the asset has ceased to exist or the asset has been transferred and substantially all the risks and rewards of ownership of the asset are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Association tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

19.3 Financial liabilities

The Association's financial liabilities are limited to other financial liabilities at amortized cost. There are no financial liabilities at FVTPL (including financial liabilities held for trading and those that are designated at fair value).

The Association's other financial liabilities include accrued expenses (Note 7), claims and benefits payable (Note 8), reserve for refund of members' equity (Note 9), RSF (Note 10) and other liabilities (excluding payable to government agencies).

19.3.1 Recognition and measurement

Financial liabilities are initially measured at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities are subsequently measured at amortized cost using the effective interest method.

19.3.2 Derecognition of financial liabilities

Financial liabilities are derecognized when extinguished.

19.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets, liabilities and fund balance when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Association or the counterparty.

19.5 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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Association classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

For non-financial assets, the Association uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Common used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - A valuation technique that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair values were determined in reference to observable market inputs reflecting orderly transactions, i.e. market listings, published broker quotes and transacted deals from similar and comparable assets, adjusted to determine the point within the range that is most representative of the fair value under current market conditions.

19.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes the purchase price and other expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing parts is added to the carrying amount of property and equipment when the replacement part is expected to provide incremental future benefits. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of total comprehensive income during the period in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging, as follows:

Computer equipment	1 to 5 years
Furniture and fixtures	1 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and amortization are removed from the accounts. Any gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognized in the statement of total comprehensive income.

19.7 Impairment of non-financial assets

Assets that have definite useful lives, particularly property and equipment, are subject to depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at the end of each reporting period. Reversals of previously recorded impairment loss, if any, are credited to the statement of total comprehensive income.

19.8 Insurance contracts

Insurance contracts are defined as those contracts under which the Association accepts significant insurance risk from another party (the members) by agreeing to compensate the members if a specified uncertain future event (the insured event) adversely affects the member.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

19.9 Insurance contract liabilities

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized.

Legal policy reserves

Legal policy reserve represents the accumulated total liability for policies in force at the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all life insurance policies in force. The reserves are calculated using actuarial methods and assumptions as approved by the IC, subject to the liability adequacy test.

Insurance benefits and claims

Insurance benefit and claims are recorded when incurred. These are recorded when notices of claims have been received or when policies reach maturity. Unpaid claims, including IBNR claims, are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date. These costs pertain to estimates of the Association's obligations to the members where the Association has not yet received notification on. Delays can be experienced in the notification and settlement of claims, therefore the ultimate cost could not be known with certainty at the reporting date. The Association develops estimates for IBNR using services of an external actuary accredited by the IC. The actuarial models consider factors such as time from the date of service to claim receipt and claim backlogs. Each period, the Association re-examines previously established provisions for claims based on actual claim submissions and other changes in facts and circumstances.

Liability adequacy test

At each reporting date, a liability adequacy test is performed for the insurance contract liabilities. In performing this test, current best estimates of future cash flows and claims handling and administration expenses, as well as investment income from the asset backing such liabilities are used. Any deficiency is immediately charged against current operations.

Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimates assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

Liabilities for future policy benefits on in-force policies have been computed based on methods and assumptions that are in accordance with generally accepted actuarial principles. Changes in the balance of legal policy reserves at each reporting date are charged to the statement of total comprehensive income.

19.10 Reserve for refund of members' equity

Reserve for refund of members' equity represents the amount of obligation set-up by the Association on membership certificates pertaining to 50% of the equity value, as required under the Insurance Code. Consequently, an allocation for liability on MEV is recognized in the statement of total comprehensive income.

The MEV earns interest of 0.50% per annum. The interest expense is charged to general and administrative expenses in the statement of total comprehensive income.

19.11 Retirement savings fund

Under the Association's BLIP, a certain portion of the contribution received from a member represents the member's retirement savings in the Association. The RSF contribution shall not form part of the MEV.
The RSF earns interest rate of 0.50% per annum. Interest expense is charged to general and administrative expenses in the statement of total comprehensive income.

19.12 Retirement benefit obligation

The Association has an unfunded defined benefit plan following Republic Act No. 7641. A defined benefit plan is a pension plan under which the Association does not pay fixed contributions into a separate entity. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of assets, liabilities and fund balance in respect of defined benefit pension plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating the terms of the related pension liability.

Actuarial gains and losses are recognized in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in the statement of total comprehensive income.

19.13 Retained surplus

Retained surplus represents the cumulative balance of excess revenue over expenses. Unappropriated retained surplus represents that portion which is free and can be declared for distribution to the members. Appropriated retained surplus represents that portion which is restricted and therefore not available for members' distribution or for any refund declaration.

19.14 Revenue

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

Members' premium contributions

Insurance premiums are recognized as revenue when they become due from members.

Membership fees

Membership fees are recognized when cash is received from membership application.

Donations and grants

Donations and grants are recognized when actually received by the Association or when donors have entered into an enforceable agreement to contribute to the Association.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Other income

All other income is recognized when earned and the right to receive payment is established.

19.15 Expenses

Cost and expenses are recognized in the statement of total comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Benefits and claims

Benefits and claims consist of benefits paid as insurance protection, and financial and material aid to members, as well as changes in the valuation of insurance contract liabilities. Death claims are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.
An allocation for liability on MEV is recognized in the statement of total comprehensive income with a corresponding increase in reserve for refund of members' equity which is recognized in the statement of assets, liabilities and fund balance.

Collection fees paid to individuals and/or partner institutions for collection services are recognized upon rendering of service.

Other claims expenses are recognized when incurred. Membership enrollment and marketing expenses include member mobilization costs and expenses incurred on the production of policy forms and promotional materials, among others. Research and development expenses represent costs incurred for research - related activities such as conduct of impact assessments and satisfaction surveys for its exsiting products.

General and administrative expenses

Expenses are recognized in the statement of total comprehensive income when incurred.

19.16 Provision and contingencies

Provisions are recognized when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made with the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, an increase in provision due to the passage of time is recognized as an interest expense. When the Association expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statement of total comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

19.17 Related party transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel or trustees. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Due from related ministries is recognized initially at fair value and measured subsequently at amortized cost using the effective interest method, less any provision for impairment. A provision for impairment of due from related ministries is established when there is an objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognized in the statement of total comprehensive income. When the amount becomes uncollectible, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited in the statement of total comprehensive income.

Due to related ministries are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method. They are derecognized when, and only when, they are extinguished, i.e., when the obligation is discharged or is cancelled or expires.

Due from/to related ministries are settled net when there is a legally enforceable right to offset or as agreed by the ministries.

19.18 Subsequent events (or events after the reporting date)

Post year-end events that provide additional information about the Association's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end adjusting events that are non-adjusting events are disclosed in the notes to financial statements when material.

20 Supplementary information required by the Bureau of Internal Revenue (BIR)

Below is the supplementary information required by Revenue Regulation No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

As part of its registration with the BIR (Note 1), the Association is exempted from payment of taxes from income derived by it.

i. Value-added taxes

The Association has no registered activities covered by value-added taxes.

ii. Local and national taxes

Local and national taxes paid for the year ended December 31, 2018 consist of business permits and other licenses amounting to P159,660. Taxes and licenses are presented as part of general and administrative expenses in the statement of total comprehensive income.

iii. Withholding taxes

Withholding taxes paid and accrued as at December 31, 2018 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	107,529	26,943	134,472
Expanded withholding tax	41,000	29,550	70,550
	148,529	56,493	205,022

Withholding taxes payable is presented as part of accrued expenses and other liabilities in the statement of assets, liabilities and fund balance.

iv. Tax assessments

Taxable years 2016 and 2017 are open tax years as at December 31, 2018. The Association did not receive any Final Assessment Notice from the BIR as at and for the year ended December 31, 2018.

v. Tax cases

The Association has no outstanding cases which are under preliminary investigation and/or prosecution in court or bodies outside the BIR as at and for the year ended December 31, 2018.

vi. Other information

All other information prescribed to be disclosed by the BIR has been included in this note.

CCT Mutual Benefit Association, Inc.
Schedule of Philippine Financial Reporting Standards
Effective as at December 31, 2018

The following table summarizes the effective standards, amendments and interpretations as at December 31, 2018:

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Measurement of Cash-settled Share-based Payment Transactions*			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Definition of a business*			✓

		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts	✓		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting			✓
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures		✓	
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting			✓
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures			✓
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*			✓

		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Acquisition of an Interest in a Joint Operation			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		
PFRS 16	Leases*		✓	
PFRS 17	Insurance contracts*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
	Amendments to PAS 1 and PAS: Definition of material*		✓	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 1 and PAS: Definition of material*		✓	
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes			✓
	Amendment to PAS 16 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			✓

		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases			✓
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Contributions from Employees or Third Parties			✓
	Amendments to PAS 19: Plan Settlement, Curtailment or Settlement*		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture			✓
	Amendment to PAS 28: Measuring an associate or joint venture at fair value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Transfers of Investment Property*			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓

		Adopted	Not Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration*			✓
IFRIC 23	Uncertainty over Income Tax Treatments*			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-32	Intangible Assets - Web Site Costs			✓

The standards, amendments and interpretations marked with an asterisk (*) have been issued but are not yet effective for the December 31, 2018 financial statements. Unless otherwise stated, these standards, amendments and interpretations have not been early adopted.

The standards, amendments and interpretations that are labeled as "Not Applicable" are either already effective or not yet effective as at December 31, 2018 but will never be relevant/applicable to the Association or are currently not relevant to the Association because it has currently no related transactions.